

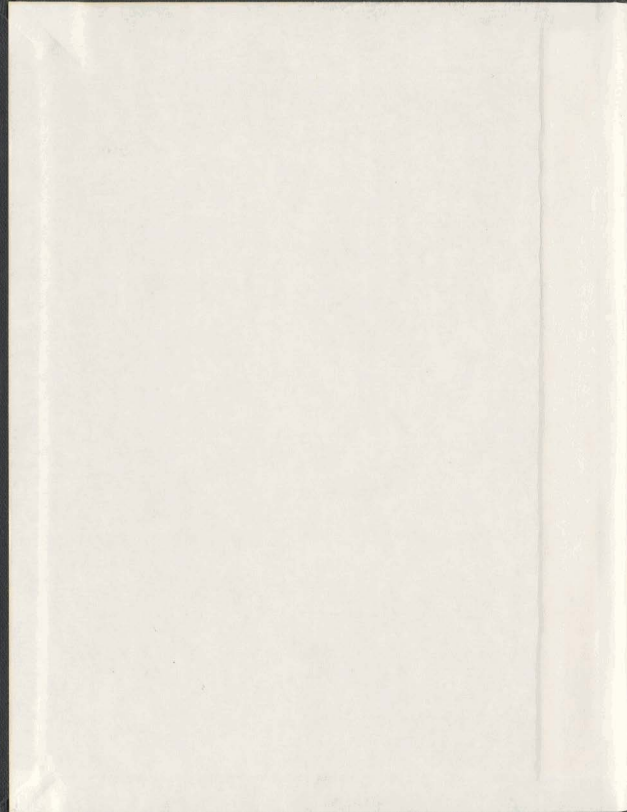
NEWFOUNDLAND AND CANADA:  
THE EVOLUTION OF FISHERIES  
DEVELOPMENT POLICIES, 1940-1966

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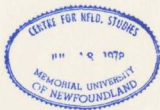
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MIRIAM CAROL WRIGHT



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**NEWFOUNDLAND AND CANADA: THE EVOLUTION OF  
FISHERIES DEVELOPMENT POLICIES, 1940-1966**

by

Miriam Carol Wright

A thesis submitted to the  
School of Graduate Studies  
in partial fulfilment of the  
requirements for the degree of  
Doctor of Philosophy

Department of History  
Memorial University of Newfoundland

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## ABSTRACT

This thesis examines the history of fisheries development in Newfoundland from World War II to the mid-1960s. In this period, the Newfoundland fishery underwent a dramatic shift, as the older, saltfish industry based on the household economy declined and a new, industrial, frozen fish industry arose in its place. The central question this thesis poses is what was the role of the state in fisheries development and what factors affected the direction of fisheries development? What was the relationship between capital and the state in the development process? Why was the industrial solution, the capital expansion in the frozen fish industry a dominant agenda in fisheries planning. Were there other alternative visions of development that were lost? How did the growth of the foreign fishing fleets in the late 1950s and early 1960s have an affect on the needs of the fishery and fishing people, as well as the state's response to these problems.

Essentially, this thesis reveals the interconnected web of factors - the multi-layered state, capital, market structures, technology, international relations, demands of fishing industry organizations and fishers' groups and competing visions of the fishery in Newfoundland held by people at all levels of the state and society that influenced the course of development. All factors, however, were not equal, and this thesis employs the Gramscian concept of hegemony to explain how a particular vision of development - the expansion of the industrial, frozen fish sector - came to dominate fisheries policies in this period. Indeed, the hegemonic model of fisheries

development, with its connections to the larger western, industrial capitalist culture, first appeared in Newfoundland during the Commission of Government era and has continued to command policy agendas ever since. Providing the cement for the industrial model of development was the relationship that arose between the state and a segment of the capitalist class - a small group of frozen fish companies in Newfoundland. This alliance between capital and the state has been a characteristic feature of post-war fisheries development in Newfoundland. As well, having a profound effect on the course of fisheries development was the intensification of foreign fishing off the Newfoundland coast that began in the mid-1950s. Not only did this event have an impact on the resource itself, but it also changed the needs and demands of the fishing industry and fishing people. Taken together, the rise of the hegemonic model of fisheries development and the escalation of the international fishery would have profound repercussions for the fishery of the future.



## ACKNOWLEDGEMENTS

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I would like to thank my friends and fellow students at Memorial University for their friendship and moral support over the past four years. Robert Hong, besides being a constant friend and companion, has given me innumerable insights into the history and culture of this unique place. My family has been unwavering in their interest and encouragement throughout my studies and fostered my early initial curiosity about Newfoundland.

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## TABLE OF CONTENTS

	<u>Page</u>
Abstract .....	ii
Acknowledgements .....	iv
List of Tables .....	vii
List of Abbreviations .....	viii
<b>Chapter I - Introduction</b>	
Scale and Scope of the Thesis	
Discussion of Relevant Literature	
Chapter Outline .....	1
<b>Chapter II - World War II and the Beginning of the Industrial Vision for the Newfoundland Fishery</b>	
From Amulree to Gorvin - Commission of Government and the Fishery in the 1930s	
The Impact of World War II	
The Emergence of a New Industrial Vision	
Assistance to the Frozen Fish Industry	
The Genesis of a Frozen Fish Industry in Newfoundland	
Planning for the Post-War Fishery	
Conclusion .....	26
<b>Chapter III - Federal-Provincial Relations and Competing Visions of Development, 1949-1959</b>	
The Players - (a) the Federal Government	
The Players - (b) the Provincial Government	
The Players - A Collaborative Effort: The Newfoundland Fisheries Development Committee	
The Players Disagree: Implementing the Walsh Report	
The Players Part Company - the Newfoundland Government Goes It Alone	
Residual Co-operation - (1) the Community Saltfish Plant Projects	
Residual Co-operation - (2) Education and Technology Programs	
1957 - Assessment of the Impact of the Walsh Report	
Conclusion .....	71

<b>Chapter IV - An Interdependent Relationship: The Smallwood Government and Fishery Products Limited, 1949-1963</b>	
The International Frozen Fish Market	
Newfoundland's Frozen Fish Industry	
Fishery Products Limited - Smallwood's Instrument of Fisheries Development	
Other Major Frozen Fish Companies	
The Little Report	
Conclusion .....	136
<b>Chapter V - A Changing Fishery and New Demands for Fisheries Development in Newfoundland, 1959-1963</b>	
A Fishery in Transition	
Response to the Threat of the Intensified Offshore Fishery	
Unemployment Insurance for Fishers	
General Discontent with Fisheries Policies	
Conclusion .....	181
<b>Chapter VI - The Federal Government's Response to a Changing Fishery, 1959-1966</b>	
The Federal Government's Domestic Policies - A Renewed Commitment to Centralization and Industrialization:	
1) The Federal-Provincial Atlantic Fisheries Committee	
2) The College of Fisheries, Marine, Navigation and Engineering	
3) The Household Resettlement Program	
4) The Fisheries Development Act	
Canada, the Twelve-mile Fishing Zone, and the International Community	
Conclusion .....	231
<b>Chapter VII - Conclusion</b>	
The Relationship Between Capital and the State	
Technology, International Capitalism and Diplomatic Relations in the Fishery	
The Hegemonic Model for Fisheries Development	
The Legacy of Fisheries Development	
Thinking About the Future .....	278
<b>Bibliography .....</b>	<b>293</b>

## LIST OF TABLES

2-1 .....	36
2-2 .....	47
4-1 .....	137
5-1 .....	183
5-2 .....	184
5-3 .....	187

## LIST OF ABBREVIATIONS

BCS	Bonavista Cold Storage
CNS	Centre for Newfoundland Studies
FFTA	Frozen Fish Trades Association
FLB	Fisheries Loan Board
FPAFC	Federal-Provincial Atlantic Fisheries Committee
FPL	Fishery Products Limited
FRB	Fisheries Research Board
ICNAF	International Commission for North Atlantic Fisheries
INPFC	International North Pacific Fisheries Commission
MHA	Maritime History Archives
NAC	National Archives of Canada
NAFEL	Newfoundland Association of Fish Exporters Limited
NFDA	Newfoundland Fisheries Development Authority
NFDC	Newfoundland Fisheries Development Committee
NFF	Newfoundland Federation of Fishermen
NFTA	Newfoundland Fish Trades Association
PANL	Provincial Archives of Newfoundland and Labrador

## Chapter One - Introduction

Newfoundland's fortunes, it seems, have throughout history been closely tied to the state of the fishery. From the time of European settlement, Newfoundland's residents have, for the most part, looked to the sea for their livelihood. Prosperity associated with good economic times for the fishery and poverty associated with bad times, however, have never been distributed equally among the participants. Indeed, the particular social relations of the fishery that have developed and evolved over the years have been one of the prime determinants of who prospers (or suffers) in this economy based largely on the export of a single staple.<sup>1</sup>

One period in Newfoundland's recent history when the social relations of the fishery underwent drastic changes was the interval between World War II and the mid-1960s. It was in these years that the older, household-based, saltfish industry<sup>2</sup> that had existed in Newfoundland since the late eighteenth century declined. At the same time, a new frozen fish industry arose, dominated by a new group of vertically and horizontally-integrated companies. The war itself provided the initial impetus

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<sup>1</sup>See Sean Cadigan, Hope and Deception in Conception Bay: Merchant-Settler Relations in Newfoundland, 1785-1855 (Toronto: University of Toronto Press, 1995).

<sup>2</sup>The foundation of this economy was merchant credit, whereby merchants extended credit to fishing families in the spring for supplies in return for the salted and cured catch in the fall. The balance for the fish went onto the merchant's retail store ledger, where the fishing families bought their household staples and dry goods for the winter. For background on the saltfish trade, see Shannon Ryan, Fish Out of Water: The Newfoundland Saltfish Trade, 1814-1914 (St. John's: Breakwater, 1986). For background on the household fishery, see Sean Cadigan, Hope and Deception in Conception Bay.

for the industrialization of the Newfoundland fishery, but consolidation of capital and intensive development in the world's fisheries also provided the fuel for expansions in the years following the war. As well, European nations expanded their fleets in the 1950s and began fishing in unprecedented numbers off the Newfoundland coast. Financing for expansions in Newfoundland's industrial fishery came largely from the state, an institution which also expanded rapidly in the post-war years. Indeed, in the two decades following the war, the state came to play a more interventionist role in the fishery. Despite these fundamental changes, however, this period has been a poorly understood era in the history of the Newfoundland fisheries.

The only major work on the Newfoundland fisheries in this period is David Alexander's The Decay of Trade: An Economic History of the Newfoundland Saltfish Trade, 1935-1965.<sup>3</sup> Although the focus was on the decline of the saltfish industry, rather than the rise of the frozen fish sector, he nevertheless raised some important questions. He noted the relative inattention at the federal level to fisheries matters, the focus on raising productivity rather than developing marketing strategies for saltfish, and the dismissal of new opportunities in the saltfish sector in favour of frozen fish. Despite the favoured status of frozen fish, however, Alexander observed that it proved no more successful in providing a sustainable, balanced economy for Newfoundland than the saltfish industry. He remarked:

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<sup>3</sup>David Alexander, The Decay of Trade: An Economic History of the Newfoundland Saltfish Trade, 1935-1965 (St. John's: ISER, 1977).

the fact that the Government of Canada was required to rescue the [frozen fish] corporations from total collapse in the early 1970s is sufficient evidence that the growth of the 'modern' sector was no more effectively managed. Had alternative employment opportunities in Newfoundland been more abundant, the waste of economic resources and the appalling mismanagement of the fishery might not have been so tragically obvious.<sup>4</sup>

At the end of Alexander's analysis of the neglect of the saltfish industry, we are left with some basic questions about why this was allowed to happen. What was so attractive about the industrial vision for Newfoundland, and how did it become so entrenched in government policy? What were its weaknesses that made it so prone to economic crises in later years? The dominance of the frozen fish sector in the Newfoundland fishery of the 1970s and 1980s and the fact that the fishery has fallen into crises after crises makes these questions all the more important.

#### Scale and Scope of the Thesis

The intention is to explore these questions and others related to the evolution of fisheries development policies in Newfoundland from the beginning of World War II to 1966. It covers roughly the same period as The Decay of Trade, following the unfolding of state fisheries development policies - both federal and provincial. By the late 1960s, state management of the fishery was entering a new phase, characterized by a more intense level of intervention with the introduction of quotas for total landings and individual licensing. Several major themes will be examined, including the genesis and evolution of the industrial vision for the fisheries,

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<sup>4</sup>Alexander, The Decay of Trade, 156.



alternative visions that were passed over in the process, the relationship between private capital and the state in fisheries development, and the implications of the intensification of offshore fishing. As well, it will consider the impact of outside forces, such as international relations in the fisheries and market structures for frozen fish.

This thesis will contribute to and inform this body of literature on the Newfoundland fishery in a number of ways. At the most basic level, it fills a significant gap in the literature, both in terms of time period, and in terms of approach. The overwhelming majority of work done on the twentieth-century fishery has focused on the post-1970 period. The only major work on the Newfoundland fisheries in the period from World War II to the eve of the licensing era in the 1970s is Alexander's The Decay of Trade. A chapter of Raymond Blake's book, Canadians At Last: Canada Integrates Newfoundland as a Province deals with the negotiations between the federal and provincial governments regarding the establishment of a fisheries development program, but his analysis remains within the confines of the actions of the political arena.<sup>5</sup> Peter Sinclair's State Intervention and the Newfoundland Fisheries offers a valuable overview of the general trends in state management of the fishery in the twentieth century and provides some theoretical

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<sup>5</sup>Raymond Blake, Canadians at Last: Canada Integrates Newfoundland as a Province (Toronto: University of Toronto Press, 1994), Chapter Six.

starting points, but more detailed investigations remain to be done.<sup>6</sup>

This thesis will make a substantial contribution to our understanding of the state's role in the evolution and development of the industrial fishery in the immediate post-war, post-confederation years. What is unique, however, is that it offers an integrative approach to looking at the Newfoundland fishery, the state and its relationship to the wider society. It realizes that the state is not a static, monolithic entity but is a changing, historical institution influenced by players and structures both within its boundaries and without. The state is characterized by many divisions, both in terms of jurisdiction and structure, and in terms of the players. The federal and provincial governments had rather different agendas regarding the future development of the fishery, and these differences are addressed. As well, there was a diverse group of people representing different class and ideological positions within the state, all trying to assert their ideas about the future of the fishery. How a particular vision became dominant and marginalized other perspectives will be an important element.

As well, this thesis examines how certain factors outside the state played a role in shaping the direction of fisheries development. The most important of these is capital or more specifically, a segment of the capitalist class - the frozen fish company owners in Newfoundland. The relationship that evolved between these

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<sup>6</sup>Peter Sinclair, State Intervention and the Newfoundland Fisheries (Aldershot: Gower, 1987).

company owners and the Commission of Government and later, the provincial government, had a profound effect on the future of the Newfoundland fishery. Indeed, the interdependence of capital and the state in these early years became an enduring characteristic of industrial fisheries development, not only in the period studied in the thesis, but also in the decades that followed. In fact, the companies that first received state support in the 1940s and early 1950s were the direct ancestors of the companies that the federal government "rescued" from bankruptcy in the early 1980s. Although the federal government's role in creating Fishery Products International, the publicly-owned company (re-privatized in 1987) has been analyzed by William Schrank, et al., the early history of these companies and their connections to the state have not yet been studied.<sup>7</sup>

Other players besides the capitalist class (or a segment of it) had some influence on the direction of fisheries policies. Fishing people, although never a strong presence, tried to affect fisheries policies in this period. Both individually, and through the Newfoundland Federation of Fishermen, they made demands on the state to address particular issues. The lack of a united movement such as a trade union, however, made them a marginal force in fisheries policies. Nevertheless, the pressures they exerted on the provincial government regarding specific issues, and the

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<sup>7</sup>William E. Schrank, Blanca Skoda, Paul Parsons, Noel Roy, "The Cost to Government of Maintaining a Commercially Unviable Fishery: The Case of Newfoundland 1981/82 to 1990/91," Ocean Development and International Law, 26 (1995), 357-390.

government's attempt to deal with those issues, will be examined.

Gender ideology also played a role in shaping fisheries policies.<sup>8</sup> This thesis suggests that industrial development in the fishery was indeed a gendered process. The presence of gender ideology was most apparent in government training programs for the fisheries workforce. In attempting to meet the needs of the industrial fishery, fisheries planners clearly assumed that the male breadwinner model should prevail. Although the extent of the role of gender ideology on fisheries policies cannot be fully understood until an in-depth analysis of the impact of the industrialization process on fishing people is done, this thesis suggests that gender is a relevant area of analysis.

International markets, particularly the relationship of the Newfoundland frozen fish industry to the larger New England fishery, had a tremendous impact on development in Newfoundland. The tariff, the American market and the fact that Newfoundland frozen fish companies served as suppliers of raw material to the larger, consolidated New England firms were significant elements in the history of the industrialization process in Newfoundland. As well, diplomatic relations in this period, the territorial waters issue and their impact on fisheries policies are studied.

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<sup>8</sup>For background on gender and fisheries policies, see Miriam Wright, "The Smile of Modernity: The State and the Modernization of the Canadian Atlantic Fishery, 1945-1970," MA thesis, Queen's University, 1990, chapter Four. For a version of Chapter Four of the MA thesis, see Miriam Wright, "Women, Men and the Modern Fishery: Images of Gender in Government Plans for the Canadian Atlantic Fishery," in C. McGrath, B. Neis, M. Porter, eds., Their Lives and Times: Women in Newfoundland and Labrador (St. John's: Killick Press, 1995).

Finally, the resource itself and the changes that occurred as a result of the intensification of offshore fishing in the late 1950s and early 1960s affected the course of fisheries development. Some fisheries biologists such as Jeff Hutchings and Ransom Myers, have begun to examine the history of fishing effort in Newfoundland and the changes in size and abundance of fish.<sup>9</sup> They conclude that declining stocks have been far from a recent phenomenon. As yet, no historians or social scientists have looked at this issue in terms of impact on the fishery and on fisheries policies in the 1950s and early 1960s. This work will begin to fill the gap in our understanding of the relationship between people and the resource.

Essentially, this thesis will tell the story of the evolution of fisheries development policies in Newfoundland from World War II to the mid-1960s. Its focus is the state, but it integrates various factors both inside and outside the state boundaries that were influencing the course of development into the analysis. Although this approach is different from any other study of the Newfoundland fishery in this period, the existing body of literature provides a relevant context.

#### Discussion of Relevant Literature

The social scientific literature on the Atlantic fisheries breaks down into several major themes, reflecting the focus of scholarly scrutiny over the past twenty-

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<sup>9</sup>Jeffrey A. Hutchings and Ransom A. Myers, "The Biological Collapse of Atlantic Cod off Newfoundland and Labrador: An Exploration of Historical Changes in the Exploitation, Harvesting and Management," in Ragnar Arnason and Lawrence Felt, eds., *The North Atlantic Fishery: Successes, Failures and Challenges* (Charlottetown, PEI: Institute of Island Studies, 1995).

five years. At the broader level, the issue of state policy and the industrial and economic development of the Atlantic fisheries have preoccupied state planners and academics alike. This "macro-level" analysis has been accompanied by an equal concentration on fishing people and their communities - technological and social change, class and gender issues, community survival strategies and community-level management of the resource.

Historically, state policy advisors, economists and others have viewed the Atlantic fishing economy, and the people and communities dependent upon it as a "problem." Indeed, Rosemary Ommer reviewed the issues of "problem," "failure," "demoralization," and "failed staple" in the Atlantic Canadian fisheries in From Outpost to Outport.<sup>10</sup> From the "failed staple" approach to the "tragedy of the commons" perspective, policy-makers have made pronouncements on the ailments of the fisheries and recommended solutions. In ascribing blame, some have taken an "industry-focused" approach, viewing the fishery as an isolated industry in need of repair, while others have blamed an overly-large, geographically scattered workforce for the ills of the fishery.

One of the most well-known government analyses of the Atlantic fishery was written by economist Stewart Bates in 1944, Report on the Canadian Atlantic Sea

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<sup>10</sup>Rosemary Ommer, From Outpost to Outport: A Structural Analysis of the Jersey-Gaspe Cod Fishery, 1767-1886 (Montreal: McGill-Queen's University Press, 1991).

Fishery.<sup>11</sup> Bates argued that industrialization, new technology and the "professionalization" of the workforce would provide the foundation for an economically viable fishery. Later, economist and provincial government advisor Parzival Copes focused on the "problem" of the geographic location of the fishing people, offering support of policies to consolidate fishing communities.<sup>12</sup> Seeing the resettlement issue as a political "hot-potato," more recent government studies of the fishery have advocated industry-based solutions. Michael Kirby set in motion the financial restructuring of several ailing harvesting/processing corporations in Newfoundland into the super-company Fishery Products International.<sup>13</sup> Richard Cashin, in the wake of the 1992 Northern Cod moratorium, recommended the creation of "industry renewal boards" to reduce processing capacity and establish the "professionalization" (i.e. restricting access to fishing licenses) of the fishing people.<sup>14</sup> Yet, all of these analyses with their industry-based solutions suffer in that they fail to make any critiques (indeed, any mention whatsoever) of the underlying

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<sup>11</sup>Stewart Bates, Report on the Canadian Atlantic Sea-Fishery (Halifax: Department of Trade and Industry, 1944). For more on Bates, see Chapter Three of this thesis.

<sup>12</sup>Parzival Copes, The Resettlement of Fishing Communities in Newfoundland (Ottawa: The Canadian Council on Rural Development, 1972).

<sup>13</sup>Task Force on the Atlantic Fisheries, Navigating Troubled Waters: New Policies for the Atlantic Fisheries (Ottawa: Ministry of Supply and Services, 1982).

<sup>14</sup>Task Force on Incomes and Adjustments in the Atlantic Fishery, Charting a New Course: Towards the Fishery of the Future (Ottawa: Ministry of Supply and Services, 1993).

social and economic relations of the fishery. Not once did Richard Cashin suggest that the government might reconsider the dominance of formerly state-supported multi-national companies such as FPI and National Sea in the Newfoundland fishery. Michael Kirby never considered that fishing people themselves might play a central role in the management of the resource. Viewing the Atlantic fisheries as weak "industries" in need of centralization, capital, or "downsizing," however, narrows the possibilities for the future, both in terms of the path of development, and the way that development takes place.

Other scholars have questioned the traditional "failed industry" perspective of many government analysts. For example, David Alexander argued in the 1970s that using a North American industrial model for Newfoundland fishery development was a mistake and failed to build upon the natural strengths of the society and resource base.<sup>15</sup> Ommer claimed that policy-makers' focus on creating a viable "business" and their failure to recognize the full development potential of the Atlantic and Gaspé fisheries has led to regional underdevelopment.<sup>16</sup> Although writing from a different perspective from Alexander and Ommer, W.E. Schrank, et al., have also criticized traditional government solutions to problems in the fishery. They argued that unrestricted capital growth in the harvesting/processing area, along with overly-

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<sup>15</sup>David Alexander, "Development and Dependence in Newfoundland 1880-1970," *Acadiensis*, 4,1 (Autumn 1974), 3-31.

<sup>16</sup>Rosemary Ommer, "What's Wrong with Canadian Fish?" in Peter Sinclair, ed., *A Question of Survival* (St. John's: ISER, 1988).



generous Unemployment Insurance benefits that kept a large number of people dependent on the fishery, have been a major source of the current crises.<sup>17</sup>

Another area of state intervention that has received many criticisms is property rights and access to the fishery. Although this thesis focuses on the period before licensing and quotas were introduced, the relationship that developed between capital and the state in the 1940s, '50s and '60s would play a considerable role in later licensing and quota policies. As Susan McCorquodale pointed out, without the normative features of traditional property rights, the fishery is more susceptible to conflict over rights and jurisdiction.<sup>18</sup> Other critics have looked at these issues from the perspective of the community. Anthony Davis argued that the small-boat fishers, less able to compete with large offshore operations, would benefit from locally-based management of the resource.<sup>19</sup> Contrary to the prevailing "common property resource" theory, Ralph Matthews found that inshore fishing communities in Newfoundland have developed their own, informal methods of controlling access to

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<sup>17</sup>Schrank, *et al.*, "The Cost."

<sup>18</sup>Susan McCorquodale, "The Management of a Common Property Resource: Fisheries Policies in Atlantic Canada," in Michael M. Atkinson and Marsha A. Chandler, eds., The Politics of Canadian Public Policy (Toronto: University of Toronto Press, 1983).

<sup>19</sup>Anthony Davis, "Property Rights and Access Management in the Small Boat Fishery: A Case Study from Southwest Nova Scotia," in Cynthia Lamson and Arthur J. Lamson, eds., Atlantic Fisheries and Coastal Communities (Halifax: Dalhousie Ocean Studies Program, 1984).

local fishing grounds.<sup>20</sup> John Kearney, in his studies of the Bay of Fundy herring fishery and the lobster fishery of Nova Scotia, located a number of contributive factors leading to successful co-management, including whether or not the local management group was based on a prior collective social movement.<sup>21</sup>

Besides addressing the importance community control over access to the fisheries, some have begun to consider the role that fishing people may play in informing the institutional-based scientific community about the resource. Long dismissed by academic and state-sponsored fisheries science as anecdotal or unscientific, fishers' ecological knowledge, or traditional ecological knowledge (TEK), may now offer a new concept in state-community fisheries management. Barbara Neis, for example, found that the biological and behavioural knowledge of fishers about fish has an historical depth that is lacking in current fisheries science.<sup>22</sup> The dismissal of fishers' knowledge that Neis found is reflective of the general marginalization of fishers and fishers' concerns that we see throughout the history of

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<sup>20</sup>David Ralph Matthews, Controlling Common Property (Toronto: University of Toronto Press, 1993).

<sup>21</sup>John Kearney, "Co-Management or Co-optation?: The Ambiguities of Lobster Fishery Management in Southwest Nova Scotia," in Evelyn Pinkerton, ed., Co-operative Management of Local Fisheries: New Directions for Improved Management and Community Development (Vancouver: University of British Columbia Press, 1989); "The Transformation of the Bay of Fundy Herring Fisheries, 1976-1978: An Experiment in Fishermen-Government Co-Management," in Lamson and Hanson, eds., Atlantic Fisheries and Coastal Communities.

<sup>22</sup>Barbara Neis, "Fishers' Ecological Knowledge and Stock Assessment in Newfoundland," Newfoundland Studies, 8, 2 (1992), 155-178.

the Newfoundland fishery.

Although fishers' concerns have been largely marginalized, the industrial sector has received considerable support from the state. Peter Sinclair noted that the preponderance of state assistance has gone to the industrial and offshore sectors.<sup>23</sup> Likewise, Gene Barrett, in his analysis of industrialization in the Nova Scotia fishery, wondered why despite considerable state support, the industrial sector has stumbled "from one crisis to another."<sup>24</sup> In an earlier work on state support of National Sea Products, one of the largest frozen fish companies in Atlantic Canada, Barrett remarked that the goals of rational fishery management conflict with the goals of private enterprise.<sup>25</sup> The common property nature of the resource, however, puts governments into the difficult situation of assisting one sector at the expense of another. By consistently assisting this large company, he suggested that the government may have undermined its own attempts to meet the social and economic demands of other sectors of the fishery.

Some of the richest contributions made by scholars thus far on the Atlantic fishery have been community-based studies. Since the mid-1970s, many writers have

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<sup>23</sup>Peter Sinclair, State Intervention.

<sup>24</sup>Gene Barrett, "Mercantile and Industrial Development to 1945," and "Post-War Development," in Emptying Their Nets: Small Capital and Rural Industrialization in the Nova Scotia Fishing Industry (Toronto: University of Toronto Press, 1992).

<sup>25</sup>Gene Barrett, "Capital and the State in Atlantic Canada: The Structural Context of Fishery Policy Between 1939 and 1977," in Lamson and Hanson, eds., Atlantic Fisheries and Coastal Communities.

tried to understand the impact that technological and social change have had at the community level. One of the first community studies, by Ellen Antler and James Faris on "Cat Harbour," argued that state economic and development policies aimed at the "proletarianization" of the rural labour force.<sup>26</sup> Others like Peter Sinclair have attempted to move the debate away from the simplistic instrumentalist analysis. In From Traps to Draggers, he looked at the uneven pace of economic development within the community of Port-au-Choix, Newfoundland, noting how some fishers were able to acquire dragger technology and lucrative shrimp licenses, while others were not.<sup>27</sup> Similarly, Anthony Davis studied the introduction of draggers to Digby Neck, Nova Scotia.<sup>28</sup> Ultimately, dragger owners increasing production to pay off their loans have contributed to the overfishing of the resource and the economic marginalization of the small-boat fishers.

Other important themes in the literature on the Atlantic fishery include labour, class and gender issues. A number of scholars have focused on unions and organizations in the fisheries, the obstacles to their development as well as unifying events that have fuelled collective action. Gordon Inglis outlined the seemingly

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<sup>26</sup>Ellen Antler and James Faris, "Adaptation to changes in Technology and Government Policy: A Newfoundland Example," in Raoul Andersen, ed., North Atlantic Maritime Cultures (The Hague: Mouton, 1979).

<sup>27</sup>Peter Sinclair, From Traps to Draggers: Domestic Commodity Production in Northwest Newfoundland, 1850-1982 (St. John's: ISER, 1985).

<sup>28</sup>Anthony Davis, Dire Straits, The Dilemmas of a Fishery: The Case of Digby Neck and the Islands (St. John's: ISER, 1991).

disparate events that led to the creation of the Newfoundland Fisheries and Allied Workers Union in the late 1960s and early '70s.<sup>29</sup> Wallace Clement looked at the genesis of various harvesters' and fish plant workers' unions in Atlantic Canada<sup>30</sup>, while David MacDonald focused on the catalytic effect of the trawler workers' strike in Newfoundland in the early 1970s.<sup>31</sup> Making collective action more difficult is the high degree of differences among the fishing people themselves in terms of their degree of capitalization, independence, and access to the resource. Indeed, many writers have waded through the complex class relationships and divisions within fishing communities. Peter Sinclair wrestled with the discrepancies among harvesters, caused partly by differences in technology and access to the resource.<sup>32</sup> Bonnie McCay considered the divided loyalties of women plant workers at a co-operative on Fogo Island, Newfoundland, who on the one hand wanted the benefits of higher wages, yet who were torn by the wishes of their harvester husbands to keep plant overhead costs low.<sup>33</sup> Although one of the more complex issues in the Atlantic

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<sup>29</sup>Gordon Inglis, More Than Just A Union: The Story of the NFFAWU (St. John's: Jespersion, 1985).

<sup>30</sup>Wallace Clement, The Struggle to Organize: Resistance in Canada's Fishery (Toronto: McClelland and Stewart, 1986).

<sup>31</sup>David A. MacDonald, Power Begins at the Cod End: The Newfoundland Trawlermen's Strike, 1974-75 (St. John's: ISER, 1980).

<sup>32</sup>Sinclair, From Traps.

<sup>33</sup>Bonnie McCay, "Fish Guts, Hair Nets and Unemployment Stamps: Women and Work in Co-operative Fish Plants," in Sinclair, ed., A Question of Survival.

fisheries, class and labour matters are key to understanding the lives of people in Atlantic fishing communities.

Another critical issue in the literature of Atlantic fishing communities is gender. Historically in Newfoundland, women played a central role in the household production of dried saltfish and continued their involvement in the fishery in the frozen fish processing plants in the modern era. Marilyn Porter<sup>34</sup> and Hilda Chaulk Murray<sup>35</sup> discussed the traditional position of women as "skippers of the shore crew," and their roles in both the family fishery and the community. Barbara Neis, however, questioned the more positive portrayal of outport women, suggesting that young and unmarried women, excluded from the "shore skipper" status, were marginalized economically and socially.<sup>36</sup> Furthermore, she argued this marginalization continued into the modern era with low-paid plant labour and meagre state social benefits. Patricia Connelly and Martha MacDonald looked at women's economic exploitation in fish plants in Nova Scotia, and the "double duty"

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<sup>34</sup>Marilyn Porter, "She Was Skipper of the Shore Crew: Notes on the History of the Sexual Division of Labour," *Labour/Le Travail*, 15 (1985), 105-123.

<sup>35</sup>Hilda Chaulk Murray, *More Than 50%: Woman's Life in a Newfoundland Outport, 1900-1950* (St. John's: Breakwater Books, 1979).

<sup>36</sup>Barbara Neis, "From 'Shipped Girls' to 'Brides of the State': The Transition from Familial to Social Patriarchy in the Newfoundland Fishing Industry," *Canadian Journal of Regional Science*, 16, 2 (1993), 185-211.

burden of household responsibilities and paid labour.<sup>37</sup>

This thesis, besides filling a significant gap in the literature, can also provide some insights into the existing literature. It contributes substantially to the "macro-level" analyses of the fishery commissioned by the state by revealing the historical roots of many of the problems of the fishery - problems which have often been exacerbated by the state itself. A failing of state responses to the fishery has been a lack of understanding of the underlying socio-economic relations of the fishery and their historic origins. It will broaden the scope of analysis on the fisheries, and suggest that the state (and its long-standing relationship with private enterprise) has greatly contributed to the current difficulties. It seriously questions the state's tendency to blame the fishing people - "too many fishermen catching too few fish."

Also, this study will contribute to the many community-level studies of the fishery, particularly studies of the impact of the process of industrialization in the fishery. Many of the problems of the fishery in the 1970s, 1980s and 1990s have their roots in the 1950s and 1960s when the fishery was beginning to industrialize. Overcapacity in the processing sector, unequal access to credit, the "professionalization" of fishers and the impact of intensified offshore fishing first became issues in the two decades following the end of the war. These insights on the origins of many chronic problems will greatly inform future community studies of the

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<sup>37</sup>Martha MacDonald and Pat Connelly, "Class and Gender in Fishing Communities in Nova Scotia," *Studies in Political Economy*, 30 (1989), 61-86.

fishery, whether the focus is on environmental change, the impact of industrialization, changing social and economic relations, or management issues.

A Long-standing question in Canadian historiography is the role of the state in resource development.<sup>38</sup> Leo Panitch has attempted to theorize the historic relationship between capital and the state. His theory, informed by the work of Marx, Milliband and Poulantzas, has several dimensions, including function of the state, state structures and the nature of the linkages between capital and the state.<sup>39</sup> According to Panitch, the state has two functions under the capitalist mode of production - accumulation and legitimation (which contains a strong element of coercion). In Canada historically, he noted, the accumulation function has always been stronger. Indeed, throughout history, close ties have existed between the state and the bourgeoisie, from the nineteenth-century railroad interests, to C.D. Howe and his network of contacts with the business elite in the post-war years, to the present. Panitch, however, did not reduce the state-class relationship to a simple personal connection between individual entrepreneurs and politicians. Instead, he

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<sup>38</sup>There exists a large body of literature on natural resource development and the state in Canada. See, H.V. Nelles, The Politics of Development: Forests, Mines and Hydro-Electric Power in Ontario, 1849-1941 (Toronto: MacMillan, 1974); Christopher Armstrong and H.V. Nelles, Monopoly's Moment: The Organization and Regulation of Canadian Utilities, 1830-1930 (Toronto: University of Toronto Press, 1988, 2nd ed.); Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931 (Toronto: University of Toronto Press, 1979).

<sup>39</sup>Leo Panitch, "The Role and Nature of the Canadian State," in Leo Panitch, ed., The Canadian State: Political Economy and Political Power (Toronto: University of Toronto Press, 1977).



talked about a "co-fraternity" of power of the economic and political elites which generates an ideological hegemony that permeates throughout society the idea that national and business interests are one.<sup>40</sup> This intertwining of business and capital interests has been noted by political theorist C.B. Macpherson (whom Panitch quotes), who claimed that this state of affairs is not unusual in relatively "new" countries heavily dependent on staple exports. Panitch also remarked on the political structure of the Canadian state - particularly the federal-provincial relationship - and how it has a bearing on the strategies of the ruling economic class. As an example of this, he reiterated Macpherson's observation that local elites have tended to use provincial rather than federal states to express their interests.

Panitch's description of the Canadian state is useful in that it emphasizes the dynamics of the federal-provincial relationship and highlights the historically close relationship between the state and private enterprise. Indeed, the relationship between the provincial government and the industrial fishery elite in Newfoundland, as we shall see, was one of the driving forces behind state policy development for the fisheries. Panitch's theory, however, is too narrowly focused on the class/state relationship, and it strays towards functionalism. The history of the post-war welfare state suggests that other factors besides class - specifically gender and ethnicity and the ideological constructions that arise from particular social/ethnic/gender groups - play a role in the shaping of the modern state. The history of fisheries development

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<sup>40</sup>Panitch, "The Role," 13.

in the post-war period also suggests that far more than the alliance of frozen fish entrepreneur and provincial politician was shaping the direction of policy. To argue that satisfying the capital accumulation and legitimation function is the essence of state policy is to miss the full complexities of the historical interaction of state and civil society.

Another approach to theorizing about the post-war state is the use of Marxist writer Antonio Gramsci's concept of hegemony, and the hegemonic state.<sup>41</sup> Hegemony, the predominance of an idea or agenda within a society, arises from a particular set of social and economic relations. Although operating at the ideological level, hegemony clearly has a material base and is an historically constructed phenomenon. Its path, however, is never predetermined. As theorist Stuart Hall argued,

Hegemony is constructed through a complex series or process of struggle. It is not given, either, in the existing structure of society or in the given class structure of a mode of production. It cannot be constructed once and for all, since the balance of social forces on which it rests is subject to continuing evolution and development, depending on how a variety of struggles are conducted. Hegemony, once achieved, must be constantly and ceaselessly renewed, reenacted. This implies a conception of the process of social reproduction as continuous and contradictory.<sup>42</sup>

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<sup>41</sup>Antonio Gramsci, Selections from the Prison Notebooks, Quinton Hoare and Geoffrey N. Smith, trans. (New York: International Publishers, 1971). See the essay, "The Modern Prince" for a discussion on hegemony and the state.

<sup>42</sup>Stuart Hall, "The Toad in the Garden: Thatcher Among the Theorists," in Cary Nelson and Lawrence Grossberg, eds., Marxism and the Interpretation of Culture (Urbana: University of Illinois Press, 1988), 53-54.

Hegemony, then, arises out of a series of struggles, and obtains its "staying power," by remaking itself, responding to challenges from alternative social groups or counter-hegemonies. For Gramsci, hegemony includes and transcends the cultural and the economic,

bringing about not only the unity of economic and political aims, but also intellectual and moral unity, posing all questions around which the struggle rages, not on a corporate but on a 'universal plane', and thus creating the hegemony of a fundamental social group over a series of subordinate groups.<sup>43</sup>

Gramsci argued that the state was seen as the organ of a particular group, but that the demands of that group were portrayed in universal terms, as if they were beneficial to all.

Important here are three key elements: the material basis of hegemony, the idea that hegemony is historically constructed, and that it arises out of struggle and is continually challenged by competing hegemonies. These concepts are particularly useful for an historical study of the state and its relationship to civil society (and in this case, the Newfoundland fishery). As we shall see in this thesis, the hegemonic model for fisheries development - the industrial model favouring frozen fish - emerged in the 1940s and continued throughout this period. Indeed, the hegemonic model of fisheries development was linked to the larger hegemony of social and economic development extant in western, industrial, capitalist societies in the post-war period. Permeating this larger hegemony was the assumption that

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<sup>43</sup>Gramsci, Prison, 181-182.

industrialization and the creation of a modern, consumer society offered the path to a more advanced level of human and social evolution.<sup>44</sup> It contained the unquestioning belief in the ability of capital and technology to build a better world. It did not, however, emerge fully developed during the war, but step by step became a part of state practice. Central to the creation and establishment of the hegemony of fisheries development was the very concrete relationship that slowly developed between state representatives and some members of the economic elite (the frozen fish company owners).

This relationship was the material basis of the hegemonic model of fisheries development in Newfoundland. The breadth of this hegemony can be seen in the fact that the development of the frozen fish industry was portrayed as beneficial to Newfoundland society as a whole. Although the hegemonic industrial model for fisheries development held sway, it was not without its detractors, and those from outside the economic elite continued to challenge it. If we understand the state in these terms, and place the capital-state relationship within the larger context of hegemony, we can gain a better understanding of the process of policy formation in the fishery.

#### Chapter Outline

Chapter Two, "World War II, Technology and the Beginning of the Industrial Vision for the Newfoundland Fishery," looks at the impact of the war on the frozen fish

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<sup>44</sup>See Wright, "The Smile of Modernity."

industry in Newfoundland and the changing attitude of the state (Commission of Government) towards fisheries development. Chapter Three, "Federal-Provincial Relations and Competing Visions of Development, 1949-1959," examines the differing ideas on developing the fishery that emerged in the first few years following confederation. These positions include the "modernization" model of the federal government, Smallwood's desire to industrialize at any cost, and the ideas of a small group of people in the Smallwood government who wanted to apply co-operative principles to the fishery and limit control by large fishing corporations. This chapter considers how and why a particular vision of development emerged. Chapter Four, "An Interdependent Relationship - The Smallwood Government and Fishery Products Limited, 1949-1963," considers the activities of the Smallwood government and fisheries development. Without substantial financial assistance from the federal government in this period, the province increasingly relied on private capital, notably Fishery Products Limited, to carry out its development plans. The financial difficulties that ensued, the chronic problem of overcapacity, and the government's ongoing commitment to support this company despite growing criticism provide a focus for this chapter. Chapter Five, "A Changing Fishery and New Demands for Fisheries Development in Newfoundland 1959-1963," explores the impact of the foreign fleets both on the fishery itself and the demands of both fishing company organizations and the Newfoundland Federation of Fishermen for improved government assistance for the fisheries. In the face of demands for more government

assistance, including new technology and a twelve-mile fishing limit, the provincial government renewed its attempts to secure assistance from the federal government for fisheries development. Chapter Six, "Federal Government's Response to a Changing Fishery, 1959-1966," examines the federal government's attempts to deal with increasing competition for the resource caused by the intensification of offshore fishing. Their approach was two-pronged in that it focused on both the domestic and international arenas. At the domestic level, the federal government introduced a series of policies aimed at increasing Canadian offshore effort, and reducing the numbers of people involved in the inshore fishery. At the international level, the federal government embarked on a campaign to establish a twelve-mile fishing limit that quickly became entangled in Cold War politics. Indeed, the United States' preoccupation with stemming the tide of communism played a role in eclipsing attempts to conserve and protect the world's fisheries resources in that period. In the context of this difficult era in international relations, giving one sector of the fishing industry (industrial, frozen fish sector) the means to compete with the foreign offshore fleets, rather than trying to prevent overfishing in the first place, became a simpler option for the federal government. Chapter Seven, "Conclusion," retraces the steps from the beginning of World War II through the mid-1960s and considers the events and developments in light of the theoretical framework suggested in this chapter. This thesis concludes by discussing the legacies of post-war fisheries development for the present.

Chapter Two - World War II and the Beginning  
of the Industrial Vision for the Newfoundland Fishery

World War II was a defining moment in the history of North America. During and after the massive mobilization of people, supplies and weapons, North American society was transformed in many ways. A greatly expanded economy, particularly in the emerging chemical, electronics and automotive industries, was one direct result of the war. Although not usually associated with the war-time economic boom, food production also underwent dramatic expansions during and after the war. Policies which aimed at opening up the flow of capital and goods throughout the world, such as the creation of the International Monetary Fund, the International Bank for Reconstruction and Development, and the General Agreement on Tariffs and Trade, fuelled further economic growth in western nations.<sup>1</sup>

Newfoundland's fishery and fishing economy was also greatly affected by the war. Indeed, the war started a series of events that eventually led to a dramatic change in the fishery itself, its industrial structure, its markets, fishing people's relationship to the fishery, and to the shape of capital in the industry. Some Newfoundland business owners had been aware of the potential of an industrialized fishery since the turn of the century.<sup>2</sup> The perfection of technology by American

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<sup>1</sup>For background on expansions in the post-war economy, see A.G. Kenwood and A.L. Loughheed, The Growth of the International Economy, 1820-1980 (London: George Allen and Unwyn, 1983), Part III.

<sup>2</sup>W.G. Reeves, "Alexander's Conundrum Reconsidered: The American Dimension in Newfoundland Resource Development, 1898-1910," Newfoundland Studies, 5,1 (Spring 1989), 1-37; W.G. Reeves, "Aping the 'American Type': The

firms in the 1930s, however, combined with a sharp increase in demand for fish from war-torn Great Britain, suddenly made the development of a frozen fish industry in Newfoundland possible. This led to changes in the way the state planners thought about both the fishery and its future potential. Indeed, fisheries planners were quickly attracted to the hegemonic North American industrial model and its promises of prosperity and economic development. The Commission of Government's efforts in developing the frozen fish sector, although not very well-known, probably had a greater effect in the long-run on the direction of fisheries development than did their programs for the saltfish industry. From saltfish to frozen fish, from the world of transatlantic trade to a North American industrial culture, from government *laissez-faire* (regarding the fishery) to direct assistance for commercial fishing enterprises, the war years sowed the seeds of profound social and economic transformation in the Newfoundland fishery. This chapter will examine the attempts by the Commission of Government to assist the fishery, the impact of World War II, and the emergence of the frozen fish industry in Newfoundland.

From Amulree to Gorvin - Commission of Government and the Fishery in the 1930s

Although the war was a transformative moment for the Newfoundland fishery, in the decade or so before World War II, governments had begun to address the chronic difficulties in the fishing economy. With production and prices falling from

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Politics of Development in Newfoundland, 1900-1908," *Newfoundland Studies*, 10,1 (Spring 1994). Early in the twentieth century, both the Bond and Morris regimes attempted to establish cold storage plants, but they failed for a number of reasons.



the late 19th century, the post-World War I depression only deepened indebtedness of the fishing families. Concerned about chronic problems in the Newfoundland economy and the apparent impending financial collapse of the former colony, the British government sent William Warrender Mackenzie, Baron Amulree, in 1933 to chair a Royal Commission on political and economic conditions.<sup>3</sup> Amulree, a British barrister, had a background in industrial relations. In England, he had served on many industrial boards, and was president of the Industrial Court from 1919 to 1926. In his report, Amulree concluded that the situation was indeed dire.<sup>4</sup> Along with its troubled fishing economy, the small dominion could not carry its burden of debt and was hampered in its efforts to change by an inefficient political system based on patronage. To break this downward spiral, Amulree recommended that Britain should temporarily rescind Responsible Government and appoint a Commission of Government instead. His recommendations were quickly accepted and the Commission of Government era began in 1934.

Unlike Newfoundland governments of the past, Amulree's vision for the Newfoundland economy involved a renewed emphasis on developing the fishery,

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<sup>3</sup>Great Britain, Newfoundland Royal Commission Report (London: Cmnd. 4480, 1933).

<sup>4</sup>Gene Long, "William Coaker and the Loss of Faith: Toward and Beyond Consensus in the Suspension of Newfoundland's Self-Government, 1925-1933," unpublished MA thesis, Memorial University of Newfoundland, 1993. Long argues that many of Amulree's pronouncements about the problems with Newfoundland had already been made by Fisherman's Protective Union founder William Coaker in the 1920s.

rather than land-based industries.<sup>5</sup> Because of limited resources, he argued, the fishery must continue to be the foundation of the Newfoundland economy. The inshore fishery, however, required some fundamental changes if it were to break the cycle of merchant credit. He decried the credit system because the lack of cash stifled the growth of the economy as a whole. He thought it impoverished the fishing people and sapped their moral fibre. An improved and fairer marketing system, a reduced dependence on the credit system for fishing families and a larger support system within the government administration, taken together, would help make the fishing economy healthy. He also recommended that government attempt to revive the dying banks fishery.

Structural, rather than technological, change was clearly Amulree's direction for the fishery. A second report, the 1937 Commission of Enquiry Investigating the Seafisheries in Newfoundland and Labrador (the Kent Commission), confirmed this and expanded upon many of Amulree's original recommendations.<sup>6</sup> Although the Kent Commission report had more detailed suggestions for improving marketing, government inspection and culling regulations, neither report was able to offer specific suggestions for getting rid of the credit system in the inshore fishery.

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<sup>5</sup>For a discussion of attempts by previous Newfoundland governments to develop land-based industry, see David Alexander, "Newfoundland's Traditional Economy and Development to 1934," in J.K. Hiller and Peter Neary, eds., Newfoundland in the Nineteenth and Twentieth Centuries (Toronto: University of Toronto Press, 1980).

<sup>6</sup>Newfoundland, Report of the Commission of Enquiry Investigating the Seafisheries of Newfoundland and Labrador (St. John's: 1937).

Between 1934 and the outbreak of the war, the Commission of Government began taking steps towards assisting the saltfish industry. Their first step was to create the Newfoundland Fisheries Board in 1936.<sup>7</sup> The Board established an inspection service, and licensed premises where fish was landed or processed. As well, the Newfoundland Fisheries Board oversaw the operations of the first fisheries biological station established in 1931.<sup>8</sup> By 1936, the first Fisheries Research Laboratory located at Bay Bulls, had burned down, and the operations were moved to St. John's. The Board, however, directed much of its efforts to reforming the marketing system, which eventually led to the creation of the Newfoundland Association of Fish Exporters Limited (NAFEL) in 1947. NAFEL was an association of licensed saltfish exporters in Newfoundland which acted as a non-profit, united marketing agency and was supervised by the Board.

The establishment of the Newfoundland Fisheries Board was just one component of the Commission of Government's strategy for improving economic conditions in the fishery. It also took steps to alleviate more immediate problems in the outports. To this end, it attempted to encourage the development of co-

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<sup>7</sup>For an analysis of government intervention in the saltfish trade during the Commission of Government era, see David Alexander, The Decay of Trade.

<sup>8</sup>For a brief history of the St. John's Biological Station, see L.W. Coady and J.M. Maidment, Publications of the Fisheries Research Branch, Northwest Atlantic Fisheries Centre St. John's, Newfoundland 1931-1984, Canadian Manuscript Report of Fisheries and Aquatic Sciences No. 1790 (Ottawa: Fisheries Research Branch, Department of Fisheries and Oceans, 1985).

operative fishing operations in rural Newfoundland.<sup>9</sup> Initially, loans were made available to groups wishing to form a co-operative enterprise. Few of these projects were successful, however. In the late 1930s, the Commission adopted another approach based on the Antigonish Movement founded by the Reverend Moses Coady at St. Francis Xavier University in Nova Scotia. This involved the formation of study clubs which were designed to educate the rural people about co-operatives and provide them with the assistance to develop co-operative organizations of their own.

For dealing with the long-term problems of the rural fishery, the Commission appointed British civil servant John Henry Gorvin to devise a rural reconstruction program. Gorvin was a long-time veteran of the British Ministry of Agriculture and Fisheries, known for his energy, vitality, and a "singleness of purpose which could land him in difficulty with his colleagues."<sup>10</sup> Like Amulree before him, Gorvin concluded that the merchant credit system was the root cause of Newfoundland's economic woes. Unlike Amulree, however, Gorvin had a plan for changing the economic structure of the outport economy so that merchant credit would not be needed. His solutions for the eradication of the crippling credit system, however, proved controversial and met with considerable resistance from some of the

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<sup>9</sup>For a brief outline of the history of co-operatives in Newfoundland, see Roger Carter, "Co-operatives in Rural Newfoundland and Labrador: An Alternative?" in Sinclair, ed., *A Question of Survival*.

<sup>10</sup>Peter Neary, *Newfoundland in the North Atlantic World 1929-1949* (Kingston and Montreal: McGill-Queen's Press, 1988), 95. For a discussion of Gorvin's reconstruction plans, see 95-104.

Commissioners and some of the Newfoundland business community. Gorvin claimed that the impoverished inshore fishers would benefit from the creation of co-operative marketing and supply organizations. With regional development councils in operation, fishers would be able to buy supplies and obtain loans to invest in their operations, and such councils would also oversee the development of local enterprises.

The Gorvin plan for co-operative enterprises would have placed a heavy responsibility directly in the hand of the Government. Far from being "grassroots," the Special Areas Bill had envisioned a "top-down" type of co-operative, giving the Government sole responsibility for appointing people to all local and regional administrative positions within the new enterprises.<sup>11</sup> In 1939, Gorvin was appointed Commissioner for Natural Resources and work began on drafting his ideas into the proposed Special Areas Bill.<sup>12</sup> As well, the Commission allowed an experiment based on Gorvin's plans to be implemented in Placentia Bay, one of the areas hardest hit by the Depression.

#### The Impact of World War II on the Newfoundland Fishery

For a time, it seemed, merchant control of the inshore fishery was about to be challenged, but World War II intervened and changed the direction of fishery

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<sup>11</sup>For a copy of the proposed Special Areas Bill, see PANL GN 38, S2-1-17, file 26.

<sup>12</sup>PANL GN 38, S2-1-17, file 26, Special Areas Bill, 103-104.

development radically. Early in the war it became evident that the opportunities offered by a new product - quick frozen fish fillets - promised to move the fishing industry away from traditional saltfish production. Although frozen food had been in existence since the beginning of the twentieth century, it was not until the late 1930s that methods improved to the point that it was acceptable to consumers. In the United States, food processing companies such as Birdseye (General Seafoods) and Booth Fisheries began marketing brand-name, packaged frozen fish fillets for home consumption.<sup>13</sup> With the rise of public cold storage plants in the United States (and later, home refrigerators), and the development of "quick freezing" technology, packaged and processed frozen foods seemed poised to transform the American food industry.

In Newfoundland, experiments in freezing were done initially with salmon, not groundfish. In the 1930s, Job Brothers, an old St. John's fish company, bought a 6,000 ton refrigerated vessel called the Blue Peter, outfitted it with freezing equipment, and sailed it up the coast of Newfoundland and Labrador, collecting and freezing salmon along the way.<sup>14</sup> This experiment was not lost on the Department of National Resources and, by 1937, people there had begun exploring the possibilities of developing this new technology. A memo to the Commission of

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<sup>13</sup>GN 34/2, file NFDA Booth Fisheries, magazine article "Booth Fisheries Corporation" in Southern Fisherman (January 1955), 24-25.

<sup>14</sup>Interview with Paul Russell, March 1995.

Government suggested that the department believed that fostering a frozen fish industry was the key to a prosperous fishery in the future.<sup>15</sup>

Nonetheless, it was ultimately war-time demands for the new product that played the major role in hastening the growth of the frozen fish industry in Newfoundland. With European vessels unable to fish, and local agricultural resources being directed towards the war effort, Great Britain was in need of high protein foods for its people, and turned to North America for fish.<sup>16</sup> Shortly after the war began, British importers came to Newfoundland looking for supplies of frozen fish fillets.<sup>17</sup> They signed a contract with three St. John's-based firms to provide them with 10 million pounds. By 1941, however, the companies, new to the frozen cod fillet business, had only been able to supply 4 million pounds of the original order. They had proven incapable of securing enough fish, either through inadequate harvesting capacity (as a director of Job Bros. suggested<sup>18</sup>) or because

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<sup>15</sup>PANL GN 38 Natural Resources (Commission of Government), box S2-1-11, file 4, memo to Commission of Government, N.R. 55-37.

<sup>16</sup>For background on the impact of British Ministry of Food requests for canned salmon in British Columbia, see Dianne Newell, "The Politics of Food in World War II: Great Britain's Grip on Canada's Pacific Fishery," Canadian Historical Association Historical Papers, (1987), 179-197.

<sup>17</sup>PANL GN 38, box S2-1-5, file 8, memo to Commission of Government from Commissioner for Natural Resources, P.D.H. Dunn, N.R. 56(b)-41, 16 October 1941.

<sup>18</sup>PANL GN 38, box S2-1-3, file 5, "Appendix "A" to N.R. 116-40. Codfillet Production in Newfoundland."

of competition with the saltbulk<sup>19</sup> industry for their supply.

This incident, however, led both fishing industry people and Commissioners alike to start mobilizing to take advantage of the demand for the new product. Export figures from the period show that the rise in frozen fish production coincided with the outbreak of the war in late 1939 (see Table 2-1, below). In a single year (1939-1940), Newfoundland exports leaped from nearly 1.6 million pounds of frozen fish to 10.5 million pounds, with 56 percent of exports going to the United Kingdom. Throughout the war years, Great Britain continued to be the main buyer of Newfoundland frozen fish products,<sup>20</sup> but by war's end, the United States was emerging as a major importer. Forty percent of frozen fish was exported to that country, prompting the Commission of Government and many frozen fish operators in Newfoundland to realize the importance of securing trade ties with the U.S. after the war.<sup>21</sup> Both the dramatic expansions in production during and after the war,

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<sup>19</sup>Saltbulk, or wet-salted fish was a result of piling fresh fish in layers of salt inside a barrel. They were shipped to various destinations, where they were removed from the barrels, and put into an artificial dryer to complete the curing process. The Nova Scotia artificial drying plants relied heavily on saltbulk for their supply.

<sup>20</sup>According to Table 2-1, the exception to this pattern was in 1943, when exports to Canada surpassed those of Britain.

<sup>21</sup>PANL GN 38, box S2-1-5, file 2, letter to Secretary of State for Dominion Affairs from Government of Newfoundland (P.D.H. Dunn), 14 February 1945. There were indications that the British would not continue to buy frozen fish fillets after the war. Newell, "Politics," reports a similar problem for the British Columbia salmon canning industry at the end of the 1940s, as British importers were reluctant to continue buying B.C. products when they could buy cheaper salmon from Japan. Like Newfoundland, British Columbia soon turned to the United States to sell their



and the shift towards the American market would have a significant impact on government responses to the fishery.

Table 2-1

Exports of Fresh Frozen Cod, Haddock, Redfish, Flounder, Hake, Halibut to Canada, United Kingdom, United States, 1938-1946

Year	Total	Canada		United Kingdom		United States	
	(in pounds)	(Bols.)	(percent)	(Bols.)	(percent)	(Bols.)	(percent)
1938	1,638,050	803,813	(49.07)	43,061	(2.63)	791,176	(48.30)
1939	1,591,626	818,835	(51.47)	704,313	(44.27)	67,879	(4.27)
1940	10,529,192	4,390,763	(43.61)	3,900,457	(36.94)	37,972	(.36)
1941	10,528,873	4,312,822	(40.96)	5,537,374	(52.79)	107,677	(1.02)
1942	11,689,303	3,694,655	(31.61)	6,632,889	(56.74)	1,361,759	(11.65)
1943	12,929,794	6,277,470	(48.55)	5,424,374	(41.95)	1,227,950	(9.5)
1944	24,891,820	5,516,243	(22.16)	13,178,623	(52.91)	6,205,553	(24.93)
1945	33,677,341	6,995,581	(20.78)	19,256,963	(57.21)	6,992,697	(20.79)
1946	34,303,756	7,499,797	(21.78)	13,118,260	(38.24)	13,715,699	(39.98)

(Source: PANL GN 34/2, file 25/79, Report of the Fisheries Committee to the National Convention, p. 13)

The Emergence of a New Industrial Vision for the Fishery

With the outbreak of the war, the Commission of Government, which had been exploring ways to rejuvenate the Newfoundland fishery, was suddenly offered another alternative for developing the economy. From Baron Amulree, who first examined the beleaguered fishing economy, to Kent, and finally to Gorvin, the British

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products.

government officials had sought to break the outports from dependence on merchant credit which was, they all believed, crippling the Newfoundland economy by suppressing the circulation of cash and hampering diversification. The new frozen fish industry, quite simply, was seen as a way of addressing those problems, without the bother of having to restructure the outport economies through the Special Areas Bill.

The frozen fish industry had a number of features that the Commission of Government found attractive as a possible means of curing the problems of the rural economy. Perhaps most significantly, the frozen fish industry tended to operate on a cash basis, rather than relying on the credit system. Instead of being a cottage-type industry, it was a centralized, capital-intensive sector employing modern technology to harvest large amounts of fish and process them in onshore plants. Moreover, it promised to help to integrate the Newfoundland fishery, through its markets and its industrial structure, into the larger North American economy. Frozen fish markets were beginning to open up in the United States. Indications were that after the war the United States, with its expanding population and mass marketing of a whole range of frozen food products, would become the primary market for Newfoundland frozen fish. The chance to earn American dollars by selling to a single market, rather than having to deal with a dozen different countries using different currencies had its attractions for those who had experienced the headaches of dealing in the

international saltfish trade.<sup>22</sup>

Documents concerning the fishery after 1940 show that government officials were drawn to the frozen fish option for the above reasons. One example is a document prepared by Hazen A. Russell, a director with Job Bros., one of the first companies to move into frozen fish, outlining to the Commission of Government the economic benefits of investing in the new sector.<sup>23</sup> Russell, not a Newfoundlander by birth, was born and raised in New Brunswick. First employed with the Bank of Nova Scotia in Nova Scotia and New Brunswick, Russell was transferred to Catalina, Newfoundland as manager of a new branch in 1916.<sup>24</sup> Two years later the head of the Fishermen's Union Trading Company in Port Union and Fishermen's Protective Union founder, William F. Coaker, hired Russell as assistant manager. Two years later he became General Manager of the firm. Russell began experimenting with frozen food technology, using equipment owned by Coaker to freeze salmon. In 1927, after leaving the Fisherman's Union Trading Company, R.B. Job invited Russell become a Director of Job Bros. and Company Ltd.

Russell's central argument was that frozen fish, a processed and packaged commodity, offered many more opportunities for economic expansion than did

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<sup>22</sup>See Alexander, The Decay of Trade, ch.3 for background on the currency problems associated with selling saltfish to European countries.

<sup>23</sup>PANL GN 38, box S2-1-3, file 5, "Appendix 'A' to NR 116-40, Codfillet Production in Newfoundland," 1 October 1940.

<sup>24</sup>Interview with Paul Russell, March 1994.

saltfish production. Frozen fish, a higher value-added product because of its processing, also had the potential to create paid employment in several areas, thus helping to alleviate the unemployment problem in Newfoundland. Along with the additional fishers who would be needed, the frozen fish industry could also support crews for deep-sea vessels which would be catching fish, and workers on land including men, women and boys at the processing plants. Even longshoremen could be assured of more work although, Russell added, he hoped they could be persuaded to lower their wage demands for loading frozen fish, as their colleagues at Nova Scotian ports apparently had.

The economic spinoffs of the new industry were a major part of Russell's argument, and he even supplied a chart showing the estimated value in wages for trawler crews, fish plant labourers and longshoremen, along with the total shipping value for each additional trawler added to the Newfoundland fleet.<sup>25</sup> His proposals included developing the St. John's frozen fish industry with offshore vessels catching fish, local fish plants processing the catch, and locally-owned refrigerated vessels carrying the products to market. The government could assist, he claimed, by allowing local operators to use government-owned cold storage, wharves, and other facilities and could also help stimulate the industry by building a fish meal plant. Russell also argued against the proposed Special Areas Bill, suggesting that a new

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<sup>25</sup>PANL GN 38, box S2-1-3, file 5, "Memo showing graduated scale upwards with quantities and value of fillets and fish meal each quantity will produce, also earnings of trawlers, fresh fish workers, Longshoremen, etc."

relationship between business and government was critical if local St. John's operators were going to expand to the outports.

Russell need not have worried about the Special Areas Bill interfering with plans for the development of the frozen fish industry. Weeks before Hazen Russell sent his letter, the Special Areas Bill had already been cast aside by a government more concerned with mobilizing Newfoundland for war.<sup>26</sup> As well, the Commissioners noted that some members of the business community, specifically the Newfoundland Board of Trade, found the plans threatening to their ability to carry on with their usual activities.<sup>27</sup>

Gorvin, resigned to the fact that his plans for community-based development were dead, acknowledged that many of Russell's proposals were reasonable.<sup>28</sup> Although Gorvin had strongly favoured development through Regional Economic Councils, by 1940 he appeared amenable to government fostering economic development through support of existing private companies. A few weeks before receiving Russell's proposal he had acknowledged that, although the Special Areas Bill should be postponed, he supported assistance to private industry, so long as it

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<sup>26</sup>Neary, *Newfoundland in the North Atlantic World*, 121-123.

<sup>27</sup>PANL GN 38, box S2-1-19, file 1, memo to W.J. Carew, Secretary of Commission of Government from Newfoundland Board of Trade, 21 September 1940.

<sup>28</sup>PANL GN 38, box S2-1-3, file 5, N.R. 116-'40, 21 November 1940, "Memorandum submitted by Commissioner for Natural Resources for Consideration of Commission of Government."

fulfilled some basic criteria.<sup>29</sup> In fact, he claimed that it was always the intention of the Special Areas bill to join private capital with government capital to build a new economy. He believed that, despite the war, it was the duty of the government to embark on a development plan. He cautioned, however, that the main goals of economic reconstruction should be providing employment, promoting land settlement and encouraging a cash economy through the purchase of supplies and payment in cash to primary producers. Government, he maintained, should help new industries and enterprises only if these would help Newfoundland move away from the saltfish industry and towards a cash economy.

Although he still supported co-operatives as the means to allow producers to have the greatest degree of control over their lives, Gorvin clearly also suggested that assisting private enterprise was another way to break the credit system in Newfoundland. As for Gorvin himself, he soon returned to England, where he went to work for several post-war reconstruction and refugee relief programs, including the Interallied Committee for Post-War Requirements and the United Nations Reconstruction and Recovery Association.<sup>30</sup>

#### Assistance for the Frozen Fish Industry

The task of continuing the re-organization of Newfoundland's fisheries was left

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<sup>29</sup>PANL GN 38, box S2-1-17, file 26, memo to Commission of Government from Natural Resources (Gorvin), NR-26(i)-40, September 1940.

<sup>30</sup>Encyclopedia of Newfoundland and Labrador, vol. 2, Joseph R. Smallwood, ed. (St. John's: Newfoundland Book Publishers, 1983), 520-521.

to Gorvin's successor, P.D.H. Dunn, who became Commissioner for Natural Resources in 1941.<sup>31</sup> Dunn was a British civil servant who came to Newfoundland in 1934 to work for the Commission of Government, first as customs advisor, then as Chair of the Board of Customs, and later as head of the Liquor Control Board.<sup>32</sup> His involvement with fisheries began in the early years of World War II, when he was recalled to Britain to serve with the Ministry of Food. In 1941, he returned to Newfoundland.

Dunn's vision for the fishery clearly fell along the industrial model of development. Unlike Gorvin, Dunn had few qualms about allowing large corporations to take the lead in developing the fishery. He frequently extolled the virtues of the frozen fish option - the cash-based nature of the industry, the employment opportunities, and the modern technology. He also put considerable importance on establishing strong trade ties with the United States. By 1941, Dunn's sights were already set on post-war markets, and he suggested that every effort should be made to cultivate American markets.<sup>33</sup> By selling fish to the Americans and allowing them to supply Great Britain with fish, he reasoned, Newfoundland

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<sup>31</sup>See Neary, Newfoundland in the North Atlantic World, 249-257 for a discussion of the policies introduced by Dunn.

<sup>32</sup>Robert H. Cuff, ed., Dictionary of Newfoundland and Labrador Biography (St. John's: Harry Cuff Publications, 1990), 93.

<sup>33</sup>PANL GN 38, box S2-1-5, file 8, memo to Commission of Government from P.D.H. Dunn, NR 56(b)-41, 16 October 1941.

would be in a better position to maintain its United States trade links after the war.

Dunn outlined the benefits of the industrial model in a draft despatch sent to the British Secretary of State in January, 1943.<sup>34</sup> Dunn argued that offering loans to the frozen fish industry could lead to the undermining of the credit system traditionally used in the inshore salt fishery. Although ten years earlier, Amulree had decried the impoverishing effects of the credit system on inshore fishing families, he had not been able to offer any concrete suggestions for eradicating the practice. Gorvin's later attempts to rebuild the fishery along co-operative lines had not been acceptable to either the Commission of Government or the Newfoundland Board of Trade. The frozen fish industry itself, with its tendency to use cash, appeared to offer a solution to the problem of dependence on merchant credit. Dunn believed that assisting the frozen fish sector was a workable compromise, a way to develop a cash-based economy and a higher standard of living that would not anger established companies.

Dunn highlighted the new, vertically-integrated structure of the fishing firms that would arise as a result of the industrialization of the fishery:

The scheme if successful should ultimately lead to a position in which one company would be operating at each centre and have control of all fishing and processing operations there. Such a company would pay cash for fish purchased and would undertake the freezing, salting, canning and such other processing of fish and fish offal as may be possible. An arrangement of the kind would have, in the course of

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<sup>34</sup>PANL GN 38, Box S2-2-2, file 7, "Draft Despatch to Secretary of State", NR 1(a) -43, 7 January 1943.



time, the effect of freezing the credit system, the harmful effects of which have been commented upon by every committee which has examined the fishing industry in Newfoundland.<sup>35</sup>

This structure differed in several crucial ways from the inshore fishery as it was prosecuted on the northeast coast of Newfoundland. It separated harvesting and curing into two discrete functions and paid cash to producers while giving cash wages to those working at the processing plants. It would consist of vertically-and horizontally-integrated firms, each with responsibility for harvesting (in part), processing and marketing, and each having operations in more than one community.<sup>36</sup> However, because of the lack of trawler ports on the northeast coast and the ice conditions which prevented year-round fishing, Dunn claimed that large plants there would be uneconomical. Ideally, companies in the frozen fish business would therefore require operations on both the south and the northeast coasts, so that they could ship extra fish from their south coast trawlers to the northern plants during the winter.

Since Dunn's ideas about the structure of the new fishing economy involved encouraging large, multi-operational, highly capitalized firms employing the latest fisheries technology, there was little room in his plan for co-operative-style

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<sup>35</sup>PANL GN 38, Box S2-2-2, file 7, "Draft Despatch to Secretary of State", NR 1(a) -'43, 7 January 1943.

<sup>36</sup>PANL GN 38, Box S2-2-2, file 7, "Memo - Reorganization of Fisheries," NR 1-'43, 4 January 1943. This report, written by Dunn, was adopted by the Rehabilitation and Post-War Planning Committee.

management. Dunn knew this, and cited two reasons for not moving ahead with co-operatives: opposition from existing firms and the dearth of business management skills in the local population.<sup>37</sup> In light of the type of fishery the government was attempting to develop, his reasoning is instructive. He was not necessarily fearful of "the merchants" en masse, but rather mindful of the need to enlist the active co-operation of existing frozen fish firms because the government could never have financed this capital-intensive industry alone.

"Freezing the credit system" was a challenging undertaking as Dunn turned to the practical business of building a new industrial fishery. One of the difficulties was that by 1943, when the restructuring plan was put in place, only a few Newfoundland fishing enterprises had made the transition to frozen fish processing. Dunn expressed frustration that so few companies had made the step into the industry which he believed offered the hope for a prosperous future, remarking in a memo outlining the post-war plans for the fishery,

Some of the firms engaged in the fish trade are unfortunately not progressive, and they do not wish to change their methods so long as profit can be made. Their attitude appears to be that someone else should take the initial risk and not until it is proved that profits can be made will they consider coming into the business.<sup>38</sup>

Rather than a general, "anti-merchant" diatribe, these concerns reflected the fear that

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<sup>37</sup>PANL GN 38, box S2-2-2, file 7, "Memo - Reorganization of Fisheries," NR 1-43, 4 January 1943.

<sup>38</sup>PANL GN 38, box S2-2-2, file 7, "Memo - Reorganization of Fisheries," NR 1-43, 4 January 1943.

the government would not get enough interest from the private firms to develop the frozen fish sector. With some reluctance, Dunn acknowledged that the government would have to do the bulk of the financing for the development of the frozen fish industry and, to this end, set up a program whereby companies could obtain low-interest (3.5 percent) loans for the purchase of offshore fishing vessels or the building of processing plants.<sup>39</sup> Beyond this, he sought to provide a broader role for the government in the supervision and management of the frozen fish industry, in which the Department of Natural Resources would license and inspect plants, decide where the plants should be established, and play a role in a centralized marketing system.<sup>40</sup>

#### The Genesis of a Frozen Fish Industry in Newfoundland

In the process of restructuring the fishery, the Commission of Government forged links with a small group of former saltfish merchants who were willing to make the transition to the frozen fish industry. These companies were among the first to benefit from the 1943 loan program for frozen fish industries initiated by Commissioner Dunn. After the war, these companies continued to dominate the frozen fish industry in Newfoundland. Table 2-2 below gives an indication of the size of the individual operations involved in this new enterprise. Fishery Products

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<sup>39</sup>PANL GN 38, S2-1-5, file 1, "Fishery Development - Conditions Under Which Loans will be Made."

<sup>40</sup>PANL GN 38, box S2-2-2, file 7, "Memo - Reorganization of Fisheries," NR-43, 4 January 1943.

Limited, owned by the Monroe family of St. John's, was the largest company; it would continue to dominate domestic production of frozen fish for the next thirty years.<sup>41</sup> Another St. John's company, Job Bros., underwent a major restructuring at the end of the war, and was replaced as the second largest producer by a former subsidiary, Bonavista Cold Storage. Two outport merchants - Silas Moores of Carbonear and George Penny of Ramea - established frozen fish plants towards the end of the war. Harvey's, the smallest producer, with operations in St. John's and Rose Blanche, withdrew from frozen fish production in the early 1950s.

Table 2-2

Production of individual operators for the year 1947

Company	Harvey's	Job's Group	Northeastern	Fishery Products	Penny's
Production (Rt)	\$15,443	2,157,240	1,043,265	7,790,177	1,096,610

(source: PANL GN 38, box S2-1-5, file 11)

All these companies tended to be relatively small, family-owned and family-financed firms. With the exception of Job Bros., they were not among the largest fishing companies in Newfoundland and they had not begun to diversify into other areas such as retail or insurance as had other prominent fishing firms in St. John's.<sup>42</sup>

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<sup>41</sup>The other family which became part of this dominant group of companies after the war was the Lake family of Fortuof. Former banks fishery merchants, the family acquired their first frozen fish operations in 1951.

<sup>42</sup>See Paul O'Neill, A Seaport Legacy: The Story of St. John's, Newfoundland (Erin, ON: Press Porcepic, 1976), ch. 8 for a description of the Water Street merchants, and their various businesses.

A common feature among these companies, however, was their shared belief that frozen fish and the American market promised the best path for the fishery. We get a hint of this shared vision through the Confederation debates in the 1940s. Despite the popular myth that "the merchants" were against union with Canada, most of the frozen fish operators openly supported the Confederation option.<sup>43</sup> Their reasons were economic, rather than sectarian or nationalist. Frozen fish operators Arthur Monroe and George Penny argued that favourable trade terms with the United States, so important to their industry, could not be negotiated without the bargaining power held by Canada.<sup>44</sup> Clearly, this group of company owners were re-orienting their business interests away from the world of transatlantic trade towards the North American economy.

One of the first firms to produce frozen fish in Newfoundland was Job Bros. and Co. Ltd. The Job family had operated in businesses in St. John's since the late

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<sup>43</sup>NAC RG 23, v. 1132, file 721-54-4 [8], newsclipping Evening Telegram, 17 July 1948, advertisement in support of Confederation with Canada. This clipping lists names of supporters, including W.S. Monroe and Arthur Monroe (Fishery Products Limited), S.W. Moores (Northeastern Fishing Industries), George Penny (John Penny and Sons Limited), and H.B.C Lake, whose family firm moved into frozen fish in 1951.

<sup>44</sup>NAC RG 23, v. 1132, file 721-54-4 [8], Evening Telegram, "Major Fresh Fish Producers on Economic Union," no date. R.B. Job, however, supported a return to Responsible Government, asserting that Newfoundland had enough bargaining power to negotiate trade terms with the United States. He was the only frozen fish operator to support this option. There is no indication that any of the frozen fish company owners supported economic union with the United States, an option promoted by Ches Crosbie. In the above article, Monroe referred to economic union, but dismissed it as being an unrealistic option.

eighteenth century. By the late 1930s, Job Bros. and Co. was a diversified company, and had many interests including saltfish drying, retail stores and shipping.<sup>45</sup> The Hon. R.B. Job, former member of the Newfoundland legislature and chair of the Fisheries Committee of the National Convention, was president of the company when it established its first groundfish filleting plant on the south side of the St. John's harbour at the beginning of World War II.

The key figure in overseeing the frozen fish branch of this company was not R.B. Job himself, but Hazen Russell.<sup>46</sup> While at Job Bros., Russell oversaw the outfitting of the 6,000 ton Blue Peter, a refrigerated vessel formerly used in the Argentine meat trade, with brine freezers for salmon. Beginning in 1929, the Blue Peter, with its crew and a group of young men and women to process the salmon, took a yearly run up the coast of Newfoundland as far as Cartwright, Labrador. Once sufficient salmon had been collected and frozen, the workers were sent back to St. John's on a coastal vessel, while the Blue Peter took its cargo to England to sell. Although these operations were small by later standards, the Blue Peter was the first floating frozen fish processing outfit in Newfoundland. Job Bros. finally sold the vessel, considered rather large for the salmon operation, in the late 1930s.

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<sup>45</sup>Newfoundland and Labrador Registry of Deeds, file 1227, Job Bros. and Company Ltd. The company was incorporated in 1933. Although members of the Job family, as well as other local business people were among the shareholders, the majority of shares were actually held by Hudson's Bay Company.

<sup>46</sup>Interview with Paul Russell, March 1994.

In 1939, Russell saw an opportunity to expand the firm's frozen fish operations. Job Bros. came into the possession of an abandoned premises in Bonavista, property of a local merchant who had gone out of business, still owing them money. Not interested in using the building itself, the company let Russell purchase it. He then incorporated a new company, Bonavista Cold Storage, with authorized capital of \$20,000.<sup>47</sup> The first directors and shareholders included Russell, his wife Ora, his son Paul, and local merchant J.T. Swyers. Within a few years, the new company added a few more local investors, including Ches Pippy, owner of Newfoundland Tractor and Equipment, and Gordon Bradley, who became a senator after confederation. The company renovated the older premises, added another building, and was soon processing five-pound frozen fillet packs for the British during the war.<sup>48</sup>

Meanwhile, Russell continued to work for both Bonavista Cold Storage and Job Bros. In 1943, R.B. Job suggested to Russell that Job Bros. purchase a controlling interest in Bonavista Cold Storage. It did so, and shortly thereafter, Russell secured a loan from the Bank of Montreal and bought controlling interest

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<sup>47</sup>Newfoundland and Labrador Registry of Deeds, file 1648, Bonavista Cold Storage.

<sup>48</sup>Interview with Paul Russell, March 1994. These five-pound packs, frozen in aluminum pans, were made especially for the British. After the war, the companies packaged frozen groundfish in either one-pound wrapped packages, or ten-pound cod blocks. Newell, "Politics," notes that the British Columbia salmon-canning industry also had to produce special packs of fish for the British during the war.

in Job Bros.<sup>49</sup> At that point, he replaced R.B. Job as President of Job Bros. and Co. Ltd. Then, he formed a holding company called Northlantic Fisheries in 1945.<sup>50</sup> Northlantic Fisheries consisted of Job Bros. Limited, Bonavista Cold Storage, Northlantic Sealers, Blue Peter Steamships, Canada Bay Cold Storage,<sup>51</sup> St. Anthony Cold Storage, and Bonavista Mutual Traders.<sup>52</sup>

By 1947, Northlantic, with \$2,344,200 subscribed capital, seemed poised to play a major role in the frozen fish industry of the future. That year, Russell applied for a loan to purchase three trawlers.<sup>53</sup> Arguing that they needed deep-sea fishing vessels to obtain a greater diversity of species such as haddock, redfish and flounder, Russell asserted that the employment of 200 workers at the St. John's plant was dependent on a steady supply of fish. The next year the company received a loan of

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<sup>49</sup>Newfoundland and Labrador Registry of Deeds, file 1227, Job Bros. and Co. Ltd.; file 1648, Bonavista Cold Storage. He bought the shares that had been held by Hudson's Bay Company.

<sup>50</sup>Newfoundland and Labrador Registry of Deeds, file 1842, Northlantic Fisheries. The Directors were: Hazen Russell, Ches Pippy, W.F. Hutchinson, Lewis Ayre, Gerald S. Doyle, Charles Hunt, Campbell Macpherson, Gordon A. Winter.

<sup>51</sup>Canada Bay Cold Storage was founded by Russell and a local merchant in Englee, where the plant was located. It was mainly a salmon freezing plant, as was St. Anthony Cold Storage.

<sup>52</sup>PANL GN 34/2, file 83/3, "Northlantic Fisheries Limited, 4 June 1947, List of Authorized Capital and Issued and Fully Paid Capital."

<sup>53</sup>PANL GN 34/2, file 83/3, letter to Commissioner for Natural Resources from H.A. Russell, 26 July 1947.



\$400,000 from the Commission of Government to purchase three trawlers.<sup>54</sup>

The alliance between Russell and the Job family, however, did not last. In 1953, Russell resigned as President of Job Bros. and Northlantic.<sup>55</sup> He then bought back interest in the company he founded, Bonavista Cold Storage, from Job Bros. and Co. Russell was to spend the rest of his career at the helm of Bonavista Cold Storage. After Russell left, Job Bros. gradually divested itself of its frozen fish investments, except for its plant in St. John's, which it retained until the 1960s.<sup>56</sup>

By the end of the war, a company called Fishery Products Limited had emerged as the largest producer of frozen fish, with a production in 1947 of over 7.7 million lbs.<sup>57</sup> Although the company was only incorporated in 1941, the owners, the Monroe family of St. John's, had been involved in the fishing business since the early twentieth century. Walter S. Monroe was born in Dublin, Ireland in 1871 and

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<sup>54</sup>PANL GN 34/2, file 83/3, copy of loan agreement between the Newfoundland Government and Northlantic Trawling Co., 16 March 1948.

<sup>55</sup>Newfoundland and Labrador Registry of Deeds, file 1227, Job Bros. and Co. Ltd.; file 1842, Northlantic Fisheries. Although Russell resigned as President and from the Boards of Directors of these firms, he kept his shares until 1965, when he sold them to Ayre and Sons Ltd.

<sup>56</sup>Earlier, Job Bros. had sold its processing plant at Port aux Basques. Canada Bay Cold Storage was sold to the Lake family, and Arthur Monroe of Fishery Products Limited bought St. Anthony. Hazen Russell bought the three vessels obtained by Northlantic in 1948. After Russell's departure, Northlantic continued to operate with the remaining investors and Board of Directors.

<sup>57</sup>PANL GN 38, box S2-1-5, file 11, "Fishery Products Limited: Production of Individual Operators for the year 1947."

educated in Edinburgh and Oxford before emigrating to Newfoundland to assist his uncle, Moses Monroe, in his family enterprises (Colonial Cordage, Newfoundland Boot and Shoe Company, St. John's Electrical Light Company).<sup>58</sup> In 1909, W.S. Monroe founded the Monroe Export Company, a saltfish firm, which he operated until he entered Newfoundland politics in the 1920s. A Liberal-Conservative, Monroe became party leader and Prime Minister in 1924, holding that post until 1928. With the family patriarch preoccupied with the tumultuous world of Newfoundland politics, much of the management of the Monroe's business was left to Walter's son, Arthur H. Monroe. Born in St. John's and educated in St. John's and England, Arthur led the family into the frozen fish business at the beginning of World War II.

Known to his contemporaries as a bright, clever, if somewhat impetuous business person, Arthur Monroe built up a large fishing enterprise in a relatively short period of time. According to the company records in the Newfoundland Registry of Deeds office, Fishery Products Limited was founded with \$50,000 nominal capitalization.<sup>59</sup> From its inception, it was a family-owned and family-financed enterprise. In 1942, its directors were listed as W.S. Monroe, Arthur Monroe and

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<sup>58</sup>Cuff, Dictionary, 226-227.

<sup>59</sup>Newfoundland and Labrador, Registry of Deeds, file 1689 Fishery Products Limited.

Stanley de J. Osborne of Boston.<sup>60</sup> In the following years, however, the records reveal significant trends in terms of the financing of the company, and its growth. By 1944, the American investors had disappeared, likely owing to restrictions placed on foreign ownership of shares for companies receiving loans from the Commission of Government. Instead of relying on outside capital, the largest investor to emerge was the family-owned Monroe Export Company, with 1,424 shares at \$100 each. Over the next few years, this company was the main source of investment, owing to the fact that it was able to secure a \$70,000 bank loan for the new family endeavour.<sup>61</sup> The immediate family members, W.S. Monroe, Arthur and Helen Monroe, increased their shares in the company as well. Besides increasing investment through the Monroe Export Company, Fishery Products Limited raised its level of nominal capitalization from \$50,000 in 1941 to \$2,400,000 by 1946. Although not all of this was subscribed, by 1947, the company had issued \$1,255,200 worth of shares.<sup>62</sup> Clearly, the Monroe family was gearing the company towards a major expansion.

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<sup>60</sup>In the record for 8 April 1941, the first year of its incorporation, the company's directors and shareholders (one share each) are listed as John McEvoy, Helen Butler and Joan Gear. McEvoy was a St. John's lawyer. The Monroes appear as shareholders and directors in 1942.

<sup>61</sup>PANL GN 38, box S2-1-5, file 1, NR 15-'45, Draft Despatch to the Secretary of State concerning loans to companies for fishery development, 15 February 1945.

<sup>62</sup>PANL GN 34/2, file 83/2 vol 1, "Fishery Products Limited Balance Sheet as at 31st December, 1942."

While the Monroe family was securing capital for FPL, Arthur Monroe began building and acquiring frozen fish processing plants. His first plants were at St. John's and Holyrood. During the war, he established plants at Isle aux Morte, Burnt Islands, and Burin on the south coast of Newfoundland, and on the northeast coast, at LaScie and Joe Batt's Arm.<sup>63</sup> By the end of the war the company owned four trawlers, various smaller motor vessels, and two refrigerated ships.<sup>64</sup> In 1946 FPL bought the assets of the Monroe Export Company and took over the its saltfish operations.<sup>65</sup> NAFEL records show that FPL was among the largest exporters of saltfish by volume between 1947 and 1959.<sup>66</sup> Fishery Products Limited was indeed a company organizing to play a significant role in the post-war Newfoundland fishery.

Despite being the largest frozen fish operator in Newfoundland, FPL did not receive any government loans until 1947, four years after the inception of the loan program.<sup>67</sup> Although Monroe first applied for a loan of \$100,000 in 1945, several

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<sup>63</sup>NAC RG 23, v. 1748, file 797-17-1 [1], "Newfoundland Freezing Plants."

<sup>64</sup>PANL GN 34/2, file 83/2 vol. 1, "Fishery Products Limited, Fixed Assets - Vessels as at 31st December 1947."

<sup>65</sup>PANL MG 523, W.S. Monroe Export Company Limited, file 50, "Monroe Export Co. Ltd. sale to Fishery Products Ltd. April 1, 1946."

<sup>66</sup>MHA, Newfoundland Association of Fish Exporters Limited Records, Shipment Ledgers, 1947-1959. Between 1947 and 1949, FPL was among the top 10 exporters of saltfish by volume; between 1949 and 1959, the company was among the top five exporters of saltfish. The company withdrew from the saltfish business after 1959.

<sup>67</sup>PANL GN 38, file 83/2 vol. 1, "Loans Advanced to Corporations or Individuals for the Purpose of Assisting them in Development of the Fisheries," 22 January 1947.

members of the Commission of Government, it seems, were concerned about the rapid expansion of the company and were afraid it was a poor risk. Dunn refused to send the loan application to the Commission, arguing that it was too difficult to control Monroe's penchant for overexpansion. He noted that the owner of FPL had "adopted a policy of expansion which is unlikely to be justified by results."<sup>68</sup> Dunn reiterated his reservations about the company to the Secretary of State for Dominion Affairs. Admitting that FPL did have a few very good plants with high productive capacity, he explained he was reluctant to recommend loans "because of the difficulty of controlling Mr. Arthur Monroe."<sup>69</sup> Dunn remarked that FPL's latest augmentation had occurred against the advice of both himself and Monroe's bank. The Commissioner conceded, however, that "if a satisfactory means of controlling his passion for expansion can be found, then I shall bring a proposal to the Commission."<sup>70</sup> In 1947, Monroe again applied for a loan, this time for \$225,000 to

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F.P.L. received one loan before the official loan program was set up. In March 1942, the company received \$25,000 for the plant at Isle aux Morte, but the loan was repaid the following year when the plant burned down.

<sup>68</sup>PANL GN 38, box S2-1-5, file 2, NR 15(a)-'45, memo from P.D.H.Dunn, 14 May 1945.

<sup>69</sup>PANL GN 38, box S2-1-5, file 2, NR 15-'45, Draft Despatch to the Secretary of State concerning loans to companies for fishery development, 15 February 1945.

<sup>70</sup>PANL GN 38, box S2-1-5, file 2, NR 15-'45, Draft Despatch to the Secretary of State concerning loans to companies for fishery development, 15 February 1945.

buy a refrigerated freighter and a dragger.<sup>71</sup> The Secretary for Natural Resources, Kenneth Carter, remarked that the proposal was sound, but his support was given reluctantly.<sup>72</sup> The company had recently cut prices paid to fishers for fish, and he suggested that the company was profiting at their expense. "Our purpose," he claimed,

in making funds available to operators in the frozen fish industry is to encourage it so that the country generally and the fishermen particularly should benefit therefrom. Indications are, however, that the fishermen are not getting as much for their fish as they should while the companies are piling up huge profits.<sup>73</sup>

Although the Commission of Government had no direct evidence that the company was making exorbitant profits at the expense of the fishers, there continued to be some hesitancy on the part of the Commissioners to finance the operation. The Commissioner for Finance, noting earlier concerns about the company, recommended caution in considering proposals to give capital to FPL.<sup>74</sup> In June, 1947, the Commission of Government finally granted FPL \$225,000 for the purchase of three

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<sup>71</sup>PANL GN 34/2, file 83/2, vol. 1, memo from F.P.L., 18 January 1947.

<sup>72</sup>PANL GN 34/2, file 83/2, vol 1, letter to Commission of Government from Arthur Monroe, 27 July 1947. Carter's comments were written on the back of the above document.

<sup>73</sup>PANL GN 34/2, file 83/2, vol 1, letter to Commission of Government from Arthur Monroe, 27 July 1947. Carter's comments were written on the back of the above document.

<sup>74</sup>PANL GN 34/2, file 83/2 vol 1, letter to Commissioner for Natural Resources from Commissioner for Finance, 28 May 1947.

vessels.<sup>75</sup>

The loan invoked an outburst from the Treasury in London. In a letter to St. John Chadwick of the Commonwealth Relations Office, W.Russell Edmunds of the Treasury Chambers chastized the Commission of Government for providing the loan to FPL, and in particular, for accepting mortgages on the vessels themselves as security.<sup>76</sup> The central issue that Edmunds was addressing, however, was whether or not government should be assisting private enterprise at all: he believed the industry, not government, should provide the initiative and the capital, no matter how needy the Newfoundland economy. The views from the British Treasury, however, were not universally accepted, even within the metropolitan government. Chadwick passed the letter to W.H. Flinn, Dunn's successor in Natural Resources, remarking wryly that it was "a long harangue from our friends in the Treasury."<sup>77</sup> Flinn, in reply, defended the Commission of Government's decision to fund companies such as Fishery Products Limited. "Anything in reason should be encouraged," he argued, that will help to divert sales from the salt-codfish, non-convertible

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<sup>75</sup>PANL GN 34/2, file 83/2 vol. 1, Certified Copy of Minutes, June 20, 1947 re: meeting 14 June 1947. Earlier, the Commission of Government had approved a loan for \$168,000 for F.P.L. to purchase one trawler and one refrigerated vessel. This amount was increased to \$225,000 when Arthur Monroe asked that they be allowed to purchase three vessels instead of two.

<sup>76</sup>PANL GN 34/2, file 82/3, vol. 1, letter to St. John Chadwick, Commonwealth Relations Officer from W. Russell Edmunds, Treasury Chambers, 4 November 1947.

<sup>77</sup>PANL GN 34/2, file 82/3, vol. 1, letter to St. John Chadwick, Commonwealth Relations Officer from W. Russell Edmunds, Treasury Chambers, 4 November 1947.

sterling markets in Europe and, generally, that will accelerate or develop the modernization of methods of production whether of frozen or dried salt codfish, I think that Government has taken a very fair risk and is indeed to be commended for its bold and imaginative policy at a time when some lead of the sort is desirable.<sup>78</sup>

Despite concerns about extending loans to private companies, and Fishery Products Limited in particular, the Commissioners were finally willing to take those risks to make changes to the Newfoundland fishery.

During the war, several smaller frozen fish enterprises also emerged, companies which would prove to be among the major frozen fish producers after 1945. John Penny and Sons of Ramea, on the south coast of Newfoundland, was an old banks fishery firm that had been operating since the mid-19th century.<sup>79</sup> George Penny, later appointed a senator for Newfoundland after Confederation,<sup>80</sup> was the fourth generation of the Penny family to ply the trade. His company managed to survive the Depression of the 1930s and in 1942 made the transition to frozen fish. Like most of the other frozen fish companies, John Penny and Sons was a family-owned and family-controlled enterprise.<sup>81</sup> Besides family members, its early directors also included John Cheeseman, who would become provincial Minister of

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<sup>78</sup>PANL GN 34/2, file 83/2 vol 1, letter to St. John Chadwick from W.H. Flinn, 12 February 1948.

<sup>79</sup>PANL GN 34/2, file NFDA John Penny and Sons, "The Penny Story, 1856-1956."

<sup>80</sup>Penny did not serve long in the Senate; he died in December 1949.

<sup>81</sup>Newfoundland and Labrador Registry of Deeds, file 749, John Penny and Sons.



### Fisheries in 1956.

In 1946, John Penny and Sons applied for and received a \$40,000 loan from the Commission of Government to buy a trawler.<sup>82</sup> By that point, the company had already financed one trawler of its own.<sup>83</sup> It also owned several schooners, as well as a number of smaller motor dories used in the collection of fish from fishers along the coast. Its plant had been installed with the quick freezing technology in 1946. Employing an average of 95 men and 15 women, this processing plant had a production capacity of 40,000 pounds of packaged fish fillets per day.<sup>84</sup> When George Penny died in 1949, the ownership and operation of the business fell to his wife, Marie, and daughter, Margaret.

Silas Moores of Carbonear, connected to the saltfish exporting firm of W. & J. Moores, also made the transition to frozen fish during the war. Incorporated in March, 1944, the directors and majority shareholders of North Eastern Fish Industries Limited included Silas Moores, his wife Dorothy, and his daughter

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<sup>82</sup>PANL GN 34/2, file 83/2 vol. 1, "Department of Natural Resources, Loans Advanced to Corporations or Individuals for the purpose of assisting them in development of the Fisheries."

<sup>83</sup>PANL GN 34/2, file 83/5, "John Penny and Sons, Balance Sheet as April 30th, 1946."

<sup>84</sup>PANL GN 34/2, file 83/5, "John Penny and Sons, Limited, Outline of Fresh Fish Operations, Ramea."

Megan.<sup>85</sup> Later the family firm was joined by son Frank, who became Premier of Newfoundland in the 1970s. The company established its first frozen fish processing plant in Harbour Grace. After barely a few weeks' operation, however, the plant burned down, and the Commission of Government provided a loan of \$100,000 to rebuild.<sup>86</sup>

#### Planning for the Post-War Fishery

Sustaining and expanding frozen fish production after the war became important to the Commission of Government. To investigate the potential of the American market, it hired a marketing consultant, George S. Armstrong, Inc. of New York. In 1944, the firm reported its findings to the Commission.<sup>87</sup> One of the pervasive themes of their analysis of the frozen fish industry was that a transformation was occurring in the North American food industry generally, in processing, marketing, retailing, and consumption. Quick freezing technology had now led to the production of a whole range of frozen food products - fruits and vegetables, as well as fish. Frozen food display freezers were becoming increasingly common in grocery stores across the United States and Canada. The growing

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<sup>85</sup>Newfoundland and Labrador Registry of Deeds, file 1768, Northeastern Fisheries Ltd.

<sup>86</sup>PANL GN 38, S2-1-5, file 2, NR 15-45, Draft Despatch to the Secretary of State concerning loans to companies for fishery development.

<sup>87</sup>PANL GN 38, box S2-1-5, file 2, "Report by George S. Armstrong Inc. on Cod Fillet Production and Distribution, 1944.

accessibility and availability of home refrigerator freezers in North American homes meant that frozen food could now become an integral part of daily consumption.

With this "revolution" in the food industry as a backdrop, the **Armstrong Report** predicted that the United States market for frozen fish would increase substantially in the post-war years and that Newfoundland producers should direct their efforts toward this market. Although Britain had been the major importer of frozen fish during the war, the report warned that the relative lack of refrigerators in British homes made investing in that market risky. The consultants warned, however, that competition could come from both Canadian and American producers. Before substantial amounts were invested, therefore, Newfoundland processors should proceed slowly, build up capacity, using moderately-sized plants (less than 25,000 lbs/day production capacity), until they could be sure how much product the market would bear. A favourable trade agreement with the United States should also be a priority, they said.

The Commission of Government planners evidently took the **Armstrong Report** seriously, and many of the document's recommendations appeared in a radio address given by **Dunn** in 1944, where he extolled the benefits of a modern, industrialized, centralized fishery catering to the needs of North American consumers.<sup>88</sup> He talked about home refrigerators, new technology and an economy

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<sup>88</sup>Centre for Newfoundland Studies, "Fisheries Re-organization in Newfoundland," radio address by Hon. P.D.H. Dunn, O.B.E., Commissioner for Natural Resources, 21 January 1944.

proceeding under the guidance of a central authority, arguing that the Newfoundland fishery should avail itself of the new opportunities. For too long, he warned, Newfoundland had been dependent solely on the inshore fishery and crippled by the credit system. Now, with the development of a frozen fish industry, and equipped with offshore fishing vessels and processing plants, Newfoundland could be on the path to a stronger economy and a higher standard of living for its people.

Noting that the Newfoundland Fisheries Board was considering fifteen possible sites for new fishing centres, Dunn suggested that some degree of population centralization would improve health and other services in communities. Although they had considered co-operative frozen fish enterprises, he confirmed that the co-operative program they had tried to develop was only in its infancy, and it would take a long time to improve education levels among fishing people to the point where there were enough people with the capability of running such operations. Moreover, the government wished to avoid direct involvement in the fishing industry, and would therefore leave the frozen fish sector to private enterprise. While acknowledging that the level of state involvement in the fishery had increased dramatically during the Commission of Government years, particularly during the war, he emphasized nevertheless that the step from state assistance and direction to state-owned enterprises was still far in the future, if ever.

After finding a way to develop the frozen fish sector, the other major issue for government and private enterprise alike was to secure favourable trade terms with

the United States. Before the war, high tariffs had made the American market inaccessible, but on January 1, 1939, a new trade agreement had come into effect between the United States, Canada and Great Britain which favourably affected the export of Newfoundland frozen fish to the United States. It reduced the import tariff from 2.5 cents per pound for cod and haddock fillets to 1.8 cents per pound, up to a total amount of 18 million pounds, making the US market more accessible to Newfoundland producers.<sup>89</sup> The Commission of Government began considering the matter of securing favourable trade terms with the US before the end of the war. The Secretary of State for Dominion Affairs, however, advised the Commission to delay seeking negotiations.<sup>90</sup> Since the United States would emerge from the war as "the great creditor nation," and would therefore be expected to carry out liberal trade practices, the Secretary of State intimated that a better deal could be reached after hostilities ceased.<sup>91</sup> Perhaps foreshadowing the Confederation issue to come, he concluded by saying that the United States was not likely to give favourable trade terms to one Commonwealth (namely Newfoundland) without giving the same terms

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<sup>89</sup>PANL GN 38, box S2-1-5, file 2, "George Armstrong Inc. Report on Cod Fillet Production and Distribution, 1944." The trade terms stipulated that Newfoundland and Canada had a combined export quota to the US of 18 million pounds. The lower tariff only applied to the first 18 million pounds. Any exports over that combined amount would be charged the higher rate of 2.5 cents per pound.

<sup>90</sup>PANL GN 38, box S2-1-5, file 1, telegram to Governor of Newfoundland from Secretary of State for Dominion Affairs, 20 February 1945.

<sup>91</sup>PANL GN 38, box S2-1-5, file 1, telegram to Governor of Newfoundland from Secretary of State for Dominion Affairs, 20 February 1945.

to another (namely Canada).

The direction of the future fishery and the problem of the tariff arose at the National Convention, which met from September 1946 to January 1948.<sup>92</sup> The National Convention was a group of citizens elected to debate the post-war future of the country and make recommendations concerning constitutional options to be placed on the referenda on the political future of Newfoundland. As well, the Convention created nine committees to investigate various aspects of Newfoundland's economy and society. One of these bodies was the Fisheries Committee was appointed, chaired R.B. Job. The Report of the Fisheries Committee presented to the Convention in March, 1947, revealed the preoccupation with developing the frozen fish sector (hardly surprising, since both R.B. Job and Committee-member Gordon Bradley - an investor in Bonavista Cold Storage - were involved in that sector). The Report generally concurred with Natural Resources Commissioner Dunn's earlier assessments of the frozen fish industry, particularly his emphasis on securing access to the American market. In fact, the Report cited a number of documents generated by the Commission of Government, including the Report of the

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<sup>92</sup>J.K. Hiller and M.F. Harrington, eds., The Newfoundland National Convention 1946-1948, Volume Two (Kingston and Montreal: McGill-Queen's Press, 1995). See "Report of the Fisheries Committee of the National Convention, March 24, 1947," 181-250; "Report of the Sub-Committee on the Cold Storage Industry," 183-187; "Report of the Sub-Committee on the Salt Codfish Industry," 187-189. For the transcripts of the debate surrounding the introduction of the Report, see J.K. Hiller and M.F. Harrington, eds., The Newfoundland National Convention 1946-1948, Volume One (Kingston and Montreal: McGill-Queen's Press, 1995), 371-433.

Post-War Planning Committee<sup>93</sup> and the Armstrong Report.<sup>94</sup> The Committee argued that frozen fish companies could not expand without greater security regarding trade relations with the United States. Clearly thinking along the lines of a private enterprise-led fishery, the Report claimed that the frozen fish sector was "in the class of a manufacturing industry," with the most to offer the economy of Newfoundland.<sup>95</sup>

Indicative of the Fisheries Committee's profound faith in frozen fish is the fact that it talked very little about the future of saltfish. Indeed, the Sub-Committee Report on Salt Codfish focused on frozen, not salted fish. Citing the belief that world supply of saltfish would soon outstrip demand as saltfish-producing countries expanded their own production, the Report suggested diverting as much production as possible into the frozen fish sector.

Other matters addressed by the Fisheries Committee highlight both a concern with fostering the frozen fish industry and the assumption that the state would henceforth take a more interventionist role in fisheries matters. Suggestions concerning the government's assistance to the frozen fish industry, encouragement

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<sup>93</sup>PANL GN 38, box S2-2-2, file 7, "Memo- Reorganization of Fisheries," NR 1-43, 4 January 1943. This report, written by Dunn, was adopted by the Rehabilitation and Post-War Planning Committee.

<sup>94</sup>PANL GN 38, box S2-1-5, file 2, "Report by George S. Armstrong Inc. on Cod Fillet Production and Distribution, 1944.

<sup>95</sup>Hiller and Harrington, National Convention, vol. 2, 213.

of the use of more efficient gear in the inshore fishery, capital investment schemes and social security to widows of fishers reveal this new attitude to fisheries management. As well, the Committee debated the viability of co-operatives in the fishery, tentatively suggesting that they might offer the best returns for the producer, particularly in the live lobster fishery. Perhaps foreshadowing things to come, the Committee concluded by expressing concerns about the possibility of the Grand Banks becoming depleted with the expanded use of more efficient harvesting technologies.

The general support from both government and the Fisheries Committee of the National Convention for the frozen fish industry was clearly apparent as the 1940s drew to a close. The frozen fish industry itself had undergone rapid growth. From only a handful of companies producing frozen fish at the beginning of the war, by war's end, six Newfoundland companies with a total of eighteen plants were exporting 34 million pounds of frozen fish and were poised for further expansion into the lucrative American market.<sup>96</sup>

#### Conclusion

The Commission of Government era left a mixed legacy for the fisheries in Newfoundland. On the one hand, it tried to address the immense marketing problems of the saltfish industry by creating the Newfoundland Fisheries Board and

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<sup>96</sup>NAC RG 23, v. 1748, file 794-17-1 [1], "Newfoundland Freezing Plants," Department of Fisheries, 19 May 1951.



NAFEL. As well, it attempted to find alternatives to the merchant credit system in rural areas by experimenting with the co-operative movement. On the other hand, the Commission of Government provided the initial assistance to the nascent frozen fish industry once the war and developments in harvesting and processing technology made the new direction possible. Eventually, the promises offered by the industrial, frozen fish industry eclipsed earlier efforts at co-operative economic development in the inshore fishery.

In this period, we can see the beginning of the shift of the fishing economy away from its traditional roots in the world of North Atlantic trade towards a North American connection. Amid the pronouncements by Commissioner Dunn about the "revolution" in the frozen food industry and the mass marketing of home refrigerators in the United States, government and industry alike began thinking about the fishery, and its potential for developing the economy, differently. Pursuing the frozen fish option was both an ideological and practical decision. At an ideological level, frozen fish offered the path to an industrial capital economy, which the prevailing social and economic wisdom of the day suggested was the surest path to prosperity. At the practical level, providing loans to the frozen fish companies, which offered employment and cash to fishers for fish, seemed an easier way to develop the economy and reduce dependence on merchant credit. Gorvin's Special Areas Bill would have required a major government investment in terms of financing and direct management of the rural economy. Ultimately, the government preferred not to get

involved directly in running fishing operations.

In the wake of the rejected Special Areas Bill and Gorvin's plans for locally-controlled fishing enterprises, a new partnership arose between the government and a small number of companies willing to enter the new frozen fish sector. This alliance laid the foundation for a long-term relationship between private enterprise and the state in fisheries development in Newfoundland. Indeed, it became an enduring characteristic of post-war fisheries policy.

As well as providing the basis for industrial fisheries development in Newfoundland, the Commission of Government period saw the initiation of several debates about the means and goals of fisheries development which would reappear in later years. One issue that arose was the role of the state, and the methods of assisting the fishery. To what degree should the state be involved, and what were its obligations towards the fishery and the people who made their living by it? How should the state help private enterprise? Was there a role for co-operatively-run fishing operations? These questions arose initially during the Commission of Government era, but continued to resurface in the decades to come.

In the next chapter, we shall look at the issues and debates surrounding the Newfoundland fishery in the first decade after Confederation. Although the players were different - the debates took place between the Canadian federal government and the newly-formed Smallwood administration - the themes of state assistance to private enterprise and whether or not co-operative development had a role in the

fisheries persisted.

Chapter Three - Federal-Provincial Relations  
and Competing Visions of Development, 1949-1959

On the surface, it seemed, Confederation with Canada in 1949 promised to bring new life to the troubled Newfoundland fishery. In 1951, when the federal government appointed a joint federal-provincial body, the Newfoundland Fisheries Development Committee (NFDC), to formulate a fisheries development program, many in Newfoundland thought this was the beginning of a new federal-provincial partnership in rebuilding the troubled economy. The NFDC, chaired by Chief Justice Albert Walsh, recommended in 1953 that a development program focusing on education, technology, fleet expansion and building processing plants would ease the problems of the Newfoundland fishery.<sup>1</sup>

The Walsh Report, as it was known, became a model for fisheries development in Newfoundland in the first decade after Confederation. This model, for the most part, embodied the industrial vision promoted in the later years of the Commission of Government, but it also contained some elements of the co-operative approach. This plan, however, was never fully implemented, the federal government, with its "tight money" policies and fears of protests from Nova Scotia and the United States fishing industry, indicated it was reluctant to intervene directly in the Newfoundland fishing industry. As a result of the lack of federal support, from 1954 onward, the provincial government embarked on a development program of its own

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<sup>1</sup>Newfoundland and Canada, The Report of the Newfoundland Fisheries Development Committee (St. John's: 1953) - hereafter, Walsh Report.

which consisted mainly of providing loans to private companies to build frozen fish plants. The only remnant of the NFDC recommendations that survived was the plan for the creation of several jointly funded experimental community saltfish curing plants. These projects, too, soon derailed, victims of conflict between the federal and provincial governments. Other provincial attempts to develop further co-operative community saltfish operations failed to get off the ground. In 1957, at the request of the Newfoundland government, a joint federal-provincial committee was appointed to reassess fisheries development since the tabling of the NFDC Report. The "Working Party," as the committee was called, concluded that the fisheries development program had made almost no impact on the vast majority of fishing people. Confederation, it seemed, had not made a significant difference in terms of fisheries development programs for the inshore fishery, at least, where most fishers worked. Although many fisheries planners at both federal and provincial levels espoused the hegemonic industrial model of development, clearly, not everyone benefitted equally by the "new" fishery.

Besides understanding the main sequence of events related to the (unsuccessful) attempts to establish a comprehensive fisheries development program in Newfoundland in the 1950s, it is also important to be aware of the competing visions of development that were in circulation. Many of the issues relating to the means and direction of development which first appeared during the Commission of Government era continued after Confederation: the industrial vision of development

versus the co-operative vision; the role of private enterprise; and the level of government assistance in the fishery.

Of course, Confederation brought new players and new agendas to both the federal and provincial levels. Key policy advisors from the mainland arrived to spread their own visions for the future of the fishery. One such advisor was federal Deputy Minister of Fisheries Stewart Bates, author of the influential The Report on the Canadian Atlantic Sea-Fishery (Bates Report).<sup>2</sup> Premier Joseph Smallwood hoped for capital assistance to build frozen fish plants and deepsea trawlers. The Newfoundland government, however, was far from united on the direction of fisheries development. Although Smallwood favoured the industrial vision promised by the expansion of the frozen fish industry, other fisheries officials who had worked in the co-operative movement during the Commission of Government era, including the first Minister of Fisheries and Co-operatives W.J. Keough, and Deputy Minister of Co-operatives Fred Scott, continued to promote their ideas.

Throughout this first ten years of Confederation, these various positions on fishery development were played out, often coming into conflict with one another. Ultimately, the industrial model for fisheries development prevailed, and Smallwood found a way to give the frozen fish industry a boost without the federal government's assistance. The process by which this occurred was not straightforward, however, and

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<sup>2</sup>Stewart Bates, The Report on the Canadian Atlantic Sea-Fishery (Halifax: Department of Trade and Industry, 1944) - hereafter known as Bates Report.

is the subject of this chapter.<sup>3</sup>

#### The Players - (a) the Federal Government

Since the Dominion of Canada was founded in 1867, the federal government has maintained responsibility for the sea fisheries. Not until 1930 was a separate department created for them, with a cabinet minister. Falling under the new Ministry of Fisheries were three separate entities: the Department of Fisheries, the Fisheries Research Board,<sup>4</sup> an independent scientific organization, and the Fisheries Prices Support Board, which occasionally provided assistance to fishers during times of low prices (mainly used to alleviate the post-World War II depression in international markets).

In the early years, the Department of Fisheries was primarily a regulatory body, involved in inspection and enforcement of fisheries regulations. Following World War II, when federal government departments expanded to accommodate the new demands and expectations of the "welfare state," the scale and scope of Department of Fisheries activities expanded as well. The department moved into new areas such as education, consumer services, industrial development and economics. New sections, such as the Markets and Economic Service, the Education

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<sup>3</sup>For another interpretation of some of the events covered in this chapter, see Raymond Blake, Canadians at Last: Canada Integrates Newfoundland as a Province (Toronto: University of Toronto Press, 1994), Chapter 6.

<sup>4</sup>See Miriam Wright, "The Politics and International Context of State Fisheries Research in Canada, 1945-1970: A Newfoundland Focus," Eco-Research Occasional Paper, Memorial University of Newfoundland, 1996.

and Consumer Service were created. The war, and the growth of the frozen fish industry also had an impact on fisheries administration. In 1949, Minister of Fisheries R.W. Mayhew announced a development program which focused specifically on assisting the frozen fish industry to improve technology, transportation, processing and harvesting methods.<sup>5</sup>

The people overseeing this transformation in fisheries management were R.W. Mayhew, Minister of Fisheries from 1948 to 1952, and James Sinclair, Minister from 1952 to 1957.<sup>6</sup> Mayhew was a native of Ontario who moved to British Columbia as a young man, establishing himself in a career in manufacturing before taking public office in 1937. Replacing him in 1952 was Sinclair, who was raised and received his early education in British Columbia.<sup>7</sup> A Rhodes Scholar and trained engineer, Sinclair joined the RCAF during the war. He first entered politics briefly in 1940, and was elected again after his return from the war in 1945. Known as a renegade in the Liberal caucus in his first few years in office, "Jimmy" Sinclair distinguished himself as one of the brightest Parliamentary Assistants of the House of Commons before he received his cabinet post.<sup>8</sup> Jack Pickersgill, a top advisor to Louis St.

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<sup>5</sup>PANL GN 34/2, file 11/4 v. 2, press release by R.W. Mayhew, 5 May 1949.

<sup>6</sup>R.N. Wadden, Department of Fisheries of Canada 1867-1967 (Ottawa: Department of Fisheries, 1967).

<sup>7</sup>Sinclair was born in Scotland, but moved to Canada while young.

<sup>8</sup>PANL GN 34/2, file 11/4 v. 2, newspaper clipping, n.d. "An Impatient Liberal 'Rebel' Makes Cabinet the Hard Way."



Laurent, and later a Member of Parliament from Newfoundland (at Smallwood's urging), depicted Sinclair as a "brilliant debater," independent and outspoken.<sup>9</sup> Described by colleagues in the Fisheries Research Board as one of the strongest and ablest fisheries ministers of the first twenty years after the war, he was also thought to have had a greater interest in the fisheries of his home province than that of Atlantic Canada.<sup>10</sup>

One of the most influential players in the development of Canadian fisheries policy in the year after 1949 was not an elected politician, but a senior civil servant, Stewart Bates, Deputy Minister of Fisheries from 1947-1954. Bates was just one of many university-trained economists who became instrumental in the expanding Canadian civil service after the Second World War. According to historian Doug Owrarn, economists began to take on new prominence in the post-war bureaucracy, as they were believed to have the ability to predict and rationalize the chaotic world of capitalism.<sup>11</sup> Born in Scotland, Bates was educated at the University of Glasgow and Harvard University. He began his career as an economic policy advisor in Canada when he was invited to work for the Nova Scotia Economic Council in the 1930s. In 1937, he was appointed to the Rowell-Sirois Commission on Dominion-

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<sup>9</sup>J.W. Pickersgill, My Years With Louis St. Laurent: A Political Memoir (Toronto: University of Toronto Press, 1975), 69.

<sup>10</sup>NAC RG 23, v. 430, file "J.L. Kask," 9, 36; file "F.R. Hayes."

<sup>11</sup>Doug Owrarn, The Government Generation: Canadian Intellectuals and the State 1900-1945 (Toronto: University of Toronto Press, 1986).

Provincial Relations and wrote a report, The Financial History of Canadian Governments. After his work with the Commission, he taught briefly at Dalhousie University in Halifax before being hired as Assistant Deputy Minister of the Department of Fisheries in Ottawa in 1942. Although Bates' background in fisheries was limited (while at Dalhousie, he served on the Nova Scotia Salt Fish Board), he nevertheless wrote and researched the Report on the Canadian Atlantic Sea-Fishery, as part of the Nova Scotia Royal Commission on Reconstruction and Rehabilitation in 1944. Bates left the federal Department of Fisheries for a short time after the war when C.D. Howe, Minister of Reconstruction and Supply, appointed him as Director General of Economic Research for his department. Bates' return to fisheries came in 1947, when he became Deputy Minister of Fisheries. He held this position until 1954, when he became president of the Canada Mortgage and Housing Corporation, a position he retained until his death in 1964. Among his colleagues, he was known as a brilliant thinker who brought trained economic intelligence to fisheries management.<sup>12</sup>

The Bates Report itself was a long range economic analysis of the fishing industry in Atlantic Canada which included discussions of the fishery since World War I, the ramifications of the Great Depression, revival during World War II, and proposals for the future. The report provided a guideline for fisheries development in Atlantic Canada, and its general thrust can be detected in federal policies for the

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<sup>12</sup>NAC RG 23, v. 430, file "A.W.H. Needler," 21.

fifteen years following Confederation.

Bates' views are worth examining at two different levels.<sup>13</sup> At one level, we can gain an understanding of the subsequent course of fisheries development through his ideas about the structure of the industry, the goals he emphasized, and the scope of his approach to the problems in the fishery. His background as an economist clearly shows in the report, as he focused on the problems of a weak industry, in need of capital and increased productivity. At another level, Bates made many cultural assumptions about the ideal "modern" society and how to transform the existing Atlantic fishery. In fact, it is through Bates that we get a hint of the "progress" of the hegemonic model of fisheries development with its strong links to western, industrial culture. Both facets of his report can give us some insights into the subsequent federal position regarding fisheries development, and attitudes towards Newfoundland.

Like P.D.H. Dunn, Commissioner for Natural Resources during the war, Bates was attracted to the industrial model offered by the frozen fish sector. Bates also promoted a centralized, frozen fish industry prosecuted by a few vertically-integrated harvesting and processing companies. And, like the Commission of Government,

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<sup>13</sup>For an analysis of Bates' work, see Wright, "The Smile of Modernity," Chapter Three; Miriam Wright, "Fishing in Modern Times: Stewart Bates and the Modernization of the Canadian Atlantic Fishery," in James Candow and Carol Corbin, eds., How Deep is the Ocean?: Essays on the History, Sociology, Anthropology and Ecology of the Canadian East Coast Fishery (Sydney, NS: The Louisbourg Institute, forthcoming).

Bates believed that some form of capital assistance for the frozen fish companies to acquire new technology was needed. In fact, Bates referred to the growing frozen fish industry in Newfoundland, arguing that it should be a model for Nova Scotians.<sup>14</sup> Despite these similarities, Bates differed from the Commission of Government in his general hostility towards the saltfish industry, and his belief that frozen fish would eventually replace saltfish. The Commission of Government hoped frozen fish would take a more prominent position within the future Newfoundland economy, but it also continued to support reforms in the saltfish industry through the creation of NAFEL.

Another distinction relates to the differences between the Nova Scotian and Newfoundland fisheries. In Nova Scotia in the 1940s, the fishery was not as important to the economy as a whole as it was in Newfoundland. Its inshore fishery was more diversified than that in Newfoundland, and its saltfish and lobster sectors were already more centralized and industrialized. Bates focused more specifically on the issue of raising individual productivity in the fishery as a way of improving the standard of living of the fishing people, and improving returns to the industry. David Alexander called this an "engineering" solution.<sup>15</sup> In Newfoundland, on the other hand, the emphasis was on eradicating the credit system and developing a more diversified fishing economy. Although Bates was not the first to introduce the

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<sup>14</sup>Bates Report, 90.

<sup>15</sup>Alexander, *The Decay of Trade*, 5.

"industrial" vision to the Newfoundland fishery, his emphasis on increasing productivity became a priority when the federal government began looking at the problems in Newfoundland.

Bates' vision for an industrialized, centralized fishery based on frozen fish involved far more than simply restructuring production and harvesting in the industry. An integral part of this vision built on cultural assumptions about the ideal "modern" society. The dominant development paradigm of post-war western society - "modernization" theory - included the idea that the world was comprised of "traditional" and "modern" societies, each with their own set of characteristics.<sup>16</sup> People in "modern" societies were forward-looking and innovative, and played specialized roles in the economy. Conversely, people in "traditional" societies were backward, resistant to change, and tended to be occupational pluralists. For Bates, the frozen fish industry offered a way to transform the saltfish industry - which he saw as "traditional" with all its connotations - into a modern one. The frozen fish sector, organized along industrial lines, was capital intensive and employed new technology. Besides, it was more closely connected to the North American economy - both in its markets and its industrial structure. Saltfish, oriented towards the older world of transatlantic trade, was not, for the most part, sold in North America.

Like Commissioner Dunn in Newfoundland, Bates was enthusiastic about the

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<sup>16</sup>For more background on modernization theory, see David Harrison, The Sociology of Modernization and Development (Boston: Unwyn Hyman, 1988).

"revolution" that was occurring in the United States food processing industry. "For the housewife," he argued, "this transformation filled her shelves with canned fruits, vegetables, meats, soups, and a great variety of packaged and graded foods that her grandmother never knew."<sup>17</sup> Frozen fish was sold in uniform, brightly coloured packages in the frozen food cases of North American "supermarkets," not out of wooden barrels in open air market places. Bates' frequent references to "the housewife", the central icon of post-war consumer culture, reveals the importance he placed on orienting the fishing industry away from saltfish.

The "human element," as Bates described it, was central to his modernization plans.<sup>18</sup> He argued that improving the quality of the labour force was instrumental in increasing productivity in the industry. Not only fishers and plant workers, but managers as well would have to be educated, "if they are to have the imagination and intelligence on which economic progress depends."<sup>19</sup> Vocational training programs, both for those already working in the fishery and for young people just learning the trade, would have to be developed. Reminiscent of the Cold War atmosphere, Bates also declared that the young men of the modern fishery needed to acquire the "basic mental equipment for democracy and for industry."<sup>20</sup>

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<sup>17</sup>Bates Report, 11.

<sup>18</sup>Bates Report, 106.

<sup>19</sup>Bates Report, 136.

<sup>20</sup>Bates Report, 135.

Bates' focus on specialized training for fishery workers was another way in which his approach differed from that of the Commission of Government in Newfoundland. Although the Commissioners occasionally talked about assisting fishing people in improving methods, they did not envision the degree of training that Bates suggested. This emphasis on "professionalization" of fishing people received even greater attention in post-Confederation Newfoundland, when attempts were made to encourage fishers to concentrate solely on fishing activities.

Clearly, Bates had adopted the prevailing hegemonic model of development and was trying to encourage its application to the Atlantic fishery. His words are important, not only because of the degree of influence his work had on the formulation of federal policy but also because of the insights they give to the ideological dimension of fisheries development. Federal fisheries planners were not merely unbiased technocrats looking to solve problems of the fishery, but were representative of particular ideological positions (and by extension, a particular set of social and economic relations). Their concepts of the way economies and societies work and evolve had a tremendous impact on the direction of fisheries development. By delineating the ideological background of the federal fisheries planners, we can also obtain a better understanding of the dynamics of their relationship with provincial officials.

#### The Players - (b) The Provincial Government

Although the Newfoundland Premier, Joseph Smallwood shared Stewart Bates'

vision for an industrialized fishery,<sup>21</sup> not everyone in the new provincial fisheries administration did. In the first few years after Confederation, fisheries administration was combined with the co-operative program originally created by the Commission of Government. In fact, several people who had been part of the co-operatives program in the 1930s and 1940s moved into the new fisheries administration after Confederation. At one level, the competing visions represented a conflict between individuals over the development of the fishery. At another level, however, the conflict represented a clash of ideological positions that was fundamentally rooted in the social and economic relations of the Newfoundland fishery.

One of these former co-operatives workers was the first Minister of Fisheries and Co-operatives, William J. Keough, one of Smallwood's closest advisors during the Confederation campaign. Born in St. John's, Keough came of age during the Great Depression when jobs were scarce.<sup>22</sup> After finishing high school, he became involved in the local labour movement, founding and briefly editing the Labour Herald. Eventually, the Commission of Government hired him to work first as a Land Settlement Accountant, and then as Co-operative Fieldworker in St. George's

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<sup>21</sup>Smallwood embarked on a series of industrial development schemes in the 1950s, first with the assistance of self-styled advisors/entrepreneurs Alfred Valdmanis, and later John C. Doyle. See Richard Gwyn, Smallwood the Unlikely Revolutionary (Toronto: McClelland and Stewart, 1972) and Harold Horwood, Joey, The Life and Political Times of Joey Smallwood (Toronto: Stoddart, 1989) for background on Smallwood's industrial development plans in the 1950s.

<sup>22</sup>Encyclopedia of Newfoundland and Labrador, vol. 3. Cyril Poole, ed. (St. John's: Harry Cuff Publishing 1991), 169-170.



district on the west coast of Newfoundland. In a newspaper article in 1954, Keough fondly recalled the gatherings held among the other co-operative and education workers.<sup>23</sup> Sometimes talking late into the night, they would discuss ideas for building a brighter future for Newfoundland. When the Commission of Government recalled him to St. John's in 1946, Keough resigned. Instead, he became the representative to the National Convention for St. George's. A gifted orator, Keough's speech to the National Convention in favour of including the Confederation option on the referendum was legendary.<sup>24</sup> His entreaties to think of "the last forgotten fisherman on the Bill of Cape St. George" made an impression on the group, if not entirely convincing everyone.<sup>25</sup> He appealed.

Time and time again I have undertaken to remind this Convention of that symbolic forgotten fisherman whose shadow is across all our history. I have spoken of the grim Gethsemane he has endured, of how great has been his historic difficulty in making ends meet, of how it has not been easy for him to bring up his children in the fear and love of God, and with their bellies empty.<sup>26</sup>

After the Confederation campaign was over, Smallwood appointed the newly-elected member from St. George's-Port au Port Minister of Fisheries, a position he held until

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<sup>23</sup>PANLGN 34/2, file 3/32/2 v. 1, newspaper clipping, Western Star, 12 February 1954, "He's at the Wheel Now In Our Fisheries Post."

<sup>24</sup>See Hiller and Harrington, National Convention, vol. 1, 1424-1428, for a transcript of Keough's famous speech to the National Convention on 28 January 1948.

<sup>25</sup>Hiller and Harrington, National Convention, vol. 1, 1424.

<sup>26</sup>Hiller and Harrington, National Convention, vol. 1, 1424.

1956.

Keough's experience as a co-operatives worker seems to have had a bearing on his views on the future direction of the fishery. In various speeches, radio addresses and discussions in the House of Assembly, Keough supported a more centralized, modernized fishery with the application of new harvesting methods, the building of longliners and processing plants. Yet, he also advocated a greater degree of ownership by the fishers themselves in this new fishery. In fact, he appeared rather wary of entrenched social and economic power, be it in the hands of the older saltfish merchants, or the capitalists of the industrial world. In a radio speech delivered some time in 1951, he declared he did not wish

to preside over the emergence of a new fishery structure in which the fishermen would be excluded from ownership. The fishermen of Newfoundland will be ill-served if all that came of the modernization of the fisheries would be the substitution of new commercial fish monarchies in place of the fish kingdoms in each bay founded on saltfish.<sup>27</sup>

The issue of ownership and who would control this new technology was prevalent in Keough's early writings and speeches. In one of his first reports to the House of Assembly on the direction of fisheries development, he argued that a better standard of living for fishing families could only be achieved if fishers had greater control of

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<sup>27</sup>PANL GN 34/2, file 3/32/2 - Speeches and Press Messages, radio address by W.J. Keough, n.d. (probably given in 1951, as he refers to the Newfoundland Fisheries Development Committee which was set up in 1951. He also talks about proposed expenditures for 1952, so it was not any later than that.

ownership.<sup>28</sup> Besides co-operative ownership of plants and vessels, Keough suggested that a producers' marketing board for saltfish would also foster a more equitable economic environment for fishing people. He seemed sceptical of the ability of private enterprise to create a "brave new world," arguing that it had concentrated power in the hands of a few.<sup>29</sup> Only if people turned to co-operative principles did they have a chance at freedom.

Clearly, Keough and Bates had rather different world views and ideas about the future of the fishery. Bates, as well as Commissioner Dunn before him, seemed confident in the power of this new industrial order to bring prosperity to the fishery. With new technology, and efficient, organized, centralized fishing operations, they believed a higher standard of living and more profitable fishing industry was possible. Keough, too, believed the fishery should be made more efficient with new technology, but raised the issue of who would control that technology. In Bates' schema, ownership was not the issue; he argued that simply centralizing and adding new technology would in itself raise the standard of living for everyone. If fishing people wanted to secure for themselves greater leverage, he advised them to form industrial trade unions.

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<sup>28</sup>PANL GN 34/2, file 3/32/2, Evening Telegram, 18 March 1950, "W.J. Keough Envisages Centralized Structures in Future."

<sup>29</sup>PANL GN 34/2, file 3/32/2 v. 1, "Address delivered by the Hon. W.J. Keough, Minister of Fisheries and Co-operatives, at the Annual Meeting of the St. John's Consumers Co-operation Society, Ltd., in Victoria Hall on Jan. 26, 1951."

Another significant difference between Bates and Keough was that Bates focused on "vocational" education for fishers, while Keough promoted co-operative education. Vocational training was a much more individualized form of education, where single fishers learned how to become more efficient workers. Co-operative principles involve assisting fishers to work together for a common goal.

Keough's views on ownership in the fishery, however, are somewhat difficult to reconcile with the policies of his own department during his tenure as Minister of Fisheries. In the first few years after Confederation, the co-operatives program originally created by the Commission of Government was dismantled. No longer were field workers sent out to assist in the development of new co-operative societies. Memorial University, through its new Extension Service, was to provide adult education and co-operative assistance in the future, but it was never again co-ordinated directly with fisheries programs. The Cold War climate may also have had an impact on the degree of support for co-operative organizations in the early 1950s. In several of his speeches, Keough defended the movement against the charge that it was the "thin edge of the wedge of socialism."<sup>30</sup> The fact that he would be so defensive suggests that co-operative movements may have been viewed with suspicion, as had been the case historically with Coaker and the Fishermen's

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<sup>30</sup>PANL GN 34/2, file 3/32/2 v. 1, "Address delivered by the Hon. W.J. Keough, Minister of Fisheries and Co-operatives, at the Annual Meeting of the St. John's Consumers Co-operation Society, Ltd., in Victoria Hall on Jan. 26, 1951."

Protective Union earlier in the century.<sup>31</sup> Also, by the time Keough left the post of Fisheries Minister, a single frozen fish company, Fishery Products Limited, had taken a prominent place in fisheries development in Newfoundland, largely through the actions of Smallwood himself and the equally irrepensible Arthur Monroe (see below). Although there is nothing to indicate that Keough ever challenged these twists and turns in the direction of fisheries policy, certainly his early writings and speeches suggest that he had envisioned the future rather differently.

Keough's Deputy Minister of Co-operatives,<sup>32</sup> Fred Scott, shared many of Keough's ideas about the future direction of the fishery. Born in the Eastern Townships of Quebec in 1901, Scott was raised in the state of Washington, where his family had moved and become fruit farmers.<sup>33</sup> As a young man Scott returned to Quebec, where he took a degree in Classics from McGill University. He remained in Quebec after graduation, teaching at a private school, the Stanstead School for Boys, in the Eastern Townships.

Far from being intellectually isolated in rural Quebec, however, Scott became

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<sup>31</sup>Ian D.H. McDonald, "To Each His Own": William Coaker and the Fishermen's Protective Union in Newfoundland Politics, 1908-1925, J.K. Hiller, ed. (St. John's: ISER, 1987), 43.

<sup>32</sup>The Department was officially called "Fisheries and Co-operatives" until 1957. Although there was one Minister of Fisheries and Co-operatives, there were two deputy ministers, a Deputy Minister of Co-operatives and a Deputy Minister of Fisheries.

<sup>33</sup>Interview with John Scott, November 1995 at Memorial University of Newfoundland. St. John's. Dr. Scott is Fred Scott's son.

interested in the broader debates about society and social reconstruction taking place around the world in the 1920s and 1930s. He received the chance to put some of his ideas to practice in rural Newfoundland, when a McGill classmate who was from Newfoundland invited him to move there. He first took a job as a school inspector in the Protestant system, but after a conversion to Roman Catholicism, Scott began teaching in a Catholic school on the west coast of Newfoundland. In 1944, he was appointed Magistrate for St. George's, a position he held until 1949. It was in this period that Scott met W.J. Keough and became a part of a group of enthusiastic people connected with the co-operative movement who were debating the future of Newfoundland. A firm supporter of Confederation, Scott participated in these discussions about co-operative principles, social reconstruction, and the regeneration of the Newfoundland economy after the war.

While on the west coast, both Scott and Keough were influenced by the work of Father Moses Coady, a Roman Catholic priest who founded the Antigonish Movement, based in the Extension Department of St. Francis Xavier University in Nova Scotia.<sup>34</sup> The Newfoundland connection occurred when a number of Extension workers from St. Francis Xavier came to work in the co-operative movement on Newfoundland's west coast in the late 1930s.<sup>35</sup> Founded in 1928, the

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<sup>34</sup>Moses M. Coady, *The Antigonish Way* (Antigonish, NS: Saint Francis Xavier University, 1948).

<sup>35</sup>Roger Carter, "Co-operatives."

Extension Department offered adult education to the mainly rural people of Nova Scotia, and promoted the development of co-operative enterprises.

At the core of the movement was Coady's belief that human beings, made in the image of God, had the fundamental right to a decent living. Men and women worn down by economic worries had little capacity for listening to and understanding the Word of God. Coady argued that the capitalist system, with its unequal distribution of wealth, was impoverishing the majority of people, and destroying the creative and spiritual side of most of humanity. By taking control over the resources, property and finances of the world, a small percentage of entrepreneurs and financiers was causing severe hardship. Coady believed the answer to this spiritual and material problem lay in co-operative ownership of enterprise. Although some level of satisfaction could be achieved through trade unionism and collective marketing, without at least partial control of the means of production, human beings could not elevate their situations. He said, "Give the people of Canada ownership, and all other things will be added unto them."<sup>36</sup> Coady himself was highly impressed by earlier co-operative movements such as that of the Rochdale weavers in England in the 19th century.<sup>37</sup> This mixture of the belief in the importance of

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<sup>36</sup>Coady, *The Antigonish Way*, 15.

<sup>37</sup>Coady, *The Antigonish Way*. The essays "Economic Co-operation: What It Is" and "How Co-operation Works" talk specifically about the Rochdale movement, and how its principles could be applied to primary producers in the Maritimes. For information on the Rochdale movement, see E.J. Hobsbawm, *The Age of Revolution* (London: Abacus, 1972 [1962]), 152, 261.

human fulfilment and spiritual salvation with the conviction that co-operative ownership was the path to a better way of life were the underlying philosophies of the Antogonish Movement.

Keough and Scott, both Roman Catholics, were interested in the work of the social activist priest. The relationship with Coady continued after 1949, when Keough appointed Scott as Deputy Minister of Co-operatives. Coady took an interest in the problems of Newfoundland, and came east to talk with Scott about developing the co-operative movement in the new province. His and Scott's requests for funding for a co-operative program to be organized with the assistance of Coady were rejected, however, on the grounds that the federal Department of Fisheries had decided to operate its own fisheries education programs.<sup>38</sup>

Fred Scott's career in the Department of Fisheries and Co-operatives was short, however. With the scaling down of the co-operatives division in the department, the services of a separate Deputy Minister were no longer considered a necessity. Keough noted in a memo that Scott's termination was tied to the fact that the "Government is no longer going to accept the role of prime mover in Co-operation."<sup>39</sup> Although the memo suggested that the parting was amicable on both sides, Scott harboured some ill feelings toward the government about the affair. At

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<sup>38</sup>PANL GN 34/2, file 11/4/2, letter to Stewart Bates from Father Moses Coady, 31 December 1949; letter to Fred Scott from Stewart Bates, 23 December 1949.

<sup>39</sup>PANL GN 34, file 611/8/73, memo to Executive Council by W.J. Keough, 14 January 1953.



Keough's suggestion, however, he received a pension for his seventeen years' service with the government (thirteen under the Commission of Government) and went to work for the Canadian Broadcasting Corporation in St. John's.<sup>40</sup>

Another central figure in the first few years after Confederation was British Columbia-born Clive Planta, Deputy Minister of Fisheries for Newfoundland. Planta, along with the economist from Latvia, Dr. Alfred Valdmanis (later dismissed for fraud), was one of Smallwood's "experts" brought to the new province shortly after Confederation. In British Columbia, Planta was involved in business and organizing agricultural co-operatives.<sup>41</sup> He entered public life, serving as an Independent member for the Peace River district in the British Columbia legislature from 1933 to 1936. Later, he joined the federal civil service as a member of the Wartime Prices and Trade Board in Ottawa. In 1945, Planta became manager of the Fisheries Council of Canada (FCC), an organization comprised of commercial fisheries associations representing the interests of the fishing companies in Ottawa. During the late 1940s, it campaigned to make fisheries a larger priority in the federal agenda and credited itself with the expansion of the Department of Fisheries after 1940.

Planta himself was part of this effort, having, among other things, submitted

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<sup>40</sup>In the above memo, Keough indicated that Scott's salary in the private sector would be considerably less than what he was making as a civil servant, and the pension money would help ease him financially into private life.

<sup>41</sup>"Clive Planta: Newfoundland Deputy Minister of Fisheries." The Newfoundland Journal of Commerce, 17, 12 (December 1950), 16-17.

a report to the federal government demanding that fisheries attain the status that agricultural affairs traditionally had.<sup>42</sup> While working with the Fisheries Council of Canada, he met Smallwood, who was immediately impressed with his abilities and offered him the position of Deputy Minister of Fisheries.<sup>43</sup> Planta accepted, and in that role he was an enthusiastic promoter of development. His views on the future of the fisheries were similar to those of Bates, although Planta put more emphasis on assisting smaller-sized communities.<sup>44</sup> He was not well-received by some of his federal counterparts, however, who thought he was trying to proceed too quickly with the fisheries development program.<sup>45</sup> In any event, his career with the Newfoundland Department of Fisheries was brief, as personal financial troubles led him to resign in 1954.<sup>46</sup>

#### The Players - A Collaborative Effort:

##### The Newfoundland Fisheries Development Committee

With such a diverse mixture of visions and perspectives, it is hardly surprising

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<sup>42</sup>MHA John Cheeseman papers, file 3.l.d.004, "Status of Fisheries vs. Agriculture in National Government." (1949)

<sup>43</sup>Richard Gwyn, Smallwood, 171.

<sup>44</sup>PANL GN 34/2, file 25/33/10, "Inter Office Memo Arising from Recommendations of the Fisheries Development Committee," from Planta, 15 January 1953.

<sup>45</sup>NAC RG 23, v. 1751, file 794-17-7 [1], letter to Stewart Bates from R. Hart, Industrial Development Branch, 25 June 1954.

<sup>46</sup>Gwyn, Smallwood, 172.

that there was so much contention surrounding the future direction for the fisheries. The first major attempt to initiate a development program after Confederation occurred in 1951, when Smallwood asked the federal government to participate in (and fund) a special committee to study the problems of the Newfoundland fishery. Although Smallwood took credit for the initiative, the creation of the Newfoundland Fisheries Development Committee was not a special favour to Newfoundland for joining Confederation. In fact, the joint federal-provincial committee was a program that the federal government made available to all the Atlantic provinces, announcing the offer at a fisheries conference for federal and provincial officials in June of 1950.<sup>47</sup>

Attending for Newfoundland was Fred Scott, Deputy Minister of Co-operatives. Scott complained the meeting was rather vague about fisheries development, but the lack of sympathy by the federal officials towards the inshore fishers and the saltfish industry was clear to him. Scott thought the one redeeming feature of the otherwise lacklustre conference was Deputy Minister of Fisheries Stewart Bates' offer to the Atlantic provinces to establish joint federal-provincial bodies to provide some guidelines for future fisheries development. Although Bates warned that the federal government felt that development should be left to private enterprise, he also indicated they were willing to provide assistance in some areas.

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<sup>47</sup>PANL GN 34/2, file 27/1, memo to Minister of Fisheries and Co-operatives from Fred Scott, Deputy Minister of Co-operatives, 10 July 1950.

Scientific research, surveys of the fishing regions, and general help in analyzing the problems of the Atlantic fisheries were within the realm of the federal government's responsibilities, Bates claimed. All Atlantic provinces were invited to apply to organize such a committee.<sup>48</sup> Scott strongly urged Keough to accept Bates' offer, and approach the federal government to organize such a fisheries committee for Newfoundland.

Smallwood, anxious to let the public know he was serious about assisting the fisheries, quickly took action, and in January, 1951, Smallwood and federal Minister of Fisheries R.W. Mayhew announced the creation of the Newfoundland Fisheries Development Committee.<sup>49</sup> Its terms of reference were to formulate a development program, with particular focus on utilizing resources and improving the efficiency of harvesting and processing methods: a notable absence was the issue of marketing fishery products, which, being now a federal responsibility, was specifically excluded from the project.

Chosen to lead this enquiry was Chief Justice of Newfoundland Sir Albert Walsh, who had been a key player in the Terms of Union negotiations between Canada and Newfoundland. The Federal representative on the committee was Raymond Gushue, a St. John's lawyer who had spent much of his career as chair of

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<sup>48</sup>New Brunswick and PEI also took the federal government up on the offer.

<sup>49</sup>PANL GN 34/2, file 25/31 vol. 1, "Joint Federal-Provincial News Release, Jan. 27, 1951."

the Newfoundland Fisheries Board (1936- 1952).<sup>50</sup> As well, during the war, he had been chair of the Fisheries Products Committee of the International Combined Food Board. Of the non-fishing industry representatives appointed to the NFDC, Gushue was probably one of the more knowledgeable and experienced in fisheries matters. His expertise, however, was not put to use, as Smallwood appointed him President of Memorial University in 1952.

His replacement on the committee, W.C. MacKenzie, was a member of the Economics Service of the federal Department of Fisheries. Born in Cape Breton, MacKenzie received an M.A. in Economics from Dalhousie University in 1938. He assisted Stewart Bates in the writing of the Report on the Canadian Atlantic Sea-Fishery in the 1940s. MacKenzie, who was sent by the federal government to Newfoundland to organize a fisheries statistics-gathering system, provided the statistics for the Walsh Report. He also wrote most of the report. Representing the provincial government was Clive Planta, Deputy Minister of Fisheries for Newfoundland.

Besides these political and bureaucratic members, the Newfoundland Fisheries Development Committee also had representatives from the Newfoundland fishing industry, Hazen Russell of Bonavista Cold Storage and George Dawe, president of the Fishermen's Union Trading Company of Port Union. Representing Newfoundland fishers was George Groves, who was involved with an experimental

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<sup>50</sup>Cuff, Dictionary, 137.

longliner program, which the federal government financed at Bonavista from 1951 to 1953.<sup>51</sup> The other fishing representative was Captain Clarence Williams, who had a background in the banks fishery. Together, over the next two years, the committee compiled a staggering amount of information on the Newfoundland fishery, including the results of economic and social surveys of the northeast coast, as well as material on processing methods, gear and vessel technology. The federal Fisheries Research Board also contributed information and monitored several ongoing experiments in harvesting and processing technology, including the federal longliner experiment and artificial fish dryer at Bonavista. In April 1953, the report was finally presented to the federal and provincial governments.

Like the Bates Report, underlying the Walsh Report was the idea that increasing individual productivity would solve the problem of the low standard of living for fishing families. Increasing individual productivity, therefore, was of prime importance and most recommendations flowed from that principle. Consolidation of fishing communities, the establishment of labour-saving processing plants, the introduction of more efficient technology, and education programs to teach fishing people how to use new technology, were all linked to the goal of increasing productivity. At the grassroots level, however, the report suggested that the basic unit of production, the inshore fishing family, contained many impediments to a

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<sup>51</sup>Wilfred Templeman and A.M. Fleming, "The Bonavista Longlining Experiment, 1950-1953," Bulletin Fisheries Research Board of Canada, No. 109, 1956.

"modern," productive fishery. Quite simply, the continued use of "primitive" technology and occupational pluralism - survival mechanisms adopted generations ago to ensure economic stability - of fishing families prevented them from catching the volume of fish required by the industrial economy.<sup>52</sup> The report noted that as few as 3 percent of fishing families obtained 90 percent of their incomes from fishing. For the rest, occupational pluralism remained the norm. Woods work, collecting firewood, producing food and picking berries were just some of the many non-fishing activities that the fishing families did to supplement their income.

Raising the income derived from fishing would have the effect of raising the standard of living in the outports, the report claimed. It would also improve returns for those operating processing facilities.<sup>53</sup> To achieve these goals, the Committee suggested that fishers concentrate more completely on fishing, rather than other non-fishing activities such as farming or woods work. With more efficient technology and training in the latest harvesting methods, the inshore fishers could increase their daily output. If they were also relieved of curing duties, it was argued, they would be able to fish much later into the year. It was true that the number of fishers would also have to be reduced, but the Committee believed that many people continued to fish only because of a lack of other alternatives, or general inertia or a lack of

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<sup>52</sup>Walsh Report, 9-10.

<sup>53</sup>Walsh Report, 20-24.

"outlook."<sup>54</sup> Encouraging fishers to abandon their way of life for other occupations would be an important aspect of fisheries development.

Indeed, in another document written at the time the Walsh Report was released, NFDC member Clive Planta emphasized the point about fishers decreasing their non-market economic activities.<sup>55</sup> He argued,

It is a fallacy to assume that to be a success, a fisherman must have one leg in a potato patch or hay meadow and the other in a boat, or that a successful fishing community must be one with an immediate agricultural hinterland.<sup>56</sup>

Better transportation and storage facilities throughout the island would make it easier for the people of outport Newfoundland to purchase the goods that they needed, he claimed.

Transforming the Newfoundland fishery involved far more than economics, and the Committee revealed the importance it placed on introducing outport Newfoundland to a more normative North American culture by its comments about the gender division of labour in fishing communities.<sup>57</sup> The Committee was clearly

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<sup>54</sup>Walsh Report, 11-12.

<sup>55</sup>PANL GN 34/2, file 25/33/10, memo to Minister of Fisheries from Clive Planta, 15 January 1953.

<sup>56</sup>PANL GN 34/2, file 25/33/10, memo to Minister of Fisheries from Clive Planta, 15 January 1953.

<sup>57</sup>For background on gender and the fisheries, see Miriam Wright, "Women, Men and the Modern Fishery: Images of Gender in Modernization Plans for the Canadian Atlantic Fishery," in McGrath, Neis, and Porter, eds., Their Lives and Times.



uncomfortable with the degree of contribution to household subsistence by family members.<sup>58</sup> Historically women, men and children played roles in curing fish, chopping firewood, growing vegetables and picking berries. Although they believed the male fisher needed to increase his involvement in the fishery, they felt that women and children should withdraw from household production of fish. Arguing that the withdrawal of women and children from making fish was a "social improvement" and an "act of liberation," the Committee revealed its underlying assumptions about "proper" gender roles and their place in the new, industrial fishery.<sup>59</sup>

Gender ideologies are historically constructed, and they arise out of sets of social and economic relations. The dominant gender ideology of western, industrial society was that of separate spheres: the idea of man as family breadwinner, and woman as housewife.<sup>60</sup> Associated historically with the transition from the household economy to the industrial economy in eighteenth and nineteenth-century Britain and North America, the male breadwinner ideology assumed that only men

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<sup>58</sup>Walsh Report, 13; 101-102.

<sup>59</sup>Walsh Report, 102.

<sup>60</sup>For background on the development of the "domestic" and "male breadwinner" ideologies, see Keith McClelland, "Masculinity and the 'Representative Artisan' in Britain 1850-1880" in Michael Roper and John Tosh, eds., Manful Assertions: Masculinities in Britain since 1800 (London: Routledge, 1991); and Mary Poovey, Uneven Developments: The Ideological Work of Gender in Mid-Victorian England (Chicago: University of Chicago Press, 1988).

would contribute to the family income. The Committee assumed that in a highly developed, modern economy, men would take on greater responsibility for looking after their families. Men, of course, would have to increase their earning power to make up for the loss of the economic activities of the other family members. Providing training for the male fishers to gain new skills so they could improve their efficiency and increase their productivity became, therefore, an important focus of the fisheries development program. So the "professionalization" of fishers involved both gender dimensions and assumptions about the structure of the outport fishery. Male fishers would spend a greater amount of time fishing, reducing their non-fishing subsistence activities so that the family income would increase, and wives and children would no longer have to labour. A modern, North American way of life would emerge.

Fishers, it was believed, could only increase production if they and their families were relieved from curing the catch and could sell all of their fish to a processing plant. For this reason, the Walsh Report emphasized the importance of building fish processing plants, as they were seen as the key to increasing productivity.<sup>61</sup> The plan was to build combined frozen fish and salting plants at half a dozen larger fishing communities. These would be operated by private companies, with capital assistance coming from both federal and provincial governments. Although it would not be feasible to build large plants at some of the smaller

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<sup>61</sup>Walsh Report, "Part 5 - A Programme of Development."

communities, the Committee suggested, these places would benefit from centralized saltfish curing stations. With new, sanitary facilities, including clean running water, the quality and quantity of the fish produced would improve. The Committee suggested that since commercial enterprises would not likely be interested in operating such small facilities, these curing stations could be co-operatively owned by the fishing people.

Unlike the Commission of Government a decade earlier, the Committee believed that the government should not play a role in supporting and assisting in the creation of these fishers' co-operative societies.<sup>62</sup> Because it was felt that the government could not and should not expend energy and resources in this area (the Newfoundland Department of Fisheries was phasing out its involvement with co-operative work at that point), the Committee recommended that an outside agency, perhaps Memorial University, provide such services instead. Despite an acknowledgement of the need to encourage alternative forms of ownership in the fishery, the Committee was not willing to provide concrete support for such projects.

Other recommendations made by the Committee also reflected the underlying theme of raising productivity in the industry. Educational programs in navigation, marine engineering, and new fishing methods were to help create a more efficient and skilled workforce. Exploratory fishing and experimentation in developing new vessels and gear, as well as technological research in processing methods, moreover,

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<sup>62</sup>Walsh Report, 108-109.

would go a long way toward achieving the overall fisheries development goals. To implement such recommendations, which fell within both federal and provincial jurisdiction, the Committee suggested that a joint federal-provincial committee be appointed to oversee the program.

The Walsh Report was the first comprehensive articulation of a development plan for the fisheries in Newfoundland after Confederation. It was a hybrid of earlier elements from the Commission of Government era, as well as influences from the Bates Report. Although on the surface the plan seemed to offer balanced development for both large and small communities of Newfoundland, ultimately it promoted an industrial model. The kinds of concerns about ownership and control of the new technology which Keough had raised when he first took office were largely absent. Fishers would now become "professionalized," and abandon other economic activities such as farming and woods work which had been crucial to survival in the outports in the past. Women and children would relinquish their roles in household production, making way for a lifestyle more like that of the rest of North America. In the future, fewer people would fish, and the remaining people in marginal communities would resettle in the growing fishing centres. Clearly, this model for development was an attempt to integrate the Newfoundland economy into the broader North American context as much as possible, thereby raising the standard of living, and increasing the efficiency and productivity of the inshore fishery. The path toward that goal, however, proved to be difficult.

### The Players Disagree: Implementing the Walsh Report

The first bump on the path to fisheries development was the cool reception the Walsh Report recommendations received in Ottawa. Privately, many federal officials, were already wary of Smallwood's schemes for economic development and were afraid fisheries would follow in the same pattern. Indeed, prominent Newfoundlanders such as Gordon Bradley, of Bonavista, Liberal Member of Parliament and Cabinet Minister, and Raymond Gushue both warned federal officials that Smallwood's plans were likely to be hastily conceived and short-sighted.<sup>63</sup> Smallwood's habit of embarking on elaborate, costly projects involving public money and private capital would hardly have eased the minds of the federal officials.<sup>64</sup>

When the report was tabled, the federal cabinet appointed an Interdepartmental Committee, consisting of Deputy Minister of Fisheries Stewart Bates, R.B. Bryce and John Deutch of the Department of Finance, to examine it. In its report to cabinet in May, 1953, the committee announced that they generally agreed with the analysis of the problems in the Newfoundland fishery by the Newfoundland Fisheries Development Committee.<sup>65</sup> They argued, however, that

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<sup>63</sup>Blake, Canadians, 165-168.

<sup>64</sup>Gwyn, Smallwood, Chapters 14 and 15 talk about the early economic plans Smallwood made with his economic advisor, Alfred Valdmanis.

<sup>65</sup>NAC RG 23, vol. 1749, file 794-17-1 [6], memo to cabinet re: Report Newfoundland Fisheries Development Committee, 15 May 1953; memo to cabinet re: Walsh Report on Newfoundland Development, 9 May 1953.

the development program, and particularly the implementation of the program, would set dangerous precedents for the federal government which could not provide special fishery programs such as highway building, drydocks, and saltfish warehouses for Newfoundland when they did not offer these to other provinces. Furthermore, the federal government had to refrain from giving direct capital assistance to private companies, who could, if necessary go through the federal government Industrial Development Board (IDB), a division of the Bank of Canada which provided loans to businesses at a rate of 5 percent.<sup>66</sup> The Interdepartmental Committee also took a dim view of the Walsh Report's recommendation that a joint federal-provincial fisheries development body be organized to oversee the fisheries program. This could be done through existing government departments or agencies, they argued.

Clearly, the Interdepartmental Committee was taking a much different view of the role of the state in fisheries development than had the creators of the Walsh Report. Of course, Stewart Bates had already warned those at the fisheries conference in 1950 (when he issued the invitation to the Atlantic provinces to set up a fisheries committee) that the federal role would be limited. In fact, the Liberal government of Prime Minister Louis St. Laurent was known for its "hands off" approach to the economy.<sup>67</sup> During the St. Laurent years, the federal government

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<sup>66</sup>Despite these promises, very few loans were ever given to Newfoundland companies by the IDB.

<sup>67</sup>Robert Bothwell, Ian Drummond and John English, Canada Since 1945: Power, Politics, and Provincialism (Toronto: University of Toronto Press, 1989), ch. 16.

undertook no regional development programs, and refrained from any major economic initiatives, with the only exceptions being the building of the St. Lawrence Seaway and the Trans-Canada Highway. Quite simply, although the role of the state in the economy was slowly expanding, the federal government was not prepared to invest its resources and energies in the overhaul of an entire economy.

Reasons for the federal government's reluctance to provide direct assistance to the fishing industry became more apparent when the Newfoundland government made its first attempt to implement some recommendations of the Walsh Report. A few weeks after the Walsh Report was tabled, the Smallwood government passed a resolution to begin negotiations with the federal government to arrange for the transfer of the Bait Depot service to the province.<sup>68</sup> Under the Terms of Union the federal government resumed responsibility for public bait depots which the Commission of Government had built. The federal government, however, was never comfortable about providing this service, and had indicated it would be willing to transfer the depots back to the province. Under the provincial proposal, the federal government would give the depots to the province, along with a lump sum of \$1,250,000 for the cost of operations. The province had the idea that the depots could be expanded, equipped with fillet freezers, and used for the production of frozen fish, as well as bait.

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<sup>68</sup>PANL GN 34/2, file 104/4. Certified Copy of Minutes of the Honourable Executive Council of the Province of Newfoundland re: the meeting held on 22 April 1953.

Initially, the federal government seemed inclined to accept the deal. Sinclair recommended approval to cabinet.<sup>69</sup> Federal opinion quickly changed, however, when it became known that Smallwood had announced that his government had made a deal with the fish processing company, Fishery Products Limited, to run the bait depots.<sup>70</sup> The company would turn the depots into fish processing centres, and would have the exclusive right to lease the bait depots for a period of twenty years. In return, the provincial government would invest \$1,250,000 equity capital in the company to equip the new plants. Under the urging of Arthur Monroe himself, the provincial government agreed to turn Monroe's company into a crown corporation.<sup>71</sup> Although in principle the arrangement would have made FPL a publicly-owned entity, in practice it would have remained in private hands, as the deal allowed Monroe to retain sole control over the operations of the company. Under the proposed agreement, Monroe would have received money to expand the company. As a crown corporation FPL would have had a tax-free status, but Monroe himself would have been able to manage and run the company as if it were privately-owned.

This package would have given considerable competitive advantage to a single

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<sup>69</sup>NAC RG 23, v. 1260, file 727-201-1 [2], memo to cabinet re: Newfoundland Bait Depots, 16 April 1953.

<sup>70</sup>NAC RG 23, v. 1260, file 727-201-1 [2], memo to Deputy Minister from George Clark, 25 April 1953.

<sup>71</sup>CNS Archives, J.R. Smallwood Papers, file 3.12.040, letter to Smallwood from Arthur Monroe, 9 March 1953.



company operating in the fishing industry, and it therefore made the federal government uncomfortable. Their biggest concern was about how such federal involvement would be viewed by other fishing provinces, specifically Quebec and Nova Scotia, as well as the United States. In a memo about the Newfoundland proposal discussing the possible repercussions, one federal official argued that, "whatever the ultimate scope of that company, the federal government will be accused of having aided the nationalization of the Newfoundland fishing industry."<sup>72</sup> Moreover, the Americans might view this as unfair subsidization of the fishing industry, particularly since the frozen fish filets produced at the FPL plants would presumably be sent to the US market. Warning that the US Congress was reviewing their trade situation with Canada, the memo suggested that the entire Canadian fishing industry could be adversely affected.

The United States, after the war, had become the dominant trading partner for Newfoundland fish, and the federal government was taking pains not to disrupt this flow of trade. As well, politics, particularly the anti-communist stance of the United States government in the early 1950s underlay these concerns about the reaction of the Americans to "nationalization" of the Canadian fishing industry. In the sensitive Cold War atmosphere, the nationalization of private industry might have caused some concern in the United States. Indeed, in reviewing American trade regulations with Canada in 1954, President Eisenhower would reject higher tariffs

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<sup>72</sup>NAC RG 23, v. 1260, file 727-201-1 [2], memo to the Minister, 6 May 1953.

against Canadian fish products, on the grounds that the US needed to support the economies of non-communist countries.<sup>73</sup> Federal officials therefore had reason for their fears that serious repercussions could be visited on the Canadian fishing industry if the Americans believed that the government had "nationalized" or somehow interfered with the principles of free enterprise in the Newfoundland fishery.

The memo regarding the Bait Service deal indicated that other fishing provinces, too, would resent direct capital assistance to the Newfoundland industry, when requests by both Nova Scotia and Quebec for other programs had been turned down. Indeed, concerns about reactions to special assistance programs for the Newfoundland fishery by other fishing provinces, as well as by the United States, were recurring themes in federal fisheries policy throughout the 1950s.

Federal officials also worried about assisting the growth and expansion of a single company. With its tax-free status as a crown corporation, Fishery Products Limited would have been in competition with other companies who would not have those advantages. One federal official argued that FPL would have a virtual monopoly over the industry and would have the right to open or close these depots at will.<sup>74</sup> There would also be a public perception that the federal government was

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<sup>73</sup>Margaret Dewar, Industry in Trouble: The Federal Government and the New England Fisheries (Philadelphia: Temple University Press, 1983), 52.

<sup>74</sup>NAC RG 23, v. 1260, file 727-201-1 [2], memo to Minister, 4 June 1953.

funding the company directly since the amount the federal government had agreed to give to the province for the transfer of the depots was the same amount that the province was going to give to the company (\$1.25 million). Indeed, the federal government received an angry protest from the companies in Newfoundland who were excluded from the deal; the members of the Newfoundland Fish Trades Association, hearing of the deal with Fishery Products, complained that the provincial government was allowing this company to take control of the fisheries development program.<sup>75</sup>

The Fishery Products proposal brought to the forefront a number of issues for the federal government: interference with free competition of private enterprise, complaints from other fishing provinces, and trade issues with the United States. If nothing else, it forced the federal government to decide unequivocally where it stood on these matters. Finally, Sinclair wrote to Smallwood, telling him in no uncertain terms that the deal with Fishery Products Limited was unacceptable to the federal government.<sup>76</sup> Citing concerns about the reactions by the United States government which was reviewing its tariff policies, Sinclair told Smallwood that they could not turn Fishery Products Limited into a crown corporation for the purposes of furthering fisheries development. They could provide loans to private companies, if they

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<sup>75</sup>NAC RG 23, v. 1260, file 727-201-1 [2], telegram to James Sinclair from E.A. Harvey, Newfoundland Fish Trades Association, 12 May 1953.

<sup>76</sup>NAC RG 23, v. 1260, file 727-201-1 [2], letter to Smallwood from Sinclair, 13 May 1953.

wished, but could not get directly into the fishing business. Sinclair also announced that the deal to transfer the bait service to Newfoundland would be postponed. Meanwhile the federal government would continue to operate it, although if the provincial government wanted, it could lease bait depots to various private companies.<sup>77</sup> It could not, however, give a monopoly to any one company. This effectively ended the bait service scheme with Fishery Products Limited, but not the relationship between the provincial government and this particular company: Arthur Monroe's company continued to play a major role in fishery development in Newfoundland.<sup>78</sup>

With the bait service issue out of the way, the federal government once again turned its attention to the Walsh Report itself. A group of seven officials, including Stewart Bates, took a trip to Newfoundland in the summer of 1953 to re-evaluate the report's recommendations.<sup>79</sup> They concluded that their original assessment concerning assistance to private companies was sound. The northeast coast, however,

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<sup>77</sup>The Bait Service never was transferred to the provincial government, and today remains the responsibility of the federal government.

<sup>78</sup>CNS Archives, J.R. Smallwood Papers, file 2.11.006, memo to Minister of Fisheries from H.G. Dustan, 5 May 1953. This document outlines the proposal by the company to build or expand six frozen fish plants in return for loans. The company received money to carry out the recommendation of the Walsh Report that frozen fish plants should be built at selected places on the northeast coast. More on the role of this company in the fisheries development project will be in Chapter Four.

<sup>79</sup>NAC RG 23, v. 1750, file 794-17-1 [8], memo to cabinet re: Newfoundland Fisheries Development, 8 September 1953.

needed some special assistance which they felt the federal government should provide, although they warned that federal involvement should be limited, lest the fishing people become too dependent on government handouts and failed to develop an attitude of "self-help."

Although marketing issues were not a part of the Walsh Report, this group also addressed the question of NAFEL and the future of marketing fishery products. At the time of Confederation, NAFEL had received the right to continue controlling saltfish marketing for a five-year period. In 1953, another three-year extension was granted, and the visiting officials argued that NAFEL must be replaced, suggesting that producers' co-operatives might eventually provide an alternative, with the federal government perhaps supporting with educational programs. Their suggestions, however, were vague and seemed to suggest that the marketing issue would not be resolvable for some time.<sup>80</sup> Indeed, in early 1954, the federal Department of Fisheries relinquished all responsibility for fisheries marketing to the Department of Trade and Commerce. According to Jack Pickersgill, Smallwood himself requested the transfer, arguing that C.D. Howe, the powerful Minister of Trade and Commerce, would be more adept at handling the fisheries marketing issue.<sup>81</sup> The plan

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<sup>80</sup>Indeed, the marketing issue for saltfish never was resolved. In 1954, responsibility for marketing fishery products was transferred to the Department of Trade and Commerce. NAFEL's right to market fish was extended until 1959. When that extension was up, no new mechanism for marketing saltfish took its place.

<sup>81</sup>Pickersgill, My Years with Louis St. Laurent, 223-224.

backfired however, as fisheries marketing was never a big priority in the Department of Trade and Commerce in the 1950s.

In October, the federal and provincial Departments of Fisheries issued a joint press release outlining federal participation in the development program.<sup>82</sup> Although the federal government would not provide financing for private companies, they would assist the provincial government in setting up "experimental" centralized curing stations at Quirpon on the Northern Peninsula and Seldom-Come-By on Fogo Island. They also agreed to construct harbour facilities at LaScie, where the province was planning on building a combined salting and freezing plant. As usual, the federal government would continue with their general research and experimental programs for Atlantic fisheries, including exploratory fishing and technological development. A new addition to fisheries research facilities would be an experimental saltfish drying plant at Valleyfield. Nothing was said about the future of NAFEL or marketing in general.

In short, except for the "experimental" saltfish projects, the federal government offered nothing more than the services they provided for other fishing provinces: no capital for development projects, and no joint federal-provincial committee to oversee the fisheries program in Newfoundland. Although the federal fisheries officials agreed with the findings of the Walsh Report, they were not willing to carry through with its recommendations. The "laissez-faire" attitude of the St. Laurent

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<sup>82</sup>NAC RG 23, v. 1750, file 794-17-1 [7], press release, 1 October 1953.

government, along with fears of repercussions (trade or political) which might come with the perception that Canada was "subsidizing" or "nationalizing" the fishing industry, ensured minimal action by the federal government.

The Players Part Company - The Newfoundland Government Goes It Alone

The Newfoundland government was left to pick up the pieces of their shattered development program. A bitter Clive Planta complained that if the provincial government followed the federal example, they would be compelled to discourage people from living on the northeast coast.<sup>83</sup> Clearly this alternative were untenable to a new provincial government which had made many promises about assisting the fishery. The Smallwood government decided to carry on with the implementation of the Walsh Report recommendations without the federal government.

One of the central features of the Walsh Report - the development of fish processing plants on the northeast coast - proceeded as planned. Five communities were chosen: Bay de Verde, Catalina, Joe Batt's Arm, Change Islands and Twillingate. Without the federal government to object about creating a monopoly in the fishing industry, Smallwood asked Arthur Monroe's company, Fishery Products Limited, to fulfil this aim. The company entered into an agreement with the provincial government to build and operate frozen fish processing plants at those five

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<sup>83</sup>CNS Archives, J.R. Smallwood Papers, file 3.12.012, memo to Smallwood and Minister of Fisheries, 24 April 1954.

northeast coast locations, in return for low-interest loans. Over the next decade, Fishery Products Limited received in excess of \$6 million in loans from the provincial government for their various operations (see Chapter Four).

Indeed, the plant-building project became a major focus of the provincial Department of Fisheries. In 1954, the Newfoundland government created a crown corporation, the Newfoundland Fisheries Development Authority (NFDA), to oversee the program. Three men, hired at what was then considered an exorbitant salary of \$25,000 per year each, formed the basis of the NFDA. Harry Dustan, chair of the new organization, had spent twenty-one years employed by the Bank of Nova Scotia in Ontario, the Maritimes and Newfoundland.<sup>84</sup> In 1952, he had left his position as manager of the Newfoundland branch when he was asked by Hazen Russell to accept the job of General Manager of Northlantic Fisheries Limited. The other NFDA members were Ross Young and Harry Winsor. Young spent many years working in the head office of the St. John's fishing firm, Crosbie and Company Ltd. Winsor, a native of Twillingate, had a background in government fisheries administration, first with the Newfoundland Fisheries Board, and then with the Food and Agricultural Organization of the United Nations. These men, with their backgrounds in business and fisheries administration, were put in charge of the development program in Newfoundland.

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<sup>84</sup>CNS Archives, Smallwood Papers, file 3.12.012, "Introducing the Fisheries Development Authority" by Clive Planta, 31 March 1954.



### Residual Co-operation - (1) The Community Saltfish Plant Projects

Over the next few years, there was little federal-provincial interaction regarding fisheries, although the federal government provided its usual services, such as exploratory fishing through the Fisheries Research Board and the running of the Bait Service. One remnant of the Walsh Report, however, was carried out. This was the suggestion that co-operative curing stations be provided at smaller and medium-sized fishing communities on the northeast coast. Two stations were established at Quirpon on the Northern Peninsula and Seldom-Come-By on Fogo Island. The federal government insisted, however, that this project remain "experimental," meaning that if it were successful, it could provide a model for later development.

Although it was intended as the cornerstone for future development, it unfortunately exacerbated federal-provincial relations. Originally, the federal and provincial governments were to work together at the Seldom and Quirpon stations. The plants were to relieve the fishers from the burden of drying the fish themselves, so they could increase their individual productivity, selling fish directly to these premises, which were to consist of centralized flakes, as well as cool storage, pickling vats and salt and bait stores. The federal government was to contribute 50 percent of the capital cost of the station, as well as the cost of the marine works, while the provincial government was to contribute the other 50 percent for the construction of the plants, as well as any working funds, and was also to absorb losses for the operation for the first three years. If the experiment worked, there were plans to

enact legislation along the line of the Cheese and Cheese Factory act to encourage producers' co-operatives.<sup>85</sup> The NFDA was to oversee the operations of these projects, but was to consult with the federal representatives.

Early in the project things started to go awry and other problems surfaced as time went by. One of the biggest problems that arose was the question of the form of ownership of the plants. The original plans had called for the establishment of co-operatively-owned saltfish plants. Neither the federal government nor the NFDA, however, were strong supporters of co-operative movements on principle. From the beginning, NFDA had suggested co-operative ownership only because no private company was willing to invest in the saltfish curing plants on rather remote areas of the island and because they wanted to take advantage of the federal government's Cold Storage Subsidy. Indeed, Winsor had expressed reservations about establishing a co-operative enterprise because of "the possible inefficiencies of a group of 'amateurs' and the absence of profit motive on the part of management, the dampening effect it might have on any plans which private industry might have."<sup>86</sup> The NFDA members were themselves poorly equipped to organize a co-operative enterprise, as most of them had backgrounds in private business. With the removal

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<sup>85</sup>Legislation designed to assist producers' organizations to develop their own processing facilities. The Cheese and Cheese Factory Act provided for assistance to dairy producers wishing to set up their own cheese factories.

<sup>86</sup>PANL GN 34/2, file NFDA Centralized Curing Stations, memo to NFDA, Harry Dustan and Ross Young from Harry Winsor, 30 September 1955.

of responsibility for co-operative development from the department and the firing of Deputy Minister of Co-operatives Fred Scott earlier, there was no one in the department with expertise to handle such an undertaking. In a speech Harry Winsor was asked to deliver on co-operatives in fishery development years later, he acknowledged that he knew very little about the subject.<sup>87</sup>

With that weak commitment to co-operative organizations, it is hardly surprising that the NFDA never established co-operative enterprises at Quirpon and Seldom. Instead, they set up limited liability companies, where the fishers bought shares in the operations. The federal government was hardly a strong supporter of co-operative ownership, but Department members were perturbed nevertheless by the change in plans. In discussing the Quirpon project, H.R. Bradley, representative of the federal Department of Fisheries in Newfoundland accused the NFDA of straying from the original goal of community co-operation.<sup>88</sup> Acknowledging that the dearth of successful co-operatives in Newfoundland may have contributed to the NFDA's decision, he argued that nonetheless, the result was that the instillation of an attitude of government dependency in that community. Instead of looking after

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<sup>87</sup>PANL GN 34/2, file NFDA H.C. Winsor Personal, vol. 2, speech - co-ops in fishery development, n.d., but in the speech, he refers to a meeting on co-operatives sponsored by the F.A.O. held in 1959, so the document probably dates from sometime after 1959.

<sup>88</sup>NAC RG 23, v. 1438, file 746-212-1 [1], letter to Deputy Minister from H.R. Bradley, 29 February 1956.

their own affairs, the community "may look to the government for everything."<sup>89</sup>

Federal Deputy Minister George Clark, the former fish company employee from British Columbia who replaced Bates in 1954, complained that from the beginning, the provincial government had taken control of the projects, even though the federal government was "never too happy with, and did not have much faith in, this overall approach."<sup>90</sup> Clark added that he had expressed his displeasure to the NFDA, but they did not respond to his concerns. The federal government also claimed the NFDA's community relations in the areas where the plants were going to be built were poor. They had not worked hard enough to educate the community about the project and obtain their full support. It should be noted, however, that the federal government saw the co-operative solution as an alternative to government handouts, rather than as a way to create a more equitable position for fishing people generally.<sup>91</sup> Unlike Keough, who had talked about the importance of co-operatives to prevent the consolidation of economic power in the hands of a few, the federal officials saw them as useful only in areas where private capital considered the venture too risky.

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<sup>89</sup>NAC RG 23, v. 1438, file 746-212-1 [1], letter to Deputy Minister from H.R. Bradley, 29 February 1956.

<sup>90</sup>NAC RG 23, v. 1438, file 746-212-1 [1], letter to H.R. Bradley from George Clark, 2 May 1956.

<sup>91</sup>NAC RG 23, v. 1751, file 794-17-7 [1], letter to Deputy Minister from R. Hart, 18 April 1955; letter to Deputy Minister from R. Hart, 22 April 1955.

In their defence, the NFDA claimed that the fishers, through no fault of their own, simply were not capable of operating the stations themselves.<sup>92</sup> In fact, Dustan admitted that at the Quirpon station, there was "no real evidence of co-operation and little possibility of any pride of ownership of the facilities developing."<sup>93</sup> Harry Winsor's comments in 1955 regarding the operation of the plants suggest, however, that the NFDA had never had much faith in developing co-operative enterprises, so their failure to organize the fishers is hardly surprising.<sup>94</sup> In the event, no attempts were made to assist the fishing people in establishing co-operative ownership, the NFDA members themselves, having no experience in that area and showing no inclination in that direction either.<sup>95</sup>

Making matters worse, members of the Nova Scotia saltfish industry publicly campaigned against federal involvement in the Newfoundland saltfish industry. In 1954, saltbulk was removed from the control of NAFEL, so Nova Scotia buyers could come directly to Newfoundland to secure a supply for their mechanical drying plants.

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<sup>92</sup>PANL NFDA Seldom, memo to J.T. Cheeseman from H.G. Dustan, 29 March 1957.

<sup>93</sup>PANL NFDA Seldom, memo to J.T. Cheeseman from H.G. Dustan, 29 March 1957.

<sup>94</sup>PANL GN 34/2, file NFDA Centralized Curing Stations, memo to NFDA, Harry Dustan and Ross Young from Harry Winsor, 30 September 1955.

<sup>95</sup>Other sources of conflict between the federal and provincial governments over the centralized curing stations were financial in nature as with the NFDA's addition of a mechanical dryer to the Seldom plant, which increased costs.

The Nova Scotia saltfish plant owners had trouble securing enough supplies from the local fishing people. Unlike Newfoundland, Nova Scotia, had a market for fresh fish, with much of it being consumed locally or being shipped to markets nearby. To meet this demand, fresh fish operators paid Nova Scotia fishers considerably more for fish than the saltfish plant owners could - between three and four cents a pound. The saltfish plant owners, unable to compete with the fresh fish industry, had begun to turn to Newfoundland for a large part of its supply. Development of the Newfoundland saltfish processing industry, therefore, was perceived as a direct threat to the Nova Scotia operators. In 1954, the Canadian Atlantic Salt Fish Exporters Association sent a brief to the federal government, attacking the assistance suggested for the Newfoundland saltfish industry through the Walsh Report.<sup>96</sup> Asserting that Newfoundland fish competed directly with Nova Scotia saltfish in the world's markets, they claimed the federal government had no right to offer assistance to the Newfoundland industry. After all, they pointed out, in Nova Scotia, private enterprise had had to develop the fishery on its own, and had never been the recipient of government monies such as were now being considered for the Newfoundland fishery.

In 1955, a prominent member of the Nova Scotia saltfish industry, Fletcher Smith, of A.M. Smith & Co. Ltd., issued an open letter to Sinclair and Minister of

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<sup>96</sup>NAC RG 23, v. 1750, file 794-17-1 [8], "Nova Scotia Salt Fish Industry in Relation to that of Newfoundland and Quebec." by Canadian Atlantic Salt Fish Exporters Association, 8 July 1954.

Trade C.D. Howe directly challenging federal assistance for the Quirpon and Seldom plants.<sup>97</sup> Smith began his eight-page missive with the headline "Questionable Policy: Federal-Provincial Government Built, Tax Exempt, Salt Fish Plants in Newfoundland to Compete with Privately Owned Plants." Fletcher accused the government of deceiving the public by indicating that the projects were of an "experimental" nature. Since they were much larger and more costly than the original plans, they could not be seen as being experimental stations. They were full scale commercial enterprises subsidized by the federal government, he declared. Furthermore, the recommendation for saltfish curing stations had become obsolete with the freeing of interprovincial trade in saltbulk in 1954, he maintained, pointing out that it was now more economical for Newfoundland fishers to sell their saltbulk to Nova Scotia plants for processing, rather than trying to build a saltfish processing industry themselves. In short, federal assistance to the saltfish industry was held to be discriminatory, endangering private enterprise competitors in Nova Scotia, and threatening their supply source.

Smith's public attack would hardly have been welcome to the federal government. The letter pointed to the very issues - "nationalization" of private

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<sup>97</sup>MHA NAFEL Papers, file R63-13-2-56, letter to Howe and Sinclair from Fletcher Smith, 2 December 1955. In a subsequent letter (NAC RG 23, v. 1750, file 794-17-1 [10], letter to Sinclair from Smith, 6 January 1956), Smith claims to have sent copies of the 2 December letter to the press, Members of Parliament, Senators representing Nova Scotia, members of the Nova Scotia Assembly, the Canadian Atlantic Salt Fish Exporters Association, and key staff in the Department of Trade and Commerce, and the Department of Fisheries.

enterprise and competition with other provinces - which the federal officials had tried to avoid with the release of the Walsh Report. As damage control, Sinclair issued a public reply, defending the program.<sup>98</sup> Far from giving an unfair advantage to the Newfoundland industry, Sinclair claimed the federal government was only trying to help the newest province "catch up" with more developed areas. For years, he said, the federal government had helped the Nova Scotia fishing industry; Newfoundland was only getting its due. Competing with private enterprise was not their intention: the tiny plants at Quirpon and Seldom could never threaten the "long-established, well-financed, ably-managed, privately-owned" companies in Nova Scotia.<sup>99</sup> Sinclair also took exception to Smith's claim that Newfoundland fishers should be exclusive suppliers to Nova Scotia plants, arguing that the people of Newfoundland naturally wanted the security and benefits of having a local processing industry. He reaffirmed the government's contention that the projects were indeed "experimental" and the degree of federal involvement was minimal. Despite Sinclair's public defence of the Quirpon and Seldom projects, federal officials, privately, remained unhappy with the course things were taking and federal representatives continued to balk at the extra

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<sup>98</sup>MHA NAFEL Papers, file R63-B-2-56, letter to Fletcher Smith from James Sinclair, 30 December 1955.

<sup>99</sup>MHA NAFEL Papers, file R63-B-2-56, letter to Fletcher Smith from James Sinclair, 30 December 1955.



expenses of building and equipping the plants.<sup>100</sup> Finally, in 1957 and 1958, the federal government withdrew from actively assisting in the management of the plants.<sup>101</sup>

What had been seen as an experiment in community ownership, a chance for the fishing people in remote areas to get better returns for their product and a greater control over the lives, thus ended without ever achieving those goals. In assessing the Quirpon and Seldom projects, Harry Dustan pointed to the lack of community interest, the continuing losses on the operation, and the minimal increase in productivity for the fishers as contributing to the lack of success.<sup>102</sup> Indeed, over the next decade, the plants did not produce the volume of fish originally anticipated,

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<sup>100</sup>NAC RG 23, v. 1436, file 746-207-1 [1], letter to Deputy Minister, Department of Fisheries from H.R. Bradley, 12 March 1958.

<sup>101</sup>NAC RG 23, v. 1260, file 727-201-1 [1], memo to Deputy Minister from I.S. McArthur and L.S. Bradbury, 16 April 1957; PANL NFDA Seldom Fishery Development, memo to J.T. Cheeseman, Minister of Fisheries from H.G. Dustan, 3 March 1957. In 1957, the provincial government decided to lease the Seldom plant to the Fisherman's Union Trading Company (FUTC), a saltfish firm established many years before by William Coaker, founder of the Fisherman's Protective Union. They claimed that the Seldom operation was too complex to be run co-operatively, and the fishers simply lacked the basic education to manage such an enterprise.

NAC RG 23, v. 1260, file 727-201-1 [1], letter to W. Sellars, Auditor General from George Clark, 4 February 1958. In 1958, Deputy Minister George Clark said that the federal Department of Fisheries would no longer assist in the management of the Quirpon plant which remained under the control of the NFDA and - citing the change in the original conception of the plant and the subsequent creation of a limited liability company in Quirpon - noted it was advisable that the federal government discontinue its relationship with the project.

<sup>102</sup>PANL NFDA Seldom Fishery Development, memo to J.T. Cheeseman from Dustan, 29 March 1957.

as many fishers continued to salt at least part of their catch on their own.<sup>103</sup>

In the late 1950s, the provincial government made another attempt to establish community-owned curing stations as suggested by the Walsh Report, but ironically it was undermined by a federal community stage program. The idea for centralized curing stations, smaller than the Quirpon and Seldom projects, had originated with Keough in 1955. He drafted a proposal which he sent to the NFDA suggesting that a curing station operated by a processors' pool be built on the Avalon Peninsula.<sup>104</sup> Arguing that the idea was an adaptation of the Walsh Report proposals, Keough had claimed that this arrangement would address the issues most pressing to fishers: 1) the desire for an advance price at the beginning of the fishing season, 2) relief from curing fish 3) better returns for their product.<sup>105</sup>

In 1956, the idea for co-operative community stages was developed further by Colin Story, head of the Engineering Division of the Provincial Department of Fisheries. Story was born in St. John's in 1917, and had been educated at the

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<sup>103</sup>This was largely because of changes in Unemployment Insurance regulations which extended the right to collect U.I. to fishers. The scheme made it easier, however, for fishers to collect the benefits if they salted the fish themselves, rather than selling fresh fish. More on the fallout of the U.I. regulations in Chapter 5.

<sup>104</sup>PANL NFDA Centralized Curing Stations, draft by W.J. Keough on establishing a centralized curing station, n.d., but a note attached to the document addressed to the NFDA is dated 6 September 1955.

<sup>105</sup>This list of issues was taken from a list of resolutions passed by the Newfoundland Federation of Fishermen. The list was added at the end of Keough's brief. (more on NFF in chapter 5)

University of Maryland.<sup>106</sup> After working as a surveyor in the 1930s, and serving overseas with the Forestry Unit and the Royal Navy, Story studied fish processing technology. He was hired by the Newfoundland Department of Fisheries in 1949. Harry Winsor detailed Story's ideas on the program.<sup>107</sup> Under this plan, the provincial government would provide the supplies not locally available for the construction of the stations. Getting the active involvement of the fishing people was a priority, as this aspect had failed in the Quirpon and Seldom projects. In this plan the fishers would have to form an organization to manage the station before construction began. They would also have to contribute their labour to the building of the curing station. Story recommended that the federal government not be approached for funding until the viability of the project was known. It is evidence of the Cold War environment in which these ideas were proposed that Winsor noted that Story avoided the use of the term "community stage." "The word 'community' seems to be looked upon by some with some suspicion just as the word 'Co-operative,'" remarked Winsor.<sup>108</sup> The difficulties in actively promoting co-operative organizations in such a climate must be considered when assessing these attempts to

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<sup>106</sup>Encyclopedia of Newfoundland and Labrador, vol. 5, Cyril Poole, ed., (St. John's: Harry Cuff Publishing, 1994), 313.

<sup>107</sup>PANL file 11/76, memo to J.T. Cheeseman from Harry Winsor, 13 December 1956.

<sup>108</sup>PANL file 11/76, memo to J.T. Cheeseman from Harry Winsor, 13 December 1956.

foster their development.

Finally, the provincial government organized a program for community stages.<sup>109</sup> Just as it was starting, however, the federal government offered its own community stage project to Newfoundland fishing communities as part of an income assistance plan. 1958 was a poor year for the inshore fishery, with landings down an average of 25 percent from the previous year.<sup>110</sup> Rather than giving price support, or individual compensation, to the fishers, the federal government decided to offer community stages to affected areas. Seeing this initiative as essentially a "make-work" project, the federal government paid the fishing people to build these stations and, over the 1958-59 season, twenty federally funded community stages were built. A provincial review of the fishery for 1959 complained that the federal program, which made no demands on the fishing people, was competing with the provincial program which asked considerably more.<sup>111</sup> Only three community stages had been built under the provincial co-operative program. Although the federal government

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<sup>109</sup>"Community stages" were facilities usually consisting of a shed with facilities for cleaning and washing fish. They were used predominantly by inshore fishers as an alternative to preparing their fish on their own premises. The advantage of community stages was that they often had running water, unlike most private premises. Community stages, by bringing fishers together in preparing their fish, also offered the possibility of collective selling.

<sup>110</sup>Canada, Fisheries Research Board of Canada Annual Report, 1958-59 (Ottawa: 1959).

<sup>111</sup>"MHA NAFEL Papers, file R63-B-1-7, "Review of Fisheries 1959 by J.T. Cheeseman."

offered a follow-up course on community leadership to those with new community stages, most of the federally-funded community stages did not set up co-operative companies to sell their fish. For the most part, private companies bought fish directly from the fishers.

#### Residual Co-operation - (2) Education and Technology Programs

Another expressed federal commitment was the modernization of the fishing fleet in Newfoundland. The rationale for the program was that through building larger, more versatile craft, productivity and efficiency would increase. Since the late 1940s, the federal government had been offering subsidies on vessels between 45' and 60'.<sup>112</sup> Beginning in 1950, with the creation of the Fisheries Loan Board (FLB), the provincial government had also been involved with assisting fishers in acquiring new vessels. The FLB provided loans to a broader range of vessels than did the federal government, including those between 30' to 120'. Besides vessels, they also provided loans for the purchase of diesel and marine engines, and mechanical and electronic equipment. Despite the added incentive, relatively few inshore fishing people took advantage of the combined federal-provincial subsidy for vessels 45' to 60'. According to a report by federal Department of Fisheries economist John

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<sup>112</sup>PANL file 12/28/7, vol. 1, memo. F & C 43-'51, 16 July 1951. The subsidy was \$160 per ton.

Proskie, by 1960, only 33 Newfoundland vessels had received the federal subsidy.<sup>113</sup> Considering that in Nova Scotia, 149 vessels built in the 45' to 60' class qualified for subsidies, the fleet modernization program had not progressed as anticipated. Indeed, the economic returns to owners of vessels in this class failed to meet the expectations of the federal Department of Fisheries.<sup>114</sup> After studying the landings and returns on these vessels, Proskie concluded that because of the rising costs of construction, and relatively low price levels for fish, making money with these vessels was difficult. He suggested that if efficiency were improved, and more higher-priced species were caught, the returns on the investment might be more adequate. Over the next few years, the amount of the federal subsidy, and its breadth of coverage, became a point of contention between the federal government, and those in the Newfoundland inshore fishery.

The federal and provincial governments did work together on establishing educational programs for fishers in 1953, with the federal government providing some funding, and the provincial government administering the program.<sup>115</sup> Having no

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<sup>113</sup>PANL file 11/80/6 vol. 1, "An Appraisal of the Atlantic Fishing Craft Modernization Programme and the Otter Trawler Fleet" by John Proskie. By 1960, Newfoundland had been involved in the federal subsidy program for 8 years. Nova Scotia had been involved in the program for 13 years.

<sup>114</sup>PANL GN 34/2, file 11/41/10E, "Operation of Longliners and Draggers Atlantic Sea Board 1952-1959" by John Proskie, Department of Fisheries, 1960.

<sup>115</sup>For more background on fishers' training programs in Newfoundland, see Wright, Miriam, "Young Men and Technology: Government Attempts to Create a Modern Fisheries Workforce in Newfoundland, 1949-70" paper presented to the

permanent educational facilities for fishing people, the provincial government created a travelling workshop training program, offering short courses in marine engine repair, navigation, and gear and fishing methods.<sup>116</sup> The scale of the program remained modest; between 1953 and the 1959/1960 season, a total of only 1,812 fishers attended.<sup>117</sup> Despite all the rhetoric about the importance of education and its centrality to fisheries development, little money was spent in this area. Not until the creation of the Newfoundland College of Fisheries in 1964 were any permanent facilities established to accommodate larger numbers of students.

Consistent with the assumption that in the new fishing economy, males would become the primary breadwinners, these training programs were directed specifically at men.<sup>118</sup> Fisheries planners, both federal and provincial, envisioned the new fishery worker, first and foremost as male, the sole family breadwinner, trained in technological skills needed for the industrialized fishery. With his increased efficiency and productivity, the family breadwinner would presumably earn enough

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International Congress of Historical Sciences, Montreal, 27 August-3 September 1995.

<sup>116</sup>J.J. Quigley, "Fishermen's Training Program," *Trade News*, 14, 7(January 1962), 12-13.

<sup>117</sup>CNS, J.R. Smallwood Papers, file 3.12.019, "Annual Report of the Newfoundland Fisheries Development Authority for the Year Ending March 31, 1962." Some fishers may have taken the courses more than once, or have taken different courses in different years, so it is possible that less than 1812 individual fishers took courses.

<sup>118</sup>For more on this subject, see Wright, "Young Men and Technology."

money so that his wife and children would no longer have to contribute to the production of saltfish for market. This conception of the fishery worker was based on a model of working class masculinity, and was rather different from the existing gender relations in the Newfoundland inshore fishery. Although women had contributed significantly to the rural fishing economy through their labour, no programs were created to help them ease into the new fishery. Women had no government help in increasing their earning power, whether it be through training programs for plant workers (where large numbers of women eventually found employment) or through assistance in developing other subsistence activities. The training programs twinned young men and fisheries technology, assuming the two together were all that were required to increase productivity in the economy. The potential role that women could play in developing further economic opportunities in the outport economies was never considered.

#### 1957 - Assessment of the Impact of the Walsh Report

In 1957, four years after the Walsh Report was tabled, federal and provincial officials met to assess the progress of the fisheries development program.<sup>119</sup> The "Working Party on Fisheries Development," included federal officials I.S. McArthur, representing the federal Fisheries Prices Support Board and L.S. Bradbury of the

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<sup>119</sup>PANL GN 34/2, file 11/76, letter to Sinclair from Cheeseman, Oct. 29, 1956; letter to Cheeseman from Sinclair, 5 February 1957. Cheeseman asked Sinclair if they could set up a "working party" to review progress since the Walsh Report was released. Sinclair agreed, so long as the Working Party committee remained a temporary, rather than permanent body.



Industrial Development Service of the Department of Fisheries. Attending from the province were Harry Winsor of the NFDA and Deputy Minister of Fisheries Eric Gosse, who replaced Clive Planta. Born in Spaniards Bay in 1912, Gosse was manager of the Labrador-based firm, G and M Gosse from 1931 to 1936, when he left to join the Newfoundland Fisheries Board.<sup>120</sup> After a stint with the Royal Air Force during the war, Gosse went to Jamaica, first as a trade representative with the Newfoundland Fisheries Board, then as Trade Commissioner for the Canadian Department of Trade and Commerce (he also served as Trade Commissioner for the Dominican Republic). He returned to Newfoundland in 1956.

The Working Party found that for the most part, the development program had been a failure.<sup>121</sup> No inroads had been made in raising the individual productivity of fishers, despite the fact that the overall number of people fishing had declined slightly. Indeed, the Working Party concluded that 90 percent of the fishing people had been untouched by fisheries programs and were still using the same methods and were catching the same amount of fish that they had for years. Although average incomes and incomes from fishing had increased since Confederation, they were still far behind those of Nova Scotia. One change the Working Party noted, however, was the increase in the production of saltbulk. With

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<sup>120</sup>PANL GN 34/2, file 11/80/7, vol. 1, letter to D.W. Thompson, Information Officer, Resources for Tomorrow Conference from Eric Gosse, 23 August 1960.

<sup>121</sup>PANL GN 34/2, file 11/76, "Report of the Working Party on Fisheries Development," 7 January 1958.

the freeing of interprovincial trade barriers in saltbulk, Newfoundland fishers were selling a large amount of this product to Nova Scotia producers - 280,000 quintals in 1956. The amount of frozen fish produced in Newfoundland had also increased to 62.6 million lbs in 1956, nearly double what it had been a decade before.<sup>122</sup> Despite these improvements in these areas, little progress had been made in the inshore fishery.

### Conclusion

In the first decade after Confederation, two general visions for the future of the fishery were circulating among fisheries planners. One was an industrial vision, where raising individual productivity was the main objective, and new harvesting and processing technology would help achieve that goal. It represented the dominant hegemony of western industrial society. The other was the co-operative vision, which also believed in introducing new technology and processing methods to the fishery, yet raised the issue of ownership and who would control this technology. Both approaches had connections to the Commission of Government era. Commissioner Dunn, with his discussions about home refrigerators and vertically-integrated frozen fish companies, had very similar views to Stewart Bates, the federal proponent of the industrialized fishery. Dunn set up the loan program to foster the frozen fish industry, and established relationships with a small group of companies which

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<sup>122</sup>Saltfish was traditionally measured in cwts or "quintals" which were 112 pounds. Frozen fish, however, was always measured in pounds.

eventually came to control the frozen fish industry in Newfoundland. Ironically, the co-operative approach, as espoused by William Keough and Fred Scott, also had its roots in the Commission of Government era. The Commission of Government set up the co-operative program in the 1930s, and brought together people like Keough and Scott (with the help of Reverend Moses Coady) who started thinking about alternative kinds of economic and social development for Newfoundland. The industrial vision, however, was always much stronger than the co-operative vision. At the broader level, it represented the collective "wisdom" of western society. At the more immediate level, however, it also had the support of highly influential men, including the Deputy Minister of Fisheries Stewart Bates. Some key provincial fisheries officials also supported it, such as Deputy Minister Clive Planta. And Smallwood himself, who was embarking on a series of industrialization projects of his own in the early 1950s, was a great believer in the quick returns thought to be had in industrial development. It was also not as threatening to the existing social order, and in a Cold War atmosphere the co-operative movement was viewed with some suspicion.

Although the industrial vision for the fishery became dominant, the federal government made it difficult for fisheries development of any kind to be carried out. Because of the chilly Cold War climate, fears of American trade sanctions and protests from the vocal Nova Scotia saltfish industry, a balanced, integrated, comprehensive fisheries program for Newfoundland stood little chance in the 1950s.

Although some co-operative fisheries projects were attempted, they failed, and despite the efforts of Keough and later Colin Story to continue the co-operative ideas with community stage program, their plans were usurped by a competing federal program. With the dismantling of the co-operative division in the provincial Department of Fisheries in the early 1950s, fisheries development projects thereafter lacked any means for helping establish co-operative management. "Adult education" was transferred to the Memorial University Extension Department, but it was not involved in these fisheries projects in the 1950s.

A very important factor in the pushing aside of the co-operative vision in favour of the industrial vision, however, was the growing importance of a small group of frozen fish companies in Newfoundland fisheries development. Without the help of the federal government, the Newfoundland government increasingly found itself dependent on private enterprise to fulfil its promises of fisheries development. The Newfoundland government's relationship with one company in particular, Fishery Products Limited, strengthened and solidified in the 1950s. A lopsided development, with most of the energy and resources going towards assisting the frozen fish companies was the result of these early attempts to help the Newfoundland fishery. The growing interdependence of the provincial government and the frozen fish industry during the 1950s, and the entrenchment of the industrial vision for the Newfoundland fishery will be the subject of the next chapter.

#### Chapter Four - An Interdependent Relationship: The Smallwood Government and Fishery Products Limited, 1949-1963

A little-known, yet extremely important part of the history of the industrialization of the Newfoundland fishery is the process by which the small frozen fish companies expanded in the decade following Confederation. The story of the expansion of the frozen fish industry contained two main players - the Smallwood government and a small group of frozen fish companies that had arisen during the war (see Chapter Two). Unable to provide the support for a major development program on its own, the provincial government came to rely on these companies to carry out the recommendations of the Walsh Report. One in particular, Fishery Products Limited, emerged as the largest recipient of government aid as well as the dominant company in the Newfoundland frozen fish industry. Although the relationship was of mutual benefit, it was also fraught with tension, as government and private enterprise did not always agree on the course of development. Without a doubt, however, this relationship had a profound impact on the future directions for the Newfoundland fishery, as it provided the material foundation of the industrial fishery. This chapter will begin by looking at the international context of the frozen fish industry, then examine specifically Fishery Products Limited and other companies and their relationships to the provincial government.

#### The International Frozen Fish Market

Historically, Canada, particularly Newfoundland, was the single largest source of supply of frozen groundfish for the American market. Between 1956 and 1965,

Newfoundland exports of groundfish to the United States comprised an average of 31.8 percent of total imports to that country.<sup>1</sup> In the same time period, Newfoundland groundfish made up an average of 19.7 percent of the total American supply.

Table 4-1  
Newfoundland Market Share 1956-65  
Groundfish fillets and blocks, including ocean perch and flatfish  
(millions of pounds)

Year	NF Expts to US	Total US Imports	NF Market Share	Total US Supply	NF Market Share
1956	62	149	42%	277	22%
1957	53	155	34	276	19
1958	54	171	32	285	19
1959	59	199	30	315	19
1960	58	174	33	296	20
1961	64	214	30	338	19
1962	67	240	28	372	18
1963	71	248	29	378	19
1964	77	268	29	392	20
1965	100	319	31	445	22

(source: MHA, Harold Lake Papers, box 45, Market Study - The Frozen Fish Trades Association Ltd., St. John's, Newfoundland by Robert J. Gruber. Statistics came from the Dominion Bureau of Statistics - Food Division, and the US Bureau of Commercial Fisheries, Branch of Fisheries Statistics. These figures appear to have been rounded off.)

<sup>1</sup>Maritime History Archives, Harold Lake Papers, box 45, Market Study - The Frozen Fish Trades Association Ltd., St. John's, Newfoundland by Robert J. Gruber, International Fisheries Consultant, Cleveland, Ohio.

Since Newfoundland played such a prominent role in supplying the United States with groundfish, a general knowledge of conditions in the US market is a necessity for understanding the background of the frozen fish industry in Newfoundland. Indeed, the American market situation had a substantial impact on both fishing companies and fishers alike.

After World War II, the New England fish companies quickly began to adapt to the changes taking place in the food distribution and retailing industries in the United States. Large chain supermarkets with self-serve frozen food display cases required products that were convenient, uniform and visually attractive. In 1953, the fishing industry responded with the "fish stick," a breaded and precooked product sold in family-size packages. Many in the industry believed the fish stick would lead to a greater consumption of fish by the American public, not known as a nation of fish-eaters. Within a few years, the number of fish stick processors quadrupled, and the production of the new product jumped from 7.5 million pounds in 1953 to 63 million pounds in 1955.<sup>2</sup> By the mid-1950s, the fish processing industry had become extremely competitive, with price wars hurting both profits and quality.<sup>3</sup> The

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<sup>2</sup>Margaret Dewar, Industry in Trouble: The Federal government and the New England Fisheries, (Philadelphia: Temple University Press, 1983), 49.

<sup>3</sup>PANL GN 34.2, file 22/4, newsclipping, Daily News, 10 September 1956, "Fish Sticks" by George J. Church (Wall Street Journal).

industry underwent a slump, as supply exceeded demand.<sup>4</sup> Making matters worse, the expected increase in consumption of fish per capita did not happen. Many of the smaller companies that had moved into fish stick production went out of business, but the largest companies, such as Gorton-Pew of Gloucester, Booth Fisheries (Consolidated Foods), and Birds Eye (General Seafoods - General Foods) stayed the course and continued to dominate the industry.

Not only was the domestic production of fish products extremely competitive, but the international suppliers for the market also felt similar pressures. Canada and Iceland were the largest source of imports of frozen fish throughout the 1950s. Iceland also maintained a substantial business selling frozen fish to the USSR: 61 million pounds of frozen fish to the USSR and eastern Europe in 1956, according to a Canadian government report.<sup>5</sup> The Soviet Union, however, was in the process of building its own fishing fleets and Iceland began diverting more of its production to the United States. By the early 1960s, not only had Iceland increased its sales to the United States, but countries such as Norway, Denmark, and newcomers Japan, Poland and Argentina were also selling fish in this market. Accordingly, Newfoundland's market share dropped somewhat.

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<sup>4</sup>The American economy also underwent a recession following the end of the Korean War in July 1953, so this may also have been a factor.

<sup>5</sup>PANL GN 34/2, file NFDA Joint Standing Committee on Fisheries Development, "The Market for Groundfish Products," prepared by the Markets and Economic Service of the federal Department of Fisheries, 1957.



Prices paid to fishing people remained relatively stable throughout the 1950s. Between 1953 and 1963, the average (July) price per pound of gutted, head-on cod paid to fishers only increased from 2 cents to 3 cents.<sup>6</sup> Such stable prices were a handicap because costs for vessels and equipment continued to rise in the same period. Indeed, the disparity between prices for fish and the costs of catching them was noted by federal Department of Fisheries employee John Proskie in his report on the economics of longlining.<sup>7</sup> In fact, he argued that the low prices for fish seriously undermined the ability of fishers to pay for their longliners (building costs had increased during the 1950s). Geography and accessibility to fresh fish markets also contributed to the lower fish prices paid in Newfoundland. Traditionally, a premium was paid in New England for fresh, iced fish over frozen fish.<sup>8</sup> In areas

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<sup>6</sup>PANL GN 34/2, file 8/45/9, "Prices Received by Fishermen - Cod." Prices paid to fishers for head-on, gutted cod varied both by the time of the year, as well as region. Prices in the winter months, for example, were usually a fraction of a cent higher. Fish buyers on the southwest coast of Newfoundland, specifically Ramea and Port aux Basques, often paid fishers more than in St. John's or the Northeast coast. For an indication of these regional and seasonal differences in price, see PANL GN 34/2, file NFDA Fish Prices, and PANL GN 34/2, file 12/7/7.

<sup>7</sup>GN 34/2, file 11/4/10E, "Operations of Longliners and Dragners, Atlantic Sea Board 1952-1958," by John Proskie - Economic Service, Department of Fisheries, 1960.

<sup>8</sup>PANL GN 34/2, file NFDA Joint Standing Committee on Fisheries Development, "The Market for Groundfish Products," prepared by the Markets and Economic Service of the federal Department of Fisheries, 1957, "Attachment 4 - Average Export Values of Specified Codfish Products." The chart shows prices paid for both fresh and frozen fillets in the United States from 1949 to 1956. Prices for the fresh product were always higher. The difference ranged from 40 cents per 100 pounds, to just under \$3.00 per 100 pounds.

where fishers had the opportunity of selling fish to the fresh market, such as New England and Nova Scotia, the fishers generally received more money. In Newfoundland, however, very little fish was ever sold fresh, and no such competition between the fresh and frozen sectors existed, which in turn exacerbated already lower prices. Finally, the fact that no union of primary producers existed in the Newfoundland fishery (nor in Nova Scotia or New England, for that matter) at that time meant that there was no bargaining unit to attempt to secure higher prices.

Most of Newfoundland's frozen fish production was exported to the United States,<sup>9</sup> and the tariff on frozen groundfish was understandably of critical importance in the development of the fishing industry in Newfoundland. After World War II, members of the New England fishing industry began pressuring the United States Tariff Commission to raise the tariff for frozen fish based on the quota system established in 1939.<sup>10</sup> In 1954, the United States government imposed a duty of 20 percent for frozen fillets and blocks, and 30 percent for processed and cooked fish (fish sticks). According to Margaret Dewar's study of the New England fisheries, President Eisenhower ultimately resisted raising the tariff as much as New England

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<sup>9</sup>MHA, Harold Lake Papers, box 45, Market Study - The Frozen Fish Trades Association Ltd., St. John's Newfoundland by Robert J. Gruber. Gruber that in the 1950s, virtually all of Newfoundland's total production was exported to the US. In the early 1960s, a small percentage was exported to Great Britain (20).

<sup>10</sup>For background on the U.S. tariff, see Dewar, Industry, ch. 3.

fishers would have liked.<sup>11</sup> The fish stick processors, however, supported the decision. After World War II, many of the larger fish processing companies had stopped harvesting their own fish. Unable to produce frozen fish blocks as cheaply as Canada or Iceland, the New England fish companies wanted to retain their supply of imports, while protecting their own processing interests. The tariff thus was to ensure that Newfoundland processors continued to produce blocks and fillets, but to curtail secondary processing. Indeed, in this period, only one Newfoundland processor, Fishery Products Limited, built facilities to bread and cook fish sticks.<sup>12</sup>

#### Newfoundland's Frozen Fish Industry

Economic conditions in the American market and the tariff rates undoubtedly impinged on the Newfoundland fishing industry. The very structure of the new frozen fish industry itself also affected the way the industry developed, and the opportunities open to both fishing people and company owners alike. The frozen fish industry in Newfoundland came to be dominated by a small group of vertically-integrated companies. In the 1950s, these enterprises expanded their operations,

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<sup>11</sup>Dewar, *Industry*, 46-54. She argues that subsequent recommendations by the U.S. Tariff Commission to increase the duty were rejected by President Eisenhower. He cited foreign policy reasons, saying the "other nations concerned are not only our close friends, but their economic strength is of strategic importance to us in the continuing struggle against world communism." (52)

<sup>12</sup>Arthur Monroe put fish stick-making facilities in his plant at Trepassey in 1956. He later moved the fish stick-making line to Burin, because of lack of sufficient labour in Trepassey.

increased production and consolidated their hold on the fishing industry in Newfoundland. Between 1950 and 1964, the number of frozen fish plants doubled and the number of fish plants workers increased from 1,170 to 7,427.<sup>13</sup> Production rose from 34.5 million pounds in 1950 to 57.8 million in 1960, and to 106.9 million pounds in 1965.

These expansions, however, were done largely with the assistance of the provincial government. Securing enough capital for major economic development was a long-standing problem in the history of Newfoundland enterprises. The frozen fish companies were no exception and evidence suggests that the company owners were having trouble obtaining sufficient capital on their own to finance processing plants and trawlers.<sup>14</sup> Beginning with the Commission of Government in the 1940s and continuing through the Smallwood era, a core group of companies received millions of dollars in loans and loan guarantees. As well, the provincial government undertook to build a number of frozen fish processing plants itself, which it later sold

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<sup>13</sup>PANL GN 34/2, file NFDA Ross Young, report written by Young on the activities of the NFDA. The document includes chart, "Frozen Ground Fish Industry," with statistics of the frozen fish industry from 1949 to 1966.

<sup>14</sup>CNS Archives, Smallwood Papers, file 3.12.010, "Assisting Fisheries Development" by Clive Planta; file 3.12.046, letter to S.R. Noble, Manager IDB from J.R. Smallwood, June 12, 1951. In this period, the Bank of Canada and chartered banks stopped giving long-term loans to private enterprises. 5-year loans became the norm. The frozen fish company owners complained that five years was not long enough to pay back loans for processing plants and trawlers. The above documents suggest that Smallwood and Planta were concerned that long-term loans were no longer available to private companies.

or leased to private companies from Newfoundland, the Canadian mainland and the United States.<sup>15</sup> An awareness of the state's role in this support and expansion of the industrial, capitalist fishing industry is crucial for a deeper understanding of the social and economic relations in the Newfoundland fishery.

#### Fishery Products Limited - Smallwood's Instrument of Fisheries Development

The single largest recipient of government assistance in the first decade after Confederation was Arthur Monroe's Fishery Products Limited. Between 1950 and 1961, FPL received over \$5 million in both direct loans and loan guarantees to aid expansion, almost half of all the direct financial assistance given to private companies in that period.<sup>16</sup> As was detailed in Chapter Three, this company, which emerged after the war as the largest single producer of frozen fish, continued its dominance

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<sup>15</sup>The Newfoundland government built a frozen fish plant at LaScie, which was originally supposed to be a saltfish plant and rented it to Job Bros. It built a frozen fish plant at Rose Blanche which they rented to T.J. Hardy. It built a frozen fish plant at Harbour Breton, which was originally supposed to be a saltfish plant, and sold it to British Columbia Packers. When a frozen fish plant at Fortune owned by J.T. Dixon went out of business, the Newfoundland government, which held the mortgage on the property, sold it to Booth Fisheries of the United States.

<sup>16</sup>PANL GN 34/2, file 82/3 vol. 5, "Loans made to FPL". The document indicates that as of 31 October 1961, the company had been given a total of \$4,912,000. The loans are listed, year by year since 1950, but one loan of \$110,000 for a fish meal plant was omitted from the list. Also, the list does not include money provided by the previous administration, the Commission of Government. The total amount of loans given to all companies is difficult to calculate accurately, because if loans were advanced to companies that later went bankrupt, the record of that loan disappears from subsequent lists. CNS Archives, Smallwood Papers, file 3.12.003, "Projections for 1962," lists the total amount of loans to companies for fishery development up to that point as \$11,539,739.

of the Newfoundland fishery into the Confederation era. Its relationship with the provincial government and the role it played in fisheries development was therefore vital. At the same time that the federal government was retreating from any involvement in supporting the fishery development plans, Arthur Monroe stepped into the void to carry out the recommendations of the Walsh Report. Over the next ten years, Monroe built, expanded or bought another eight processing plants and nine trawlers. By 1962, FPL was producing nearly 40 percent of the total frozen fish output in Newfoundland. This rapid pace of expansion, along with FPL's growing dominance, changed forever the face of the fishing industry in the province.

At the core of the relationship between FPL and the Newfoundland government was a series of contracts, dating from 1953 and amended in 1954 and 1956, which provided for the company to carry out the main thrust of the fisheries development program. The first such contract was the ill-fated Bait Service plan, described in Chapter Three.<sup>17</sup> After the federal government quashed that deal, the contract was renegotiated. In the amended plan, FPL would not take over the Bait Depots and turn them into processing plants, but would build new frozen fish plants on the northeast coast, as outlined in the Walsh Report. They received 20-year loans at 3.5 percent for construction costs and working capital, and in return, the

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<sup>17</sup>PANL GN 34/2, file 104/4, Certified Copy of Minutes of the Executive Council of the Province of Newfoundland re: the meeting held on 22 April 1953.

government took the first mortgage on all buildings and vessels.<sup>18</sup> The Walsh Report had never intimated that plant constructions should be the domain of a single company, but rather that private companies, ought to have the opportunity to build plants with government assistance.

Understanding how and why FPL took its dominant role in implementing fisheries development involves looking at the actions of Arthur Monroe in this period. As well, the strong support he received from key players in the provincial government, especially Premier Smallwood and Deputy Minister of Fisheries Clive Planta, was key. Although W.J. Keough was the Minister of Fisheries, documents suggest that it was Smallwood who took the lead in initiating discussion with Monroe. In fact, during the negotiations regarding the Bait Service deal, Keough does not appear to have even been present.<sup>19</sup> In the first few years after Confederation, Monroe directed most of his letters and requests to the premier, not the Minister of Fisheries. Except for his signature on official documents, Keough was largely absent from FPL correspondence.

Keough's absence is not surprising, considering Smallwood's behaviour as

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<sup>18</sup>PANL GN 34/2, file 82/3 vol. 1, Certified Copy of minutes of the Executive Council of Newfoundland re: the meeting held 26 April 1956. This was the amended agreement, first made in 1953, then amended in 1954, 1955, 1956.

<sup>19</sup>PANL GN 34/2, file 82/3 vol. 2, document, no title, beginning "The sequence of events in connection with the arrangement between the Government of Newfoundland and Fishery Products Limited ..." Keough's name appears nowhere in this account, although Smallwood's does.

premier. He was not known as a "team player" and he habitually initiated policy on his own without consulting his cabinet ministers. Indeed, his refusal to take the advice of his cabinet was one of the reasons that a number of high-profile cabinet ministers resigned during the first few years of office, including Harold Horwood and Ted Russell, another former co-operatives worker who had been instrumental during the Confederation campaign.<sup>20</sup> The marginal position of Keough during these negotiations is important because it helps explain how a Minister of Fisheries, with many years involvement in the co-operative movement, and who had publicly expressed concerns about a new "fishing monarchy" replacing the old merchant system, could preside over the crowning of Fishery Products Limited. Quite simply, Smallwood, with his fisheries "expert," Clive Planta, took control of the course of development, and gave little room for Keough to initiate policy on his own.

The persuasive personality of Arthur Monroe also contributed to the role his company played in the course of Newfoundland fisheries development. Monroe, described by his contemporaries as a quick, intelligent, yet highly individualistic and stubborn man, began appealing to the provincial government for assistance to expand his operations shortly after Confederation. He saw himself as a pioneer in the industry, and was not shy in conveying that to Smallwood. In a 1950 letter in which he asked Smallwood for loans for trawlers, Monroe argued that only large companies

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<sup>20</sup>Gwyn, Smallwood, 132-154.



such as his would be able to compete in the American market.<sup>21</sup> Countries like Iceland and Norway were quickly increasing their production, making it more difficult for Newfoundland firms. Monroe offered to expand his operations, saying, "We are capable of it and in a national emergency, I feel that we are bound to it if so requested by the government."<sup>22</sup> Although neither Arthur Monroe nor anyone employed by his company were members of the NFDC, he was certainly involved in the project, giving advice, making suggestions, and offering to take part in any future ventures.

Clive Planta, the Deputy Minister of Fisheries who had been the president of Canada's largest association of fishing companies, the Fisheries Council of Canada, supported Monroe and his company. He argued in a memo about the bait service deal that Monroe, along with Bonavista Cold Storage owner Hazen Russell, had led the way in Newfoundland in "modern business thinking and practical efficient administration in the fisheries."<sup>23</sup> Planta was also impressed with the marketing organization, the Cleveland, Ohio-based Fishery Products Incorporated, that Monroe

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<sup>21</sup>CNS Archives Smallwood Papers, file 3.12.040, letter to Smallwood from Monroe, 29 May 1950.

<sup>22</sup>CNS Archives Smallwood Papers, file 3.12.040, letter to Smallwood from Monroe, 29 May 1950.

<sup>23</sup>PANL GN 34/2, file 82/3 vol. 2, memo from Clive Planta re: Bait Depot Project, 11 May 1953.

had organized to sell his products in the United States.<sup>24</sup> Smallwood, too, was impressed by the size and breadth of Monroe's operations. In a speech, he indicated that the reason for giving FPL such a central role was that it had the experience and management skills to implement a large-scale project.<sup>25</sup> He asserted he wanted such an organization to be involved in the development program and was happy to report he had been able to negotiate an agreement with FPL. Smallwood also indicated that having a company such as FPL on-side would hasten the development process substantially. He talked about the advantages of having the services of

a company which is fully equipped with the processing and marketing facilities, the skilled technicians and the management to carry out such part or parts of the development programme, as we and the Federal Government may decide to place in their hands. Thus, as soon as the development program is decided upon, which I sincerely hope will be in the near future, we will have an instrument that will enable us to work instantly. I believe we can expect impressive results this summer.<sup>26</sup>

Smallwood's emphasis on instant results is consistent with his other development schemes in the same period. In the early 1950s, he had embarked on

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<sup>24</sup>Fishery Products Inc. had a processing plant where it took the fish from Monroe's operations in Newfoundland and made them into fish sticks. Contrary to the understanding of the Newfoundland government, however, Monroe did not own majority interest in the company.

<sup>25</sup>CNS Archives, Smallwood Papers, file 3.12.040, speech, no date (this would have been written in the spring of 1953, after an agreement was reached with Monroe, but before Smallwood found out that the federal government would not fund private companies in Newfoundland).

<sup>26</sup>CNS Archives, Smallwood Papers, file 3.12.040, speech, no date.

a series of hastily-conceived industrial projects which were aimed at developing the economy as quickly as possible.<sup>27</sup> Clearly, FPL took an important role in fisheries development, partly through the advocacy of Arthur Monroe pushing the merits of his own company, and partly through the desire of Smallwood to find a quick path to development. Although a decade earlier, the Commission of Government had expressed strong reservations about Monroe's management capabilities, the Smallwood government, initially at least, showed no similar reservations about the company. When the federal government made it clear it was not interested in getting directly involved in the fisheries program, FPL, almost by default, became the main instrument of marine development in Newfoundland.

The original agreement between Monroe and the Newfoundland government was to build five new frozen fish plants on the northeast coast at Joe Batt's Arm, Change Islands, Twillingate, Catalina and Bay de Verde. The idea was to use these plants as focal points for fisheries development, drawing in fishing people and plant labourers from the more remote settlements. Of the five, Twillingate, Catalina and Bay de Verde would be constructed over the next few years. Monroe already owned premises at Joe Batt's Arm (he had a small freezing plant there during the war), so he would simply expand the existing facilities. He purchased the building for the Change Islands operation from the defunct Northeastern Cooperative Society.

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<sup>27</sup>See Richard Gwyn, Smallwood, chapters 14 and 15; Harold Horwood, Joey, chapters 10-12.

Although the Walsh Report had recommended against building frozen fish plants without salting facilities north of Cape Bonavista, the timing of Monroe's agreement coincided with the introduction of the "fish stick" on the US market. With the belief that demand for frozen fish was going to increase dramatically, Monroe felt that his freezing facilities would be adequate.

He received his first instalment of \$1,687,000 for the plant-building project later in 1953.<sup>28</sup> The loan was not for the five new plants, however, but to supplement the operations of Monroe's existing plants elsewhere on the island - Burin, Trepassey, Greenspond, Long Harbour, Rose Blanche, as well as Joe Batt's Arm. He also received money for several collector vessels. In 1954, he received \$1,500,000 in loans at 3 percent interest for the five plants which were part of the original agreement - Twillingate, Catalina, Joe Batt's Arm, Change Islands, Bay de Verde, along with extra funding for the Trepassey plant, which he was outfitting to manufacture fish sticks.

In the autumn of 1954, Monroe wanted to change his plans for the Twillingate plant, turning it from an inshore fishery-supplied operation to a combined inshore and longliner plant.<sup>29</sup> He requested an extra \$500,000 in loans to enable the Twillingate plant to accommodate longliners which, he argued, could catch far more

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<sup>28</sup>PANL GN 34/2, file 2/37 (1953), Certified Copy of Minutes, Fisheries and Co-operatives 466-53, 29b-53.

<sup>29</sup>CNS Archives, Smallwood Papers, file 2.11.006, letter to H.G. Dustan from Arthur Monroe, 5 October 1954.

fish than the inshore trap fishery and would be better equipped to handle the increase in demand for frozen fish products. H.G. Dustan, chair of the Newfoundland Fisheries Development Authority, was reluctant to allow the change, and recommended to Minister of Fisheries Keough that the request be denied. In two letters, which Keough passed on to cabinet, Dustan outlined his reservations.<sup>30</sup> Longliners undoubtedly caught more fish, but they were expensive vessels, costing approximately \$25,000 each. Even with federal and provincial subsidies, prospective owners would have to supply \$8-9000 of their own money for the vessel, a sum few could afford. The original intent had been for the Twillingate plant to benefit inshore fishers, and changing the plans to accommodate longliners would nullify that aim. Besides, the ability of the markets to sustain increased production was unknown. Dustan also expressed some concern about the operations of FPL and the wisdom of giving it more responsibility. The expansions had already over-extended the company's resources, particularly at the management level. Dustan argued further that it would be detrimental to the fishing people to allow a single company to expand and dominate the northeast coast fishery. Ultimately, competition among operators would help the fishing people get a fairer price for their fish, and letting FPL dominate the northeast coast with such large operations would be an

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<sup>30</sup>CNS Archives, Smallwood Papers, file 2.11.006, memo to Executive Council from W.J. Keough, 25 October 1954 and attached memo to Keough from H.G. Dustan, 25 October 1954; memo to Executive Council from W.J. Keough, 1 November 1954 and attached memo to Keough from H.G. Dustan, 1 November 1954.

impediment to that goal.

Rumours that Monroe was going to change the Twillingate plant so it could accommodate longliners began circulating among the people from that community and caused a great deal of consternation.<sup>31</sup> In a letter to the editor of the Daily News, Monroe defended his plans and tried to dispel rumours that he would not accept inshore fish.<sup>32</sup> Yet, he admitted he had suggested that the plant be enlarged. "If the government could not depend on me and others to come to them with suggestions," he argued, "it would be a very sorry state of affairs."<sup>33</sup> As well, people from the communities promised plants began complaining about the secrecy of Monroe's plans for the community. Indeed, newspaper reports suggest that very little was known about the nature of FPL's contract.<sup>34</sup> Former Smallwood cabinet minister Harold Horwood talked about the frustration of the local people in his regular column in the St. John's Evening Telegram.<sup>35</sup> Jack Pickersgill, the federal civil servant from Manitoba whom Smallwood was helping to get elected as

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<sup>31</sup>PANL GN 34/2, file 8/133, vol. 1, newsclipping, Daily News, 1 November 1954.

<sup>32</sup>PANL GN 34/2, file 8/133, vol. 1, letter to the editor from Arthur Monroe, Daily News, 3 November 1954.

<sup>33</sup>PANL GN 34/2, file 8/133, vol. 1, letter to the editor from Arthur Monroe, Daily News, 3 November 1954.

<sup>34</sup>PANL GN 34/2, file 8/133, vol. 1, editorial, Daily News, 4 November 1954.

<sup>35</sup>PANL GN 34/2, file 8/133, vol 1, newsclipping, "Political Notebook," by Harold Horwood, Evening Telegram, 4 November 1954.

representative to the House of Commons for Bonavista-Twillingate, had made the announcement about the plans for Twillingate in 1953, yet nothing had happened since. Horwood claimed the Twillingate fishers were showing a

new, hard-headed attitude toward the government. "Next time, they declared, "we are not going to vote for an election promise. If the government wants our support they can build the plant . . . first, and we'll vote for them afterwards."<sup>36</sup>

Horwood reported similar feelings expressed by the Bay de Verde fishing people.

These complaints, reported by the St. John's press, underscored the closeness with which the provincial government's development project was connected to the actions (or inactions) of this particular company. It was a consideration that grew in magnitude as the program progressed. In May, 1955, FPL received the extra \$500,000 to expand the Twillingate plant, despite the earlier objections by the NFDA.<sup>37</sup>

By late 1955, Monroe's company was beginning to feel the pressures of the glutted American frozen fish market. In the middle of his frozen fish plant expansion project, Monroe began to have second thoughts about the ability of the market to sustain increased production. Later, Monroe would talk about the coincidence of the timing of the introduction of the fish stick, and the start of the fisheries development

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<sup>36</sup>PANL GN 34/2, file 8/133, vol 1, newsclipping, "Political Notebook," by Harold Horwood, Evening Telegram, 4 November 1954.

<sup>37</sup>PANL GN 34/2, file 2/37 (1955), Certified Copy of Minutes, Fisheries and Cooperatives 404-'55.

program in Newfoundland:

It was perhaps an unfortunate coincidence that just about that time the fish stick boom was really taking shape the Premier announced his Fisheries Development Program - almost a case of "come and get it." The mixture - almost intoxicating. And then you have the background for the expansion that has taken place - fully justified and soundly planned in the light of that day.<sup>38</sup>

He admitted that he deserved some of the blame for the over-expansion, but did not think that any error on his part should deter the government from continuing to support his reorganization plan. Monroe now wanted to try to alter his plans for northeast coast development, reducing his commitment to frozen fish facilities and putting a renewed emphasis on saltfish. In a submission to the provincial government, he admitted that the frozen fish expansion program had been hastily-conceived, yet he argued the mistakes were understandable in light of the industry forecasts for the future.<sup>39</sup> If he had not taken a leadership role in developing the fishery, many people would have already left the sector and viable fishing communities would have been abandoned. "To an impartial observer," he claimed,

it will be apparent that Fishery Products have been the principal instrument in the development program to date - that they appointed themselves as "the instrument" but that there were some grounds for

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<sup>38</sup>PANL GN 34/2, file 25/53, newsclipping, "A Solution for Fresh Fish Over-Production" - a speech by Arthur Monroe given to the Newfoundland Board of Trade, Evening Telegram, 9 February 1957.

<sup>39</sup>CNS Archives, Smallwood Papers, file 3.12.040, "Fishery Products Limited, An Appraisal of our Policy, Plans and Prospects," 20 December 1955.



their believing that the Government expected them to take the lead.<sup>40</sup>

He concluded, as had the Newfoundland Fisheries Development Committee two years earlier, that plants with freezing facilities alone would not be viable north of Cape Bonavista. Monroe proposed to turn the Twillingate plant into a combined freezing and salting operation, and turn the Catalina plant into a salting operation. He would sell his financially-troubled Joe Batt's Arm and Change Islands freezing plants to another operator who might have more luck in running them profitably. Bay de Verde, he claimed, would never sustain a freezing plant, so it would be wise to drop any plans to build there.

Shortly after drawing up this proposal for the restructuring of the fishery development program, Monroe sent the government a copy of a letter he had received from his banker, concerning financial difficulties induced by the expansion program.<sup>41</sup> Another \$500,000 was needed for working capital in the coming year or the company would be in severe financial difficulty. The new plants, Twillingate and Catalina, were expected to come into operation soon and the extra money was needed. Monroe followed the letter with an appeal of his own, asking for the extra

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<sup>40</sup>CNS Archives, Smallwood Papers, file 3.12.040, "Fishery Products Limited, An Appraisal of our Policy, Plans and Prospects," 20 December 1955.

<sup>41</sup>CNS Archives, Smallwood Papers, file 3.12.040, letter to Arthur Monroe from C.R. Handrigan, Bank of Nova Scotia, 27 December 1955.

funding.<sup>42</sup> He could no longer operate the plants at Joe Batt's Arm, Change Islands, Long Harbour and his saltfish operations at Bay Roberts. He asked that the government buy the plants from him for \$740,000, the proceeds of which would be used for the Catalina and Twillingate plants. Building a new plant at Bay de Verde was impossible. As well, he reiterated his earlier request to add salting facilities to Twillingate and Catalina. He referred to the recent protests by Fletcher Smith of the Nova Scotia saltfish industry, saying that it was more important than ever to prevent that province from undermining Newfoundland's saltfish sector (see Chapter Three for a discussion of Smith's protests). Other problems, such as the high costs he had incurred in promoting his name brand, Blue Water Seafoods, and attempting to compete with Nova Scotian firms in the Canadian domestic market, had contributed to his financial difficulties. Monroe adamantly defended his company against charges it was incompetent, arguing that the Newfoundland Fisheries Development Authority had falsely given the government the impression that FPL did not know what it was doing. Rather, he insisted, it was the NFDA that was incompetent in not understanding the changes taking place in the industry. Again, he emphasized the stake that the provincial government had in his operations. To call in its loan would lead to "a great deal of disruption and consequent loss . . . as confidence would be destroyed and both sales outlets and parts of an organization which have taken years

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<sup>42</sup>CNS Archives, Smallwood Papers, file 3.12.040, letter to Smallwood from Monroe, 16 January 1956.

to build up would evaporate.<sup>43</sup> Despite problems, Monroe argued that his company was the only one capable of carrying out such an ambitious plan.

Harry Dustan, of the NFDA, responded to Monroe's January 16th letter by saying it "confirm[ed] the existence of a situation which we feared and anticipated might develop."<sup>44</sup> The government had been concerned about the financial position of the company for some time. Regarding the specific requests, he noted that the Long Harbour, Change Islands, and Joe Batt's Arm operations were difficult, and Monroe should not be permitted to get rid of these operations, while keeping the more profitable ones for himself. Furthermore, the company should be required to continue all its present operations, without any additional expansion. Dustan suggested that in the future, tighter control of FPL's financial operations should be sought, and the existing agreements should be consolidated into a new contract, with a realistic amortization schedule.

A series of letters between Smallwood and Monroe over the next few months negotiated the terms of a new agreement.<sup>45</sup> The Premier insisted that Monroe

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<sup>43</sup>CNS Archives, Smallwood Papers, file 3.12.040, letter to Smallwood from Monroe, 16 January 1956.

<sup>44</sup>CNS Archives, Smallwood Papers, file 3.12.040, memo from H.G. Dustan re: 16 January 1956 letter from Arthur Monroe, 30 January 1956.

<sup>45</sup>CNS Archives, Smallwood Papers, file 3.12.040, letter to Monroe from Smallwood, 1 February 1956; letter to Smallwood from Monroe, 7 February 7, 1956; letter to Monroe from Smallwood, 23 February 1956; letter to Smallwood from Monroe, 23 February 1956; letter to Smallwood from Monroe, 25 February 1956.

complete the Catalina and Twillingate plants, and consult with the government before any of the company's assets were sold. Monroe, on his part, talked about the extreme conditions in the United States' market and how it had crippled companies such as his which had expanded to meet the anticipated demand. Competition with Nova Scotia, in both the saltfish and frozen fish sectors, was, he reiterated, also detrimental to the Newfoundland industry. Finally, in April, 1956, a new consolidated loan agreement was reached.<sup>46</sup> Interest on the loans already in default, as well as for those of 1956 and 1957 would be deferred, and a new repayment schedule created, with the final balance being retired in 1978. The company was to complete and operate the plants already under construction, but was released from the commitment to build at Bay de Verde. As well, the government and the company would appoint a committee to oversee the financial direction of FPL, which also received additional loans of \$500,000 for working capital<sup>47</sup> and \$275,000 for the completion of the Catalina plant.<sup>48</sup>

Late in 1956, the new custodian of the FPL account arrived. After the provincial election in 1956, Smallwood had moved Keough out of the Fisheries

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<sup>46</sup>PANL GN 34/2, file 82/3, vol. 1, Certified Copy of Minutes, 390-'56, Fisheries and Co-operatives 18-'56.

<sup>47</sup>PANL GN 34/2, file 82/3, vol. 1, Certified Copy of Minutes 391-'56, Fisheries and Co-operatives 18-'56.

<sup>48</sup>PANL GN 34/2, file 82/3, vol. 1, Certified Copy of Minutes 391-'56, Fisheries and Co-operatives 19-'56.

portfolio, and replaced him with the newly-elected member from Burgeo-LaPoile, John T. Cheeseman. Keough had never had much direct involvement with Monroe while he was Minister of Fisheries<sup>49</sup>: indeed, with his background as a co-operative worker and his anti-fisheries monopoly views, Keough was hardly the type with whom Monroe would have felt comfortable dealing. John Cheeseman, on the other hand, had a similar background to Monroe, in that he came from a merchant family, and had close ties to a frozen fish company in Newfoundland, John Penny and Sons.

Cheeseman, born in Port au Bras in 1892, and educated there and at Bishop Feild in St. John's, joined his father's Burin area fisheries business in 1909.<sup>50</sup> He was first elected to the House of Assembly in 1919. After losing his seat in 1923, he joined the firm of Burin Import and Export Company. In 1930, he formed his own firm, Cheeseman and Co. During the Commission of Government era, Cheeseman worked as the Chief Inspector for Fisheries, and then as the Chief Fisheries Officer. He began a long-time association with John Penny and Sons of Ramea when he joined its Board of Directors in the 1940s. He remained a Director throughout the 1950s, occasionally writing to the provincial government on the company's behalf

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<sup>49</sup>Evidence in the Smallwood Papers at the CNS Archives and the Department of Fisheries files at PANL suggests that from 1950 to 1956, Smallwood was the primary contact for Arthur Monroe. After 1956, John Cheeseman became Monroe's primary contact.

<sup>50</sup>*Encyclopedia of Newfoundland and Labrador*, vol. 1, J.R. Smallwood, ed. (St. John's: Newfoundland Book Publishing Company, 1981), 410.

before his election to the House of Assembly.<sup>51</sup> Even after his appointment as Minister of Fisheries, he retained his seat on the Board, although he relinquished his voting privileges. Cheeseman, like Smallwood, remained a defender of FPL through the years, despite frequent problems.

After the 1956 re-negotiation of the loan agreement, Monroe continued with the project, opening both his Twillingate and Catalina plants within the next few years. Several sources of tension, however, characterized the relationship between Monroe and the Newfoundland government. The issue of financial control over FPL's operations caused resentment on both sides. According to the 1956 agreement, and in order that the government could take tighter control of FPL's finances, a financial advisory committee was created; government was also to be consulted before the company made any major decisions such as buying or selling property. For Monroe, who was known as an individualist who had difficulty taking advice from others, this was a constant irritant. Either intentionally or unintentionally, Monroe frequently attempted to circumvent this process. Meetings of the Board of Directors, to which a government representative was appointed, were sporadic. He abruptly disbanded the special financial advisory committee in 1959.<sup>52</sup> Government control, however, extended to the manner in which he operated his

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<sup>51</sup>PANL file NFDA John Penny and Sons, letter to H.G. Dustan from John Cheeseman, 26 June 1954; letter to Dustan from Cheeseman, 12 November 1954.

<sup>52</sup>PANL GN 34/2, file 82/3, vol. 5, letter to Monroe from Cheeseman, 3 June 1959.

company, where he directed the firm's resources and which plants he operated or closed. For example, NFDA members became upset when they learned in 1958 that Monroe had changed the design of the Twillingate plant, making it smaller than planned, without asking permission from the government.<sup>53</sup> When they learned that Monroe had been shipping construction and other supplies from the Twillingate site to his other properties, the provincial government penalized him.<sup>54</sup> The ongoing issue of the operation of the Joe Batt's Arm and Change Islands plants was finally resolved when the provincial government proved unable to force him to continue operating them. He closed them in 1960.<sup>55</sup>

Another continuing area of contention was Monroe's attempts to restructure his company's finances by giving the government FPL shares in return for forgiving all loans. Monroe had tried during the Commission of Government era,<sup>56</sup> and the

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<sup>53</sup>PANL GN 34/2, file 82/3, vol. 5, letter to Ross Young, NFDA from L.J.M. (no name given), employee of NFDA, 7 March 1958.

<sup>54</sup>PANL GN 34/2, file 2/37 (1959-60), Certified Copy of Minutes, 121-'60, Fisheries 2b-59. Originally, the provincial government ordered that FPL pay the depreciation costs of a fish meal machine that was intended for Twillingate, but Monroe moved to Trepassey. In this piece of legislation, however, the order was rescinded, provided the company not transfer any more equipment without government permission.

<sup>55</sup>PANL GN 34/2, file 82/3 vol. 5, letter to Cheeseman from Monroe, 4 March 1960. Monroe blamed the closure of his Joe Batt's Arm plant on the fact that most fishers there preferred to salt their own fish rather than sell to his plant.

<sup>56</sup>PANL GN 34/2, file 83/2, vol. 1, memo re: proposed government assistance, FPL, 3 May 1947.

Bait Service Deal of 1953 to get the government to accept shares in his company in return for capital. He tried again in 1957, 1960 and 1961, making proposals which would give official ownership of FPL assets to the provincial government, while FPL in turn was to rent the facilities for a nominal fee.<sup>57</sup> The loans would be retired with the government's acceptance of FPL shares, the dividends of which would be paid after a ten-year period. On these occasions, Harry Dustan recommended against the proposals, saying the deal left the government with little security or guarantee that it would ever get its money back.<sup>58</sup> He argued that all the benefits would go to the shareholders and the company which would get out of paying its loans.

Although the Newfoundland government declined Monroe's offers of the FPL shares, the company continued to receive support from both Cheeseman and Smallwood. In a memo to Cabinet, Cheeseman defended FPL, despite its chronic financial problems. "From the day in the year 1950 when this company received its first loan from the government," he explained,

it started to weaken and as the loans increased the patient became

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<sup>57</sup>PANL GN 34/2, file NFDA Fishery Products Limited 1957-58, "Financial Re-organization plan of Fishery Products Limited and New Company"; CNS Archives, Smallwood Papers, file 2.11.012 (1960), memo to Executive Council from J.T. Cheeseman, 28 March 1960; file 2.11.013, memo to Executive Council re: FPL, 19 December 1961.

<sup>58</sup>PANL GN 34/2, file 82/3, vol. 4, memo to Cheeseman from Dustan, 30 December 1957; file 82/3, vol. 5, memo to Cheeseman from Dustan, 28 December 1961.



weaker until finally when no further loans were available the patient almost passed out. Indeed, the crisis has not yet completely passed and, as I shall endeavour to show in this memo further blood transfusions will be necessary.<sup>59</sup>

Rapid expansion, without sufficient financial control by either Monroe himself or the government, was the main result of the loans. Cheeseman argued that the financial situation of the company, nevertheless, was of vital importance to the economy of Newfoundland, and particularly the thousands of people living within its areas of operation. "Indeed," he claimed, "the failure of this company would be a major disaster to Newfoundland. It has been my constant endeavour since assuming office to try and avert this."<sup>60</sup> Getting the expenditures under control and getting the personal trust and co-operation from Arthur Monroe had been his priority. He was pleased to report that despite adversities, such as criticisms in the press and the individualistic tendencies of Monroe's personality, he had accomplished this task. Finances were under tighter control and the company showed signs of pulling out of its difficulties. Cheeseman concluding by saying there would be no benefit to either company or government by withholding further assistance. With a couple of profitable seasons, and a spirit of co-operation between management and government, the company would be on firmer ground financially. "Its importance to

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<sup>59</sup>CNS Archives, Smallwood Papers, file 2.11.011 (1959), memo by J.T. Cheeseman re: Fishery Products Limited, 30 December 1958.

<sup>60</sup>CNS Archives, Smallwood Papers, file 2.11.011 (1959), memo by J.T. Cheeseman re: Fishery Products Limited, 30 December 1958.

the economic and social health of Newfoundland demands the effort.<sup>61</sup>

That the Minister of Fisheries of Newfoundland placed the highest importance on supporting the financial health of this one company suggests how the path of fisheries development had come to focus on FPL. After millions of dollars being directed to Arthur Monroe's company, the fate of FPL and of the government fisheries development program were virtually identical.<sup>62</sup>

#### Other Major Frozen Fish Companies

Another company which was involved in the Newfoundland fisheries development program, although not to the same extent as FPL, was Bonavista Cold Storage (BCS). Hazen Russell, owner of the company, first became involved in fisheries development in the early 1950s, when the federal government built a

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<sup>61</sup>CNS Archives, Smallwood Papers, file 2.11.011 (1959), memo by J.T. Cheeseman re: Fishery Products Limited, 30 December 1958.

<sup>62</sup>PANL GN 34/2, file 82/3, vol. 5, newsclipping, "Fishery Products Receive New Lease" Daily News, 13 June 1963. Smallwood announced a moratorium on FPL's loan repayments. Although it is difficult to track the progress of the repayments on specific loans after 1970, other documents suggest that FPL continued to rely on both federal and provincial government loans. See William Schrank, et al., "The Cost," Table 5 and notes. The notes indicate that the companies that made up FPI - FPL, The Lake Group, John Penny and Sons and Nickersons, owed a total of \$25.5 million to the Newfoundland Government as of 1982-83. Also, "Fishery Products Limited - Notes to Consolidated Financial Statements, December 31, 1977," (obtained from W. Schrank), suggests that FPL's long-term debt amounted to \$17,749,000. Of that amount, \$1,849,000 was for a mortgage loan given by the provincial government. Other loans were from provincial government agencies - \$2,876,000 was from the Newfoundland Industrial Development Corporation; \$389,000 was from the Newfoundland and Labrador Development Corporation Limited. The provincial government had also guaranteed over \$5 million in bank loans for the company.

mechanical fish drying plant at Bonavista (see Chapter Three).<sup>63</sup> As well, Russell was one of two men chosen to represent the fishing industry on the Newfoundland Fisheries Development Committee. His main involvement in fisheries development was the building of a trawler-based fish plant at Grand Bank. As recounted in Chapter Two, BCS was originally affiliated with Northlantic Fisheries, the holding company that comprised BCS, Job Brothers and a number of other fish companies. In the early 1950s, Northlantic applied to the provincial government to build the Grand Bank plant.<sup>64</sup> After Hazen Russell had resigned from Northlantic in early 1953, severing his ties with the Job companies, the project became uncertain. Northlantic had already received loans to buy three trawlers for the plant but, after the departure of Russell, the remaining directors decided they did not want to go ahead with the plan. Smallwood approached Russell, asking him to rescue the project. Russell agreed, and in 1953 BCS received a loan of \$1,050,000 to build a

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<sup>63</sup>BCS continued to operate the plant after the federal government had finished the active part of the experiment. Eventually, BCS bought the building, and later converted it into a crab processing plant. Although the quality of the dried fish produced was considered good, costs in running the plant were too high to justify continuing the operation.

<sup>64</sup>For an outline of the earlier Northlantic deal, and how the project was transferred over to BCS, see PANL GN 34/2, file NFDA Bonavista Cold Storage, memo to cabinet from W.J. Keough, 15 November 1954. Also, a number of documents in PANL GN 34/2, file 82/14, vol. 2 deal with the pull-out by Northlantic on the Grand Bank deal, and the subsequent takeover by BCS.

frozen fish plant at Grand Bank, as well as expand his Bonavista premises.<sup>65</sup> The loan originally issued to Northlantic for trawlers was transferred to BCS, and BCS bought the vessels from Northlantic.<sup>66</sup> Over the next few years, BCS received loans for working capital (\$350,000)<sup>67</sup>, as well as for two side trawlers, the Luckimee (\$140,000)<sup>68</sup> and the Fortune Star (\$75,000).<sup>69</sup> Including a new stern trawler the company purchased in 1961 (one of the first stern trawlers in the province), loans to this company totalled \$2,338,300 in this period.<sup>70</sup>

The relationship between Hazen Russell of Bonavista Cold Storage and the provincial government was less tumultuous than that between Arthur Monroe and the government. Russell was less inclined to embark on large-scale plans for his company than was Monroe, and BCS remained a much smaller company, thus avoiding the overextension of resources experienced by FPL. The BCS operations,

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<sup>65</sup>PANL GN 34/2, file 2/7 (1953), Certified Copy of Minutes 832-'53, Fisheries and Co-operatives.

<sup>66</sup>PANL GN 34/2, file 2/37 (1953), Certified Copy of Minutes 901-'53, Fisheries and Co-operatives.

<sup>67</sup>PANL GN 34/2, file 2/37 (1956), Certified Copy of Minutes 279-'56, Fisheries and Co-operatives 6-'56.

<sup>68</sup>PANL GN 34/2, file 2/37 (1957), Certified Copy of Minutes 174-'58, Fisheries and Co-operatives 4a-'58.

<sup>69</sup>PANL GN 34/2, file 2/37 (1958), Certified Copy of Minutes 175-'58.

<sup>70</sup>CNS Archives Smallwood Papers, file 3.12.036, "Loans to Bonavista Cold Storage Company Limited."

however, were not without difficulties of various kinds. There was a chronic lack of sufficient supply of fish for the Grand Bank plants until the company acquired more trawlers. A number of labour conflicts affected operations as well. Recurring disputes between the longliner and inshore fishers over access to the Bonavista plant also occurred.<sup>71</sup> BCS, however, was less demanding of government resources and had fewer problems paying back its loans.<sup>72</sup> Although Russell accepted the need for government loans, he believed that ultimately private enterprise was the only path to economic development. At a Newfoundland Board of Trade dinner, he suggested that there was a danger to the freedom of private enterprise with too much

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<sup>71</sup>PANL GN 34/2, file 8/234, vol. 1, memo to Cheeseman from Ross Young, 2 July 1957; file NFDA Bonavista Cold Storage vol. 1 Loan \$600,000, 1953-59, memo to Cheeseman from Ross Young, 11 June 1957. The Bonavista plant, being seasonal, had its busiest time in July, when both the longliner and trap fishers were trying to sell their fish. The plant, however, was not big enough to handle all the fish during the "rush" season, and BCS began to restrict the number of days that inshore and longliner fishers could land their fish at the plant. Labour disputes at Grand Bank also occurred, the first of which was over union recognition. See PANL GN 34/2, file NFDA Bonavista Cold Storage vol. 1 Loan \$600,000, 1953-59, memo to Cheeseman from Ross Young re: 1956 strike. Cyril Strong, My Life as a Newfoundland Union Organizer (St. John's: Canadian Committee on Labour History, 1987), Chapter Seven, talks about the various labour disputes in the fish processing industry in the 1950s.

<sup>72</sup>CNS Archives Smallwood Papers, file 3.12.036, "Loans to Bonavista Cold Storage Company Limited." According to this document, by 1961, the company had paid back \$1,315,270, including interest. According to a document in the personal files of Mr. Paul Russell, "Long Term Loans and Interest," the company had received a total of \$7,586,950 from both federal and provincial governments, between 1953 and 1975. As of 31 December 1977, all but \$865,000 had been repaid (the remaining loans came due in 1979) (copy of this document available in personal files of Miriam Wright).

government involvement.<sup>73</sup> He said he looked forward to the day when private capital and an "understanding government with sound long-term trade policies" would work together in fisheries development.

Two other companies were among the largest frozen fish producers in Newfoundland and received substantial provincial government loans: John Penny and Sons of Ramea and the group of companies owned by the Lake family of Fortune. These two south coast companies became linked through several joint business ventures, as well as through a marriage between the two families. John Penny and Sons, after the death of owner Senator George Penny in December, 1949, was headed by his widow, Marie, the former Marie Smart of Port aux Basques, and their daughter, Margaret, who graduated in 1950 from the Mount St. Vincent School of Commerce in Halifax.<sup>74</sup> Although Marie Penny took the helm of the family business rather late in life, she was widely respected among her colleagues as well as government representatives as an able manager. In 1967, she became the first woman to be elected President of the Fisheries Council of Canada, a national organization of fishing companies. The firm itself did not undergo any major expansions during this period. Apart from acquiring a couple of loans for trawlers,

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<sup>73</sup>PANL GN 34/2, file NFDA Board of Trade, "Newfoundland Fisheries," by H. Russell, Board of Trade Dinner, 8 February 1955.

<sup>74</sup>PANL GN 34/2, file NFDA John Penny and Sons, "The Penny Story."

the Ramea operations remained much as they were before Confederation.<sup>75</sup>

Like the Pennys, the Lakes had roots in the banks fishery. H.B. Clyde Lake was born in Fortune in 1884 and became a captain of a banking schooner at the age of twenty-two.<sup>76</sup> Shortly thereafter, he formed a business, known as Lake and Lake, with other family members. In 1924, he was elected to the House of Assembly for Burin, serving two terms, including a stint as the Minister of Fisheries in the Richard Squires government. After his defeat, he founded H.B. Clyde Lake Limited, a saltfish export and mercantile goods import company based in St. John's. By the late 1940s, H.B. Clyde Lake Ltd. was one of the largest exporters of saltfish in Newfoundland. Lake had two sons who followed him into the fishing business, Spencer and Harold, both born in Fortune, but educated in St. John's.<sup>77</sup> These young men eventually joined their father's business in St. John's - Spencer after a few years on the salmon-freezing vessel owned by Job Bros., the Blue Peter (see Chapter Two), and Harold after serving overseas in World War II.

The Lakes moved into the frozen fish business in 1951, when they formed Gaultois Fisheries Limited. The major shareholders included H.B. Clyde Lake

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<sup>75</sup>PANL GN 34/2, file 2/37 (1952), Certified Copy of Minutes, 396-'52, Fisheries and Co-operatives - loan for \$95,000; file 2/37 (1959-60), Certified Copy of Minutes 314-'59, Fisheries and Co-operatives 33-'59 - loan for \$100,000.

<sup>76</sup>Encyclopedia of Newfoundland and Labrador, vol. 3, Cyril Poole, ed. (St. John's: Harry Cuff Publishing, 1991), 234-135.

<sup>77</sup>Encyclopedia of Newfoundland and Labrador, vol. 3, Cyril Poole, ed.; Harold Lake - 235; Spencer Lake - 236.

Limited, and Fulham Brothers, a New England fish processing company.<sup>78</sup> They received a loan of \$425,000 from the provincial government for their new frozen fish plant at Gaultois, with the provision that they collect fish from inshore fishers in communities in the surrounding area as well as from Gaultois.<sup>79</sup> The Gaultois plant, however, was a problematic operation, and the Lakes had problems making payments on their government loans. The provincial government postponed payment dates on numerous occasions, so that by 1971, the Lakes still had not made any payments on the Gaultois loan.<sup>80</sup>

The Penny family joined forces with the Lakes of Fortune in 1954, when Marie and Margaret, along with members of the Lake family, formed a company and bought the former FPL plant at Burgeo.<sup>81</sup> Together, they received a loan of

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<sup>78</sup>Newfoundland and Labrador Registry of Deeds, file 2299, Gaultois Fisheries Limited. The company severed its relationship with Fulham brothers in 1957.

<sup>79</sup>PANL GN 34/2, file 2/37 (1952), Certified Copy of Minutes, 202-'52, Fisheries and Co-operatives 13-'52.

<sup>80</sup>MHA Harold Lake Papers, list found among newspaper clippings in file list folder, "Taken from Public Accounts of Province of Newfoundland for Year Ended - Gaultois Fisheries Ltd." In a newspaper clipping found in the same file, "Cod Crisis/Deja vu for retired processor." *The Express*, 22 July 1982, Harold Lake claimed that by 1982, the Lake Group of Companies owed \$18,000,000.

<sup>81</sup>PANL GN 34/2, file NFDA Burgeo Fish Industries Ltd., memo to Ross Young and Harry Winsor from Harry Dustan, 5 November 1954. The memo indicates that of this company, H.B. Clyde Lake and John Penny and Sons each held 2,500 shares. Marie Penny held 1,499 shares, as did Spencer Lake. Margaret Penny held 1,999.



\$650,000 to refurbish the Burgeo plant and buy trawlers.<sup>82</sup> This business partnership was nearly jeopardized in 1956, however, when Margaret Penny married Spencer Lake.<sup>83</sup> Initially, Marie Penny disapproved of the union, and feared that Spencer Lake had ambitions to take over John Penny and Sons. Marie Penny informed the provincial government that she was withdrawing her shares in the Burgeo venture.<sup>84</sup> Whatever the personal feelings in the matter, however, the two families maintained their business partnerships over the years.<sup>85</sup> As well, the Lake family enterprises continued to grow, and by the 1970s had become one of the largest producers of frozen fish, behind FPL.<sup>86</sup>

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<sup>82</sup>PANL GN 34/2, file 2/37 (1954), Certified Copy of Minutes 801-'54, Fisheries and Co-operatives.

<sup>83</sup>PANL GN 34/2, file NFDA John Penny and Sons, letter to H.G. Dustan from Marie Penny, 7 August 1956.

<sup>84</sup>PANL GN 34/2, file NFDA John Penny and Sons, letter to H.G. Dustan from Marie Penny, 29 September 1956; Newfoundland and Labrador Registry of Deeds, file 2566, Burgeo Fishing Industries Ltd. Marie Penny did indeed resign as co-manager of this company and she sold her own shares, and the shares belonging to John Penny and Sons Ltd. to her daughter, Margaret.

<sup>85</sup>Newfoundland and Labrador Registry of Deeds, file 2756, Caribou Fisheries Inc. This company, formed in May, 1956, was a U.S. selling agent for the Penny and Lake companies, marketing the "Caribou" brand of frozen fish. Marie Penny kept her shares in this company after the marriage of her daughter. Her daughter, likewise, remained on the Board of Directors of John Penny and Sons. In 1963, the two families formed another company, Caribou Reefers. The directors included Marie Penny, Harold Lake, Spencer Lake, Margaret Lake, and lawyer Doug Hunt. (MHA Harold Lake Papers, Box 44, black binder - "Caribou Reefers").

<sup>86</sup>Newfoundland and Labrador Registry of Deeds, file 749, John Penny and Sons. After Marie Penny's death in 1971, Spencer Lake bought his mother-in-law's shares,

One of the other major companies to receive government loans was North Eastern Fish Industries, owned by the Moores family. Adding to its Harbour Grace processing plant, it opened a plant at Fermeuse on the southern shore in 1952. The provincial government gave the company \$400,000 in loans for trawlers.<sup>87</sup> Later, the concern bought another plant at Port de Grave. By the end of the 1960s, however, this company had been dismantled, the Moores family having sold the majority interest to a British firm, Unilever Limited, in 1965.<sup>88</sup> A division of Unilever, Birds Eye Foods Ltd. (UK) operated the plant for a few years, then withdrew from the enterprise. The Newfoundland government, which held the mortgages on the company's properties, sold the assets of North Eastern to other Newfoundland processors.

#### The Little Report

Taken together, FPL, BCS, John Penny and Sons, North Eastern Fish Industries, and the enterprises owned by the Lake family, represented the largest

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and John Penny and Sons became affiliated with the "Lake Group" of companies. A list of Lake associated companies in the mid-1960s included H.B. Clyde Lake, Lake Shipping Co. Ltd., Gaultois Fisheries, Caribou Reefers, Maritime Trading Corp., Burin Dock and Machine, Ross Lake Canada, Burgeo Fish Industries, Burgeo Trawlers (MHA Harold Lake papers, Box 44, black binder - list of Lake family companies). Also, in the early 1970s, the Russell family sold BCS to the Lakes.

<sup>87</sup>PANL GN 34/2, file 2/37 (1953), Certified Copy of Minutes, 570-53, Fisheries and Co-operatives 42-53.

<sup>88</sup>PANL GN 34/2, file NFDA Northeastern Fish Industries - Harbour Grace, "Northeastern Fish Industries Limited, Harbour Grace, Newfoundland - Application to the Provincial Government for Financial Assistance," 5 April 1968.

producers of frozen fish in Newfoundland and were also the major recipients of provincial government loans. They were the centrepieces of the Smallwood government fisheries development program. Thus, the health of these enterprises was equated with the health of the fisheries development program in general. When many of these companies experienced financial difficulties in the mid-1950s, the Smallwood government took action to assist them. It hired a business consultant, Arthur D. Little, Inc., of Boston, to help the companies through the market slump taking place in the American frozen fish markets.<sup>89</sup> Little's mandate was to provide an analysis of the US market situation, as well as to study in detail the individual plant's finances and operations, and then to make suggestions for improving efficiency and increasing production. Three companies, the largest recipients of government loans, were studied - FPL, BCS, and Gaultois Fisheries Ltd. At the request of Spencer Lake, his Burgeo plant was also included in the study.<sup>90</sup>

Arthur D. Little Inc. submitted the "Little Report," as it was known, to the Newfoundland government in May, 1958.<sup>91</sup> The report argued that the main problems in the Newfoundland industry were a depressed US market and an

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<sup>89</sup>PANL GN 34/2, file 8/3/2, letter to Cheeseman from John. H. Adams, Arthur D. Little Inc., 22 April 1957.

<sup>90</sup>PANL GN 34/2, file 8/3/2, letter to Cheeseman from Spencer Lake, 16 September 1957; letter to Spencer Lake from Cheeseman, 19 September 1957.

<sup>91</sup>PANL GN 34/2, file NFDA Arthur D. Little, Inc., "Analysis of the Newfoundland Frozen Fish Industry - Report to Department of Fisheries, Province of Newfoundland" by Arthur D Little, Inc., 16 May 1958.

overexpansion of capital facilities. Taking a larger share of the American market was extremely important for Newfoundland companies, it asserted. Increases in the amount of frozen fish purchased in the United States were linked to increasing population size, not increasing demand. To improve their position in the American market, the Little Report recommended that the fishing companies co-ordinate their marketing strategies. It claimed that the buyers, the larger New England processors, knew far more about market conditions and used their knowledge to take advantage of the Newfoundland firms. Forming a joint marketing agency, whereby the companies could obtain market information, and perhaps even produce a common "Newfoundland" brand of frozen fish, would put Newfoundland companies in a better bargaining position. Until the firms stopped viewing each other, rather than the New England buyers, as the adversary, the Newfoundland frozen fish industry would continue to have a disadvantaged position. The Little Report criticized the government's handling of the development program, recommended a moratorium on further plant building schemes, and also that the government monitor more closely the companies receiving loans. Despite these recommendations, however, no Newfoundland frozen fish marketing agency was ever established.

A large section of the Little Report dealt with the operations of the three companies. The Arthur D. Little Inc. staff provided detailed studies of the financial condition, plant layout, labour productivity and efficiency, methods and so on. They made particular suggestions for each plant, primarily along the lines of reducing fixed

costs, and increasing labour productivity. For some operations, they suggested more government loans be extended for the acquisition of trawlers, to make a plant more efficient. Plant and trawler labour, however, were not consulted in this process. Indeed, representatives from the Burin Workers Union at the FPL Burin plant had appealed to the government to have the issues of plant wages and prices paid to fishers included in the study.<sup>92</sup> Their requests were rejected, along with subsequent requests to see a copy of the completed report.<sup>93</sup>

The hiring of a business consultant at public expense to look at the ills of the fishing companies, rather than the broader issues of prices and wages, suggests how closely the provincial government was focusing on these particular enterprises. By the late 1950s, the Smallwood government had invested so much time, energy and resources in supporting these companies, particularly FPL, that their very survival had become critical to the fisheries development project as a whole. (What is good for Fishery Products is good for Newfoundland.) Indeed, other changes that took place in the provincial Department of Fisheries and Co-operatives suggest how the frozen fish sector expansion project was coming totally to dominate the agenda. The replacement of W.J. Keough, the former co-operatives worker, with John Cheeseman,

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<sup>92</sup>PANL GN 34/2, file 8/323. letter to Cheeseman from Lester Farewell, President, Fisherman's Federal Labour Union No. 24560 (Burin), 10 May 1957.

<sup>93</sup>PANL GN 34/2, file 3/323. letter to Cheeseman from Lester Farewell, 9 January 1958; letter to Farewell from Cheeseman, 3 February 1958; letter to Farewell from Cheeseman 10 November 1959.

a fish trade member, as Minister of Fisheries, for example, shows how priorities in the fisheries department had shifted. Having a Minister of Fisheries who understood the frozen fish industry became far more important than developing fisheries co-operatives. In fact, in 1956, the provincial government transferred the "Co-operatives" division from the Department of Fisheries to the Ministry of Mines and Resources.<sup>94</sup> Henceforth, the Department of Fisheries and Co-operatives became simply the Department of Fisheries, formally dropping responsibility for fisheries co-operative work - in practice most of the departmental staff responsible for co-operative work had already been laid off by 1956.

#### Conclusion

Understanding what happened to fisheries development in the first decade after Confederation involves looking at both how and why the relationship between the government and the fishing companies developed, and what its legacy was. With little federal support for the fisheries, Newfoundland was essentially on its own. For Smallwood, funding the frozen fish companies was a quick path to creating an industrial fishing economy, which the hegemony of the day suggested was the only path to future prosperity. In the Confederation campaigns, Smallwood had promised to build a new Newfoundland, which would provide the amenities of industrial North American society to the people of the province. In the early 1950s, Smallwood had tried to initiate this through embarking on a series of large industrial projects.

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<sup>94</sup>PANL GN 34/2, file 2/37 (1956), Certified Copy of Minutes 735-'56, Fisheries.

NALCO (Newfoundland and Labrador Corporation), a natural resources development company, a rubber factory at Holyrood, and BRINCO (British Newfoundland Corporation) were just a few of the ill-fated projects that Smallwood engineered in the first few years after Confederation.<sup>95</sup> What he planned for the fishery, although not quite so grandiose in terms of funding, was part of Smallwood's industrialization plan and consistent with the hegemonic model of development of western society.

For the frozen fish companies themselves, this relationship with the provincial government offered them a means to invest in the new technology required to compete in the larger North American frozen fish market. These family-owned firms had had difficulty obtaining long-term loans from the chartered banks. Finding capital for plants and trawlers was a Smallwood priority, and the provincial government filled that need.

This private enterprise/state relationship left several legacies for the future of the Newfoundland fishery. The fact that one company, FPL received the bulk of provincial loans in this period - indeed became the centrepiece of fisheries development - had several repercussions. First, by giving FPL such a large role in fisheries development (and so much financial assistance), the provincial government aided the dominance of this firm in the industry. Although FPL was the largest producer of frozen fish before Confederation, the assistance given by the government

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<sup>95</sup>See Harold Horwood, *Joy*, chapters 10 and 11.

allowed it to expand at an accelerated rate. Soon, this one company owned more plants, more trawlers, and employed more people than any other company. We must ask if contributing to the dominance of this firm was necessarily to the benefit of the thousands of people who worked for, or sold fish to, this company. Smallwood saw it as providing employment, but others in the provincial Department of Fisheries, such as H.G. Dustan, wondered if giving so much power to one company would stifle competition and lead to lower prices for fish. Ironically, W.J. Keough warned in 1951 that the fishing people of Newfoundland would be ill-served if the old saltfish merchants were replaced by "new fish monarchies," yet that seems to have happened with FPL.<sup>96</sup> Another significant aspect of the massive support given to this company was the degree to which it became dependent on government funding. This began the cycle of dependency between the frozen fish industry and the state that culminated with the 1982/83 government bailout of bankrupt fishing companies and the creation of Fishery Products International.<sup>97</sup>

Another legacy of this era in Newfoundland fisheries development was the overcapacity in processing facilities that resulted. Overcapacity was particularly problematic for the northeast coast plants, which could only operate for a few months of the year because of climate. For these large processing plants to remain

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<sup>96</sup>PANL GN 34/2, file 3/32/2, radio address by W.J. Keough c. 1951.

<sup>97</sup>William E. Schrank, Blanca Skoda, Paul Parsons, Noel Roy, "The Cost." The companies that comprised FPI were Fishery Products Limited, The Lake Group, John Penny and Sons, and H.B. Nickerson.



economically viable, a steady supply of fish was needed. To meet this need, company owners increasingly came to depend on trawler technology. This, at the threshold of the escalation of the international fishery effort in the water off Newfoundland in the late 1950s and early 1960s, was to put tremendous pressure on the resource. In the next chapter, we will look at the expanding international fishery, its impact on the Newfoundland fishery, and demands from inshore fishing people and frozen fish company owners alike for government action on the issue.

Chapter Five - A Changing Fishery and New Demands  
For Fisheries Development in Newfoundland, 1959-1963

By 1960, the Newfoundland fishing economy was well on its way to making the transition from the older world of the saltfish trade to the realm of frozen fish, industrialization and the North American domestic market. Frozen fish production had doubled in the decade after Confederation. The inshore fishery, however, which still engaged the majority of fishing people in Newfoundland, had received little attention in the first ten years of Confederation. Both the industrial sector and the inshore fishery were to be profoundly affected by the events of next few years, particularly the expansion of the foreign offshore fleets fishing off the coast which began in the late 1950s. By the early 1960s, both inshore fishing people and the frozen fish industry had begun to complain about changing conditions and were demanding assistance from the government to help alleviate their growing problems.

The general discontent with the level of government programs for the fishery focused on several issues, including the campaign to encourage the Canadian government to implement a twelve-mile fishing limit to help curb foreign fishing, changes to the newly-introduced Unemployment Insurance program for fishers, and the capital assistance programs for acquiring the new technology needed to survive in more competitive conditions. Both the Frozen Fish Trade Association and the Newfoundland Federation of Fishermen lobbied the provincial government on behalf of their constituents to take action on the changing conditions in the fishery. Finally, in 1963, the Smallwood government made its first official appeal to the federal

government for a renewed fisheries development program, the first since the tabling of the Walsh Report a decade earlier. This chapter will begin by looking at how the fishery was changing, both in terms of production, and the new competition for the resource from the foreign offshore fleets. The changing Newfoundland fishery will provide the context for an examination of the growing demands of the fishing industry to deal with such chronic problems as the territorial waters issue, inequities in the Unemployment Insurance program, and general lack of assistance for the fishery by the federal government.

#### A Fishery in Transition

The Newfoundland fishery of 1960 was in the midst of several long-term changes. One of the most apparent was the shift from saltfish production to frozen fish (see tables 5-1, 5-2). Production of traditional dried salted product declined between 1955 and 1966.<sup>1</sup> Green salted, or saltbulk, production actually rose in the 1950s, as Nova Scotia buyers competed with local merchants for this product. Frozen fish production, on the other hand, increased during the same period, largely owing to the capital expansion in the Newfoundland industry. By 1964 Newfoundland production of frozen fish surpassed saltfish production, marking the transition to a frozen-fish dominated fishery.

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<sup>1</sup>For more on the decline of the saltfish trade, see Alexander, The Decay of Trade.

Table 5-1  
Saltfish Production in Newfoundland 1955-1967  
(millions of pounds)

Year	Green Salted	Dried Salted	Total
1955	42.718	43.084	85.802
1956	55.794	41.921	97.715
1957	57.148	41.921	98.278
1958	41.978	23.306	65.284
1959	77.609	25.150	102.759
1960	83.488	24.454	107.942
1961	51.828	20.924	72.752
1962	63.128	22.903	86.031
1963	54.189	29.465	83.654
1964	45.127	25.395	70.522
1965	45.090	14.329	59.419
1966	44.213	14.924	59.137
1967	62.356	14.104	76.460
1968	40.347	17.450	57.797

(source: Fisheries Statistics of Canada - Newfoundland [Ottawa: Dominion Bureau of Statistics, various years]).

Table 5-2  
Frozen Groundfish Production in Newfoundland  
(millions of lbs.)

Year	Production	# of freezing plants	# of trawlers or draggers
1949	24.663	12	13
1950	34.462	11	17
1951	32.688	11	17
1952	36.854	13	22
1953	34.428	14	26
1954	53.604	19	29
1955	59.820	20	29
1956	62.269	21	30
1957	52.576	17	28
1958	54.206	19	27
1959	58.884	20	26
1960	57.784	21	29
1961	64.429	22	30
1962	72.921	24	31
1963	78.143	32	42
1964	83.164	33	44
1965	106.871	34	55
1966	121.963	n/a	n/a
1967	104.103	n/a	n/a
1968	130.972	n/a	n/a

Notes: 1) "Groundfish" includes cod, haddock, hake, pollock, catfish, redfish, halibut, plaice and greysole.

2) The number of freezing plants indicates the number in operation that year.

3) "Draggers" - 65 - 99.9; "Trawlers" - 100 +

(source: For years 1949 - 1965 - PANL GN 34/2, file NFDA Smallwood, Hon. J.R. Statistics 1967, Table 4, Production of Frozen Groundfish, Newfoundland, 1960 - 1966; Production of Frozen Groundfish, Newfoundland, 1949 - 1959, Economics Branch, Department of Fisheries, St. John's, Newfoundland, 2 March 1967; For years 1966-68, Fisheries Statistics of Canada - Newfoundland [Ottawa: Dominion Bureau of Statistics, 1967, 1968])

Besides the overall increase in frozen fish production, the number of people involved in that industry rose as well. In 1950, the frozen fish companies employed 1,505 workers in the plants and onshore, 186 trawler workers, and bought fish from 693 inshore fishers.<sup>2</sup> By 1960, the numbers had risen to 3,679 plant and shore workers, 415 trawler workers, and 7,104 inshore fishers who sold fish to the companies.

In contrast to the large amounts of funding advanced to the frozen fish sector, by 1960, only a relatively small number of inshore fishers had received government assistance in acquiring new vessels or equipment. As of March, 1961, the Fisheries Loan Board had made 442 loans worth a total of \$1,274,000.<sup>3</sup> Of this, over half of that number were for the purchase or replacement of marine engines for inshore boats. Of the remainder, 47 were for the construction of longliners, 10 for new druggers and 30 for combination trap/longliner vessels. The average loan advanced was \$2,900, with the average for marine engines being \$1,100. In effect, considering that federal estimates suggested that there were a total of 17,529 inshore fishers in 1960<sup>4</sup>, only 2.5 percent of that group had received direct capital assistance for their

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<sup>2</sup>PANL GN 34/2, file NFDA Ross Young, "Statistics showing effect on employment and purchasing power - Government assistance to the fishing industry."

<sup>3</sup>PANL GN 34/2, file 12/28/2.1, Annual Report of the Fisheries Loan Board, for the year ending March 31, 1961.

<sup>4</sup>PANL GN 34/2, file NFDA Statistics vol. 5. "Average investment per inshore fisherman - 1960," Economics Branch, Department of Fisheries, St. John's, Nfld., 22 January 1962. The chart indicates that in 1960, the average total investment per

operations from the FLB by 1960.<sup>5</sup> After 1960, however, the inshore fishery received some assistance from the federal government. The introduction of a bounty for nylon gillnets beginning in 1961 and 1962 was the largest such program for inshore fishers to acquire new technology in this period.

Both the relatively undercapitalized inshore sector and the frozen fish companies began to feel the impact of the intensified foreign fishery off the coast of Newfoundland in the late 1950s and early 1960s. According to Dr. Wilfred Templeman - the Bonavista-born head scientist at the Fisheries Research Board Biological Station in St. John's from 1944 to 1972 - offshore fishing was radically changing the Newfoundland fishery. In an FRB report written in 1966, Templeman warned that offshore landings, particularly by the Soviet Union, had increased dramatically since the early 1950s (Table 5-3).<sup>6</sup> While overall fishing effort was

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fisher, including gear, vessels and shore installations, was \$756.99.

<sup>5</sup>PANL GN 34/2, file 12/28/2.1, Annual Report of the Fisheries Loan Board, for the year ending March 31, 1961. The report indicated that the federal program, the Fisheries Improvement Loan Act, was of minimal use to Newfoundland inshore fishers. The Act advanced loans to fishers, but required that they establish a relationship with a chartered bank, and find a guarantor for the loan. The Report explained that the relative scarcity of banks in the outports, along with the difficulty of finding suitable guarantors, meant that the program was largely inaccessible to Newfoundland fishers.

<sup>6</sup>Wilfred Templeman, Marine Resources of Newfoundland, Bulletin No. 154, (Ottawa: Fisheries Research Board of Canada, 1966). Although this book was published in 1966, it was based on material Templeman presented at the 1962 Fisheries Convention organized by Premier Smallwood. For a copy of the text of his 1962 speech, see PANL MG 644, file 287, "Fisheries Convention, Sept. 24, 1962."

increasing, Newfoundland's share of the total catch was falling. In Subarea 2 (Labrador), the Newfoundland inshore share of the total catch fell from 32 percent in the years 1955-58 to 9 percent in 1961-64.<sup>7</sup> Likewise, in Subarea 3, the Newfoundland fishery took 32 percent of the catch in 1961-64, down from 43 percent in 1955-58.

Table 5-3

Average Total Landings by all ICNAF<sup>8</sup> Countries  
(includes Newfoundland inshore landings)  
(in millions of pounds)

ICNAF Division	1955-58	1961-64
2J	71	506
3K	175	251
3L	337	375

(source: Wilfred Templeman, *Marine Resources of Newfoundland*, Bulletin No. 154, [Ottawa: Fisheries Research Board of Canada, 1966], Fig. 18, 34).<sup>9</sup>

Part of the reason for this decline was the fact that the European fleets were so much larger and more technologically advanced than the Canadian and Newfoundland vessels. Newfoundland's fleet of mainly smaller, less efficient (and

<sup>7</sup>Templeman, *Marine Resources*, 31.

<sup>8</sup>International Commission for North Atlantic Fisheries.

<sup>9</sup>These statistics do not include the countries who were not members of ICNAF, but were nevertheless fishing in these waters in the early 1960s, such as several East Bloc countries and Japan.



more dangerous) side trawlers could barely compete with the newer stern trawlers and factory freezer trawlers from Europe.<sup>10</sup> Templeman noted that the main groundfish species of Newfoundland, including cod, redfish, haddock and American plaice, were already being affected by the offshore fishing. Although fish landings had slowly been increasing in the Canadian offshore sector, the catch per unit of effort was declining, and the average size of the fish fell. There appeared to be no relief in sight from foreign offshore fishing effort, as all ICNAF countries planned to increase their activities in the coming years.

For the Newfoundland inshore fishery, the increased offshore fishing posed a particular threat. Without more technologically-advanced vessels and equipment, catching fish would become more difficult. Templeman made the rather startling observation that between 1956 and 1964, despite increases in the number of inshore fishers (53 percent), vessels (57 percent), and gear (traps 69 percent; gill nets 1819 percent), total inshore landings had remained relatively stable.<sup>11</sup> Alister Fleming, another FRB scientist, documented the fall in yields per fisher in the ICNAF

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<sup>10</sup>Templeman, Marine Resources, Table I, 148. Templeman lists ICNAF statistics on gross tonnage of fishing vessels fifty-one tons and over in the member countries fishing in the ICNAF area from 1952 to 1962. In 1962, gross tonnage for Newfoundland was only 7,959 gross tons, compared with 198,196 gross tons for the Soviet Union, 72,958 gross tons for Portugal, and 66,110 gross tons for Federal Republic of Germany. Canada's total gross tonnage, including the Maritimes, Quebec and Newfoundland was 34,525 gross tons.

<sup>11</sup>Templeman, Marine Resources, 2.

Subareas 2 and 3.<sup>12</sup> Despite an increase in landings in Subarea 2, after 1959, yields per fisher had fallen by 25 percent from the 1954-57 average. In Subarea 3K, the number of fishers had remained the same, but landings and yields per fisher fell 40 percent below the 1954-1955 level. Likewise, in Subarea 3L, the number of fishers rose by 30 percent while landings fell 20 percent. Both Templeman and Fleming argued that, with continued offshore fishing, the only chance for the survival of the inshore fishery was through equipping it with more efficient gear and vessels to catch the increasingly scarce groundfish.

Clearly, Canadian FRB scientists realized that the Newfoundland fishery was at a crossroads in the early 1960s. The resource, upon which the entire Newfoundland fishery depended, was under far greater pressure than it had ever experienced in the past. Indeed, fisheries scientists Jeff Hutchings and Ransom Myers, in their historical study of fishing for Northern Cod off the coast of Newfoundland and Labrador, argue that the arrival of the factory freezer trawlers from Europe and the Soviet Union was the "single most important event in the 500-year history of the Northern Cod fishery."<sup>13</sup> They note that between the mid-1950s

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<sup>12</sup>PANL GN 34/2, file 11/80/6 vol. 3, "The Inshore Cod Fishery of Newfoundland and Labrador," by Alister Fleming, FRB, in Summary of Proceedings of Industrial Development Section, June 22-23, 1964.

<sup>13</sup>Jeffrey A. Hutchings and Ransom A. Myers, "The Biological Collapse of Atlantic Cod off Newfoundland and Labrador: An Exploration of Historical Changes in Exploitation, Harvesting and Management," in Ragnar Arnason and Lawrence Felt, eds., The North Atlantic Fishery: Successes, Failures and Challenges (Charlottetown, PEI: Institute of Island Studies, 1995), 58.

and late 1960s, the total catch off the coast of Newfoundland and Labrador tripled, reaching an all-time high of 810,000 tonnes in 1968.

The turning point for the Newfoundland fishery occurred in 1959, the first year since the early 18th century that the offshore catch exceeded the catch of the resident Newfoundland fishery.<sup>14</sup> Citing Templeman's findings about significant declines in the catch per person in the inshore fishery in the early 1960s, Hutchings and Myers emphasize that increased effort in this period (for example, the introduction of gill nets in the inshore fishery) may have disguised the full impact of the intensified offshore fishery.<sup>15</sup> Although landings may not have indicated that something was wrong, at the individual level, and particularly for those without new harvesting technology, the changes would have been clearly evident.

#### Response to the Threat of the Intensified Offshore Fishery

Not surprisingly, by the early 1960s, people involved in both Newfoundland inshore and offshore sectors were beginning to complain about the effects of the

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<sup>14</sup>Hutchings and Myers, "Biological Collapse of Atlantic Cod," 58.

<sup>15</sup>Hutchings and Myers, "Biological Collapse of Atlantic Cod." They suggest that throughout history, tendencies toward spatial variation (moving to new fishing grounds when catches decline, or when the area becomes crowded with new competitors), temporal variation (changing the time of year that fishing takes place) and increases in effort and technology may have served to "mask" declines in the fish population. Since the intensification of the offshore fishery in the late 1950s, however, the race to increase technology and effort in the face of rapidly declining individual yields has been endemic. Despite the continual introduction of more efficient technology in the inshore fishery, total landings for that sector fell from an average of 156,511 tonnes for the 1954-59 period, to an average of 50,334 tonnes for the 1972-77 period. (60)

intensified foreign efforts. Indeed, many in the fishing industry expressed fears of an impending crisis. For the frozen fish companies which were heavily dependent on trawler fishing for their large south coast plants, the increased foreign fishing threatened their ability to secure an adequate supply. Given the four-fold increase in the number of plants during the 1950s, the overcapacity issue intensified with the rising competition for the offshore fisheries resource. The inshore fishery, with its relatively low level of capitalization, was handicapped from the start in its ability to survive the turbulent new conditions.

Both frozen fish companies and inshore fishers' groups began lobbying the government to take action. They appealed to the federal government to implement a unilateral twelve-mile fishing limit, measured from headland-to-headland,<sup>16</sup> to keep foreign vessels at sea. Although the Canadian government had attempted to secure a twelve-mile limit earlier, it was not fully enforced until 1969 (see Chapter Six for a discussion on the efforts of the Canadian government in this period).

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<sup>16</sup>The "headland to headland" principle means that the territorial limit is measured from straight baselines drawn from designated points along the coast, rather than following the sinuosities of the coast. When the Newfoundland Delegation negotiated the Terms of Union with Canada, they assumed the "headland to headland" principle applied to Newfoundland (for the basis of this assumption, see Raymond Gushue, "Territorial Waters of Newfoundland," Canadian Journal of Economics and Political Science, 15, 3 (August 1949), 344-352. According to Gushue, the U.S. and Great Britain made an agreement in July 1912 which recognized the headland-to-headland principle for Newfoundland). The Canadian government, however, did not recognize this principle. Legal counsel in the Department of Fisheries disagreed with Gushue's interpretation of the 1912 agreement (NAC RG 23, v. 1983, file 721-87-1 [13], memo re: Interdepartmental Committee on Territorial Waters by S.V. Ozere, Legal Advisor, Department of Fisheries, 9 September 1953).

Moreover, FRB scientists argued that a twelve-mile limit would make little difference, since the fish that swam inshore would still be available to foreign vessels outside the twelve-mile line at certain times of the year. Nevertheless, the twelve-mile territorial limit became a rallying point in the Newfoundland fishery.

Among those beginning to complain about the increased presence of foreign fishing vessels off the coast of Newfoundland were several frozen fish company owners. Arthur Monroe, Hazen Russell, and Frank Spencer, president of Booth Fisheries in Fortune, all expressed concerns about both the short term effects on their own operations and the long-term effects on the resource itself. All claimed that in just a few years since efforts in the offshore fishery intensified, the catch per unit of effort on their own vessels had declined. Although none claimed landings were falling, they insisted it was taking longer for them to catch the same amount of fish than it had a few years earlier. This trend, substantiated by Templeman's and Fleming's observations, suggested to the company owners that their costs in catching fish would inevitably rise. Without investing money in more efficient vessels and gear, they would never be able to compete with the foreign fleets for the resource. For these operations, many of which had trouble getting enough fish for their plants anyway, the added threat of the foreign fishery was especially alarming. As well, several of the owners worried that ultimately the resource itself would be in danger of depletion, or at least so reduced in numbers that fishing would no longer be economically viable.

Arthur Monroe, never reluctant to voice his opinions about the fishery to government officials, made a number of complaints about the impact of the foreign fleets. One of his earlier letters on the issue was not about stock depletion, but the physical interference of the larger trawlers with local longliners.<sup>17</sup> Monroe, who had (or hoped to have) several plants supplied by independent longliners, relayed the observations of longliner fishers who had tried to set their lines in areas frequented by the larger trawlers and who were now afraid of losing their gear with trawlers in close proximity. The future viability of the longliner fishery, and a potential source of supply to his plants, was in danger and Monroe appealed to the government to negotiate the twelve-mile limit. Three years later, he wrote to the federal Minister of Fisheries in the Diefenbaker government, J. Angus MacLean, about the foreign fleets.<sup>18</sup> Besides arguing for quick passage of a twelve-mile limit on the basis that the level of interference with shore vessels destroyed the incentive for people to invest in longliners and gill nets, Monroe also talked about conservation and the need to protect inshore stocks. Apart from standard replies from the federal

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<sup>17</sup>PANL GN 34/2, file NFDA Territorial Waters, letter to H.R. Bradley, Chief Supervisor, Federal Department of Fisheries, St. John's, from Arthur Monroe, 4 October 1957. Indeed, many of the complaints received from fishers about foreign trawlers in the 1950s were about the physical interference with local fishing, rather than about stock depletion. By the early 1960s, however, more people began complaining about declines in the catch.

<sup>18</sup>MHA Harold Lake Papers, box 1, file H. Lake Halifax talk - Moncton Board of Trade. The letter from Monroe in this file is a copy of the original. Lake was likely using it as a reference for a speech he gave on the Newfoundland fishery to the Moncton Board of Trade.

government, however, assuring him that it was making every effort to secure extended fishing rights, Monroe received little satisfaction.

By 1962, the frozen fish operators began reporting changes in their own fishing efforts. At the 1962 Fisheries Convention in St. John's, Monroe noted that the amount of effort needed to catch a pound of fish was increasing, yet the average yield per vessel was declining.<sup>19</sup> His trawlers were having to stay out longer, and he was afraid that quality would suffer. Unless the issue of intensive offshore fishing was addressed, he argued, the Newfoundland trawler fishery would not survive. Also sharing Monroe's views about the radical changes occurring in the Newfoundland fishery since the arrival of the foreign fleets was Frank Spencer of Booth Fisheries. Spencer remarked,

I feel certain that in the years ahead, you are going to find a gradual depletion of those fisheries, the concentrated fishing effort now being extended toward them, will I am sure result in our having to put forward a greater unit of effort per pound of fish landed, by that I mean we will need more trawlers to keep our plants operating.<sup>20</sup>

Hazen Russell, who operated trawlers out of his Grand Bank plant, also talked about the potential threat to the Newfoundland companies by the foreign vessels. In a speech on the Newfoundland fishery, Russell noted the recent changes:

nothing short of a miracle is going to prevent the depletion of the fishing areas in Newfoundland and on the Grand Banks to a point where private enterprise will not be able to operate and everyone will

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<sup>19</sup>PANL MG 644, file 287, Fisheries Convention, 24 September 1962.

<sup>20</sup>PANL MG 644, file 287, Fisheries Convention, 24 September 1962. 41.

have to be subsidized or get out of business.<sup>21</sup>

Clearly, in just a few years after the intensification of offshore fishing began, the large fishing companies were already feeling its impact and beginning to think about the future of their own operations and the industry itself.

The issue of the stocks declining to the point where it was no longer profitable to fish was raised frequently by operators, who particularly resented the presence of Soviet vessels. The tremendous expansion of the Soviet fleet during the 1950s and the sheer size of its factory-freezer trawlers had caught everyone in the industry by surprise. What concerned people most, however, was that the Soviet vessels and crew were entirely state supported and not required to make a profit. Templeman remarked at the 1962 Fisheries Convention that the Canadian industry could not build factory-freezer trawlers simply because it could not expect to get a return on its investment in a reasonable amount of time.<sup>22</sup> Fears that the Soviet system allowed vessels to continue fishing long after it was no longer economically viable for Canadian vessels were widespread among the frozen fish company owners in that period.

In a 1962 interview with the Evening Telegram, Russell elaborated on his concerns about the long-term impact on the resource, the economic implications for

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<sup>21</sup>MHA Harold Lake Papers, box 1, file H. Lake, Halifax talk - Moncton Board of Trade, "Fisheries - offshore and inshore, and particularly the Newfoundland fisheries," by H.A. Russell, February 1961.

<sup>22</sup>PANL MG 644, file 287, Fisheries Convention, 24 September 1962.



Canadian fishing enterprises and the competition with the subsidized offshore fleets.<sup>23</sup> Noting that per capita production of fish had been declining since the mid-1950s and that several severe catch failures had occurred in Newfoundland in the past few years, Russell pointed to the ever-increasing foreign fleets that fish "within a stone's throw of our shores."<sup>24</sup> Indeed, the Newfoundland fishery was likely to become as greatly depleted as the fishing grounds on the eastern side of the Atlantic. The inshore fishery would be destroyed and reduced quantities of fish would make catching fish more expensive. Russell argued, "unless the processors can obtain correspondingly higher sales prices, the fishing industry as we know it is bound to become less valuable to the country."<sup>25</sup>

Making it difficult to compete in the changing offshore environment was the fact that the foreign vessels were much more highly subsidized than Canada's.<sup>26</sup> Subsidized or not, the European and Soviet fleets fishing in the ICNAF area in 1962 outranked the Canadian fleets, with gross tonnage of vessels over 51 tons of 564,796

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<sup>23</sup>Foreign pressures deplete fish stocks," Evening Telegram, Friday, 29 June 1962.

<sup>24</sup>Foreign pressures deplete fish stocks," Evening Telegram, Friday, 29 June 1962.

<sup>25</sup>Foreign pressures deplete fish stocks," Evening Telegram, Friday, 29 June 1962.

<sup>26</sup>Although some companies received loans to buy trawlers, there were no federal or provincial bounties or subsidies for offshore vessels. The federal bounty for fishing vessels was only for vessels 45 feet to 60 feet. Most trawlers used in the Newfoundland offshore fishery in the early 1960s were just over 100 feet in length.

compared with 34,525 gross tonnage for Canada.<sup>27</sup> Russell argued that neither private enterprise alone, nor the government with its general practice of providing loans to fishers and processors, were capable of meeting the challenge posed by the foreign fleets. Only through close co-operation with the "interested parties" involved in the industry and with the federal government taking the lead, could the Newfoundland fishery have a chance for survival.

Individually, the frozen fish company owners made appeals to the federal government to address the issue of the intensification of foreign fishing effort in the waters off the coast of Newfoundland. Collectively, through several industry associations, they also made regular requests to the government to declare a twelve-mile fishing limit. In Newfoundland, a large number of fishing companies (possibly up to 90 percent of the industry), both saltfish and frozen fish, belonged to an organization of the fishing companies called the Newfoundland Fish Trades Association (NFTA).<sup>28</sup> The NFTA was also comprised of a number of sub-organizations, including the Salt Codfish Association and the Frozen Fish Trades

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<sup>27</sup>Templeman, Marine Resources, Table I, 148. U.S. gross tonnage was nearly the same as Canada's, at 34,558 gross tons.

<sup>28</sup>For a 1965 list of the NFTA membership, see CNS, "Atlantic Salt Fish Commission - Public Hearings held at Building No 302, Fort Pepperrell, St. John's, NF, Monday, 1 February 1965."

Association (FFTA).<sup>29</sup> Eric Harvey served as Secretary-Manager of both the NFTA and the FFTA.

In 1959, the FFTA sent a letter to Minister of Fisheries J. Angus MacLean calling for a twelve-mile limit to help protect the Newfoundland fishery from the ever-increasing foreign fleets. The main concern at this point, as expressed in the letter, was the inshore fishery, rather than their own offshore efforts. This suggests that by 1959, they had yet to notice changes in their own trawler operations. Many of these company owners, however, depended on the inshore fishery to supply their northeast coast plants, so it was in their interest to support the inshore. Acknowledging that a twelve-mile limit would not necessarily prevent serious depletion of the inshore fishery, they argued that extended jurisdiction, along with the implementation of special protected zones (off limits to trawlers) for areas with a high concentration of inshore fishing would certainly help. As well, they asked that the Canadian government cancel the historic Treaty of Utrecht of 1713 that gave the French the right to fish in Newfoundland waters.<sup>30</sup>

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<sup>29</sup>For a membership list, see CNS Archives, Smallwood Papers, file 3.12.047, "Membership - The Frozen Fish Trades Association Limited," 1 March 1966. The FFTA included all of the largest frozen fish companies, including FPL, BCS, J. Penny and Sons, Northeastern, and the Lake family companies.

<sup>30</sup>Both France and the United States had separate treaties with Great Britain that gave them the right to fish in certain areas off the Newfoundland coast. See Peter Neary, "The French and American Shore Questions as Factors in Newfoundland History," in Peter Neary and J.K. Hiller, eds., Newfoundland in the Nineteenth and Twentieth Centuries (Toronto: University of Toronto Press, 1980).

The national umbrella organization of local fishing industry associations, the Fisheries Council of Canada, also made appeals to the federal government to deal with the foreign trawlers issue, but it was never as demanding as some of the local groups like the NFTA. The FCC was more guarded in the relationship that it had cultivated with federal officials, and was reluctant to make so bold a suggestion as to cancel a 200-year-old treaty with the French or to demand an immediate, unilateral twelve-mile limit.<sup>31</sup> In 1963, it sent a brief to the Government of Canada suggesting a course of action for reducing foreign presence in the waters adjacent to the Canadian coastline.<sup>32</sup> It recommended that the Canadian government declare a twelve-mile limit, based on the straight baseline system but only after the government held negotiations with France and the United States regarding the

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<sup>31</sup>There is some indication that the FCC took pains to cultivate a relationship with the government. For example, see PANL GN 34/2, file 8/9, vol. 4, "Resolutions Arising from the 21st Annual Meeting of the Fisheries Council of Canada, Halifax, NS, 9-11 May 1966. A section of this report deals with government regulations affecting the fishing industry, and it says that they had arranged a "satisfactory and mutually beneficial arrangement" with the Departments and agencies involved in making policy. The FCC had asked that it always been consulted before policy was made. Although this document occurs several years after the conflict between the FFTA and FCC over the territorial waters issue, it suggests that keeping a working relationship with the government was important to the FCC. Another document relating to the territorial waters issue also indicates how the FCC wanted to stay on good terms with the government - MHA Harold Lake Papers, box 3, file Canadian National and Territorial Waters, letter to FCC membership from Gordon O'Brien, Manager, FCC, 4 November 1965.

<sup>32</sup>MHA Harold Lake Papers, box 3, file Canadian National and Territorial Waters, "A Brief Concerning Canada's National and Territorial Waters submitted to the Government of Canada" by the FCC, 28 January 1963.

proposed changes to Canadian territory. In reply, J.C. Grieve of Bowering's, Limited circulated among the NFTA membership a response to the above brief by the FCC, arguing that it blew "hot and cold," and failed to make a strong stand on adopting a twelve-mile limit.<sup>33</sup> According to Grieve, Canada should "proclaim [its] baselines and national waters and argue afterwards." He even suggested that the Canadian Navy patrol the waters to enforce the new boundaries and provide a show of force to any foreign vessels attempting to cross the line - something that would not occur until 1996.

Later, in response to complaints from the industry in British Columbia about the FCC's reluctance to take a stronger stand on the territorial waters issue, Gordon O'Brien, manager of the FCC, explained in an open letter that he did not believe the FCC should become too "political" in its demands.<sup>34</sup> Particularly since it was an election year, the FCC needed to keep its supposedly neutral stance on the issue. Rather than asking for an immediate twelve-mile limit, headland to headland, the FCC preferred to express disappointment at the slowness of negotiations.

Although not as well-organized at the local and national levels as the fishing company owners, the people of the inshore fishery also expressed concerns and demanded the government implement a twelve-mile fishing limit. The possibility that

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<sup>33</sup>MHA Harold Lake Papers, box 3, file Canadian National and Territorial Waters, "General comments on Brief by J.C. Grieve re: Territorial Waters."

<sup>34</sup>MHA Harold Lake Papers, box 3, file Canadian National and Territorial Waters, letter from Gordon O'Brien, FCC, 5 November 1965.

other common concerns of the inshore fishers in the early 1960s, such as the need for more efficient equipment, may have been connected to the offshore fishing issue should be noted in this context. As individual landings in the inshore fishery fell, investing in new technology had become all the more important, since the relative lack of mobility for the inshore fishers meant that it was more difficult for them to adapt to changes in the resource. Certainly, the inshore fishery was more vulnerable to intensified offshore fishing and several inshore fishing areas felt the impact of overfishing relatively quickly.

Bonavista was one area that experienced rapid declines in its small longliner fishery as well as its inshore fishery in the late 1950s.<sup>35</sup> Several fleets of longliners from Norway and the Faroe Islands started fishing off the coast of Cape Bonavista in the mid-1950s and local FRB scientists and fishers alike blamed them for the troubles in the inshore fishery. Fisheries scientists also identified the Burin area as being particularly affected by intensive fishing offshore.<sup>36</sup> Provincial politicians and fishing company owners were well aware of the problems at Bonavista and Burin, and frequently pointed to those areas as examples of the local impact of foreign

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<sup>35</sup>Miriam Wright, "Fishers, Scientists, the State and Declines in the Bonavista Fishery, 1950-1964," Eco-Research Occasional Paper, Memorial University of Newfoundland, 1995.

<sup>36</sup>PANL GN 34/2, file 11/80/6, vol. 3, "The Inshore Cod Fishery of Newfoundland and Labrador," by Alistair Fleming, FRB, in Summary of Proceedings of Industrial Development Section, June 22-23, 1964.

fishing.<sup>37</sup> Moreover, the inshore fishery in general experienced poor fishing seasons in 1961 and 1965 - poor enough that the federal government agreed to help finance small compensation programs for individual fishers.<sup>38</sup>

The fishing people of Newfoundland, not having a strong organization to make demands on their behalf, had limited access to the channels of power. Nevertheless, the foreign fishing issue was of great concern to the people of the inshore fishery. Numerous newspaper articles of the period document the complaints many had about the offshore trawlers - especially their interference with inshore gear and fishing areas and the impact they were believed to have on inshore landings.<sup>39</sup> A frequent

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<sup>37</sup>PANL MG 644, file 287, Fisheries Convention, 25 September 1962, Frank Spencer of Booth Fisheries mentions the Bonavista problems, 41; MHA Harold Lake Papers, box 1, file H. Lake Halifax talk - Moncton Board of Trade, letter to J. Angus MacLean, Minister of Fisheries from A.H. Monroe, 17 November 1960. Monroe also mentions the Bonavista problems.

<sup>38</sup>PANL GN 34/2, file 11/4/16.1 "Federal Assistance Programme for Newfoundland Fishermen (1961); file 11/4/16.2, vol. 1 "Assistance to Inshore Fishermen (1965). These files contain documents relating to the two compensation programs. The 1961 program consisted of work projects for communities most affected by the 1961 trap fishery failure. The 1965 program was a cash supplement of \$350 per family for those fishers who did not qualify for Unemployment Insurance owing to insufficient "stamps."

<sup>39</sup>PANL GN 34/2, file 25/2/1 vol 1. This file contains dozens of newspaper clippings from local papers relating to the foreign fishing issue. These include: "Foreign boats hurt longliner fishery," Evening Telegram, 28 April 1960; "Foreigners, stay out," Evening Telegram, 27 April 1960; "Foreign trawlers again hamper local fishermen," Evening Telegram, 12 June 1959; "Foreign trawlers still interfering," Daily News, 25 April 1959; "Draggers damaging gear, Bonavista residents say," Evening Telegram, 27 July 1958; "Foreign trawlers hamper fishing," Evening Telegram, 17 July 1957; File 25/2/1 vol 2, "Trawlers in, reports vary," Evening Telegram, 15 November 1962; "Growing piracy by foreigners dooms fishery," Evening Telegram, 26 April

complaint was that the federal government was not taking its role of patrolling the territorial waters seriously, thus allowing foreign vessels to slip inside the three-mile limit at night. The sheer number and size of the foreign vessels alarmed many inshore fishing people, a common remark being that the trawlers looked like a "floating city" at night.<sup>40</sup> Fishing people attending the 1962 Fisheries Conference in St. John's frequently referred to these "floating cities" and the problems they caused. George Baker of Epworth, Burin peninsula, and Alfred Turpin of St. Lawrence, among others, blamed the trawlers for the growing scarcity of fish.<sup>41</sup> Robert Haynes, who identified himself as a member of the Society of United Fishermen (SUF), a fishers' benevolent association in Newfoundland, claimed that the SUF had sent a petition to the federal government appealing for a twelve-mile fishing limit.<sup>42</sup> Most suggested a twelve-mile fishing limit would help solve the problem, although Adrian Dawe of Bay Roberts suggested that a 200-mile limit was

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1962; "Resent Foreign Dragers," Daily News, 28 February 1962; "Complain of large Spanish trawlers," Daily News, 21 April 1961; "Fishermen will fight warns south coast man," Evening Telegram, 2 March 1961.

<sup>40</sup>PANL GN 34/2, file 25/2/1 vol. 1, "Carter urges bold policy on territorial fishing rights," Daily News, 29 June 1960; "Trawlers in, reports vary," Evening Telegram, 15 November 1962.

<sup>41</sup>PANL MG 644, file 287, "Fisheries Convention, St. John's, Wednesday, Sept. 26, 1962," 85 and 72, respectively.

<sup>42</sup>PANL MG 644, file 287, "Fisheries Convention, Wednesday, Sept. 26, 1962," 85.



the answer.<sup>43</sup> He argued,

We know quite well what is happening on the Grand Banks with the increase in the number of trawlers which the Russians have...I rather think that in the light of what is happening on Georges Bank off Boston that the Grand Banks will be certainly depleted in a very few years unless pressure and representation is made to Ottawa in a much stiffer vein than has been made heretofore.<sup>44</sup>

The only larger fishers' organization making "representation" to the federal government about the foreign fishing issue was the Newfoundland Federation of Fishermen (NFF). Smallwood founded the NFF in 1951 in an attempt to recreate the spirit of Coaker's Fishermen's Protective Union.<sup>45</sup> Initially at least, Smallwood believed himself a supporter of unions and co-operative education. Indeed, the keynote speaker at the founding meeting was Father Moses Coady, founder of the Antigonish Movement. Smallwood appointed Max Lane - a native of Salvage, Bonavista Bay, and former teacher and magistrate - to set up an office in St. John's and act as General Secretary. Lane's duties included collecting membership fees from the local units of the NFF based in communities around the island. Although

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<sup>43</sup>PANL MG 644, file 287. "Fisheries Convention, St. John's, Thursday, Sept. 27, 1962," 5. Dawe referred to the fact that Peru had recently declared a 200-mile limit.

<sup>44</sup>"Fisheries Convention, Thursday, Sept. 27, 1962," 5. Dawe is referring to the increase in Soviet Union fishing activity on Georges Bank. According to Dewar, Industry, approximately 100 Soviet vessels were fishing on Georges Bank, to the great consternation of the local New England fishers. (108-111) She says the Soviets continued to intensify their efforts in the early 1960s. The New England fishers, like their counterparts in Newfoundland, also made the analogy of the offshore trawlers looking like a city (or more specifically, New York City).

<sup>45</sup>For a brief description of the NFF, see Horwood, Joey, 169.

supposedly independent of government, the organization received an operating grant of \$20,000 per year for expenses.<sup>46</sup>

Neither a union with power to negotiate fish prices, nor a broader fisheries association, the NFF suffered from a lack of a clear mandate. Never a strong grass-roots organization, its head office had trouble maintaining ties with the local units, and encouraging them to hold regular meetings.<sup>47</sup> Weak though it was, the organization campaigned regularly for a twelve-mile fishing limit.<sup>48</sup> Annual meetings were held in St. John's, fishing people attended, and they voted on resolutions proposed by the local units. On numerous occasions after the mid-1950s,

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<sup>46</sup>Confusing the nature of the relationship between the NFF and the Newfoundland government even more was the fact that in 1956, Lane was elected as MHA for White Bay North. He continued to work as General Secretary for the NFF while sitting in the House of Assembly. Later, in 1959, Smallwood outlawed the striking International Woodworkers of America and tried to replace it with the NFF, creating a fisher-logger government union headed by Max Lane. The proposal was derided by the striking IWA members and received the nickname, the "Fish and Chips" union.

<sup>47</sup>MG 644, file 125/12, "Fifth Office Report, April 1958."

<sup>48</sup>The stronger fishing unions and organizations of British Columbia were also campaigning for a 12-mile territorial fishing limit based on the headland to headland principle in the same time period. Homer Stevens, Secretary-Treasurer of the United Fishermen and Allied Workers' Union, sent a number of letters to the federal government on behalf of his membership demanding a twelve-mile limit. It was particularly concerned with enclosing the waters of Hecate Strait from American vessels. (See NAC, RG 23, v. 1986, file 721-87-1 [22], letter to J. Angus MacLean from Homer Stevens, 3 June 1960; NAC RG 23, v. 1987, file 721-87-1 [31], "Submission by the General Executive Board and Standing Committee on Fisheries of the United Fishermen and Allied Workers' Union regarding extension of Canada's territorial waters...., 21 June 1963).

the membership passed resolutions calling for a twelve-mile fishing limit, based on the headland to headland principle.<sup>49</sup>

Fishers were not the only ones who became concerned about the possible effects of the intensive fishing by foreign fleets in the late 1950s and early 1960s. Some members of the provincial Department of Fisheries attempted to get the federal government to take action. Although the provincial Department of Fisheries had no jurisdiction over the deep sea fishery, provincial government representatives could raise issues for discussion at the Federal-Provincial Atlantic Fisheries Committee (FPAFC), an intergovernmental organization which was formed in 1959 (see Chapter Six), as well as directly to the federal Minister or Deputy Minister of Fisheries.

Colin Story, of the provincial Department of Fisheries, tried to alert the federal government to the seriousness of the situation in Bonavista. He wrote a report on the problem for the provincial Deputy Minister of Fisheries, Eric M. Gosse, to take with him to the May, 1960 FPAFC meeting.<sup>50</sup> Story's report is significant not only because he acknowledged the potential harm that intensive offshore fishing might have on the inshore fishery, but also because he claimed that

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<sup>49</sup>MG 644, file 125/1, letter to Minister of Fisheries Angus MacLean from Max Lane, 11 April 1961; file 125/12, NFF Annual Convention Report, 1964, Resolution #4; file 125/3, NFF Annual Convention Report, 1965, Resolution #1.

<sup>50</sup>PANL GN 34/2, file 11/80 vol 2, memo to Deputy Minister from Colin Story, 19 November 1959.

the methods of compiling statistics on catches in international waters were inadequate. Focusing on the concentration of foreign fleets off Cape Bonavista in the late 1950s, he admitted that scientists had no idea how much fish these vessels were taking because of the way that the International Commission of Northwest Atlantic Fisheries (ICNAF) compiled their statistics on international fishing.

The statistical sub-areas for the east coast of the island of Newfoundland, 3K and 3L, ran from Cape Freels north to Battle Harbour, and Cape Freels south to Cape St. Mary's, respectively. The problem with these boundaries, Story argued, was that they were too large to determine how much fishing was taking place in any particular area. Since the ICNAF statistical area 3L included at least two different populations of fish (one on the northern Grand Banks, the other at Bonavista), there was no way to tell how much fish was being taken from each separate stock. Story warned that the growing international fishery in the 3L area indicated that it was "of the utmost importance that ICNAF be prevailed upon to adjust their statistical sub-areas in order that the fish production from this Bonavista ground can be determined," and suggested that sub-area 3L be divided again, with a new area bounded by a latitudinal line from Baccalieu, to a longitudinal line at approximately 51 degrees.<sup>51</sup> Only then could scientists gain more specific knowledge about the degree of fishing in the Bonavista area, and the effects it was having on the inshore

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<sup>51</sup>PANL GN 34/2, file 11/80 vol 2, memo to Deputy Minister from Colin Story, 19 November 1959.

fishery.

Story also noted that the provincial Department of Fisheries had warned the federal government in 1958 that if intensive fishing of the offshore breeding stock continued, the inshore fishery would become depleted. Since that time the department had accumulated further evidence of depletion in the Bonavista area. He cited the fall in the catches for the longliner fishery, and the reduction in the average size of the fish by four inches since the beginning of the commercial longliner fishery. He also noted that from what was known of cod migration patterns, it seemed probable that intensive fishing offshore was directly responsible for declines inshore. In the summer, for example, northeast fish migrated from offshore to inshore, but rarely moved along the coastline in a northerly or southerly direction. Story argued that the fact that the Bonavista area fishery had had several years of its worst fishing in history, while areas just north and south of the Bonavista grounds, where there was no offshore fishing, were experiencing rather good fish landings, was strong evidence for offshore stock depletion.

Certainly, Story lacked "hard" statistical proof that the Bonavista fishery was in danger, but given the nature of the statistical compilation methods available at the time, such evidence would have been nearly impossible to gather. He believed, however, that the government had enough signs to insist that action be taken. "The evidence is sufficient," he claimed, "or at least would be sufficient in other fishing

countries who have experienced how rapidly depletion can take place.<sup>52</sup> Warning that foreign fishing was only going to become more intense and efficient as new technology was being developed to enable vessels to fish on rougher grounds, he recommended that the government immediately undertake study "with a view to directing every effort towards the prevention of over-fishing."<sup>53</sup> Apart from the standard reply that the federal government was continuing its attempts to negotiate a twelve-mile fishing limit, the Newfoundland government received no other responses to this and subsequent requests to address the issue of overfishing.<sup>54</sup>

#### Unemployment Insurance for Fishers

Another major change in the Newfoundland fisheries in the early 1960s causing friction throughout the industry was the introduction of Unemployment Insurance for fishers. Many applauded this policy when it was introduced in 1957, but it was to have some unintended consequences.<sup>55</sup> At issue in the Newfoundland

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<sup>52</sup>PANL GN 34/2, file 11/80 vol 2, memo to Deputy Minister from Colin Story, 19 November 1959.

<sup>53</sup>PANL GN 34/2, file 11/80 vol 2, memo to Deputy Minister from Colin Story, 19 November 1959.

<sup>54</sup>PANL GN 34/2, file 11/89, speech by Newfoundland Deputy Minister of Fisheries Eric Gosse for the "Resources for Tomorrow" Conference, Ottawa, October 1961.

<sup>55</sup>For background on the creation of Unemployment Insurance benefits for seasonal workers, see Richard Lund, "Unemployment Insurance and Seasonal Workers in Canada, 1940-63," unpublished MA thesis, University of Western Ontario, 1991.

fishery would be the different ways of accumulating "stamps" or insurable weeks to qualify for the program depending on whether the fish was fresh or salted. Many felt that those who sold fish in the salted or cured state had a distinct advantage over those who sold their fish fresh to a plant. As H.C. Winsor of the NFDA explained:

Let us take the case of a fisherman who produces 5,000 pounds of head-on gutted fish in a particular week; if he sells this to a fish plant in the fresh state he receives one stamp with a denomination of \$1.88. If, however, he cured this fish either as heavy salted saltbulk or light salted hard dried and sold it say for \$12.00 a draft for heavy salted or hundred-weight of hard dried, he would receive four stamps with the denomination of \$.76 for the saltbulk or \$.92 for the hard dried, and what is more important these stamps would be placed in his book on a retroactive basis.<sup>56</sup>

Winsor concluded by arguing that because of the shorter fishing season on the northeast coast, it was extremely difficult for fishing people to collect the minimum of fifteen stamps (meaning they would have to make deliveries to a plant for fifteen weeks). The U.I. regulations, therefore, unintentionally encouraged people to cure a substantial portion of their total landings themselves.

Ironically, the federal government generally encouraged greater efficiency and productivity in the inshore fishery (see chapter 3). Both the Bates Report and the Walsh Report had envisioned a day when the fishing people would become specialized harvesters, spending less time curing their own fish. Yet the

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<sup>56</sup>PANL GN 34/2, file NFDA Unemployment Insurance, vol. 1, "Fisherman's Unemployment Insurance," by H.C. Winsor, 11 May 1960. A "hundred-weight" was the same as a "quintal," and equalled 112 pounds. A draft was twice the size of a quintal, at 224 pounds.

Unemployment Insurance regulations had the opposite effect, with many fishers claiming they had no choice but to continue salting their own fish. As one fisher at the 1962 Fisheries Convention explained, it would be foolish to do otherwise:

You can land \$5,000 worth of fish to a fish merchant's premises, that is, fresh fish plant, and get one stamp, \$1.88 stamp. Now if you put, if my mind serves me right, 90 quintals under salt in saltbulk, that man receives the rate of 15 stamps. Now any man with a grain of sense is going to put his fish under salt. Now if you thought whatever kind of market you [referring to frozen fish plant owners] had for fresh fillets, the plant must go idle until I get my stamps, and then I will give you some.<sup>57</sup>

Complaints about the system came from many fronts. Frozen fish company owners, particularly those with operations on the northeast coast, argued that it curtailed their local supply of fish. With overcapacity a chronic problem in the processing industry, the fish plant owners resented the additional incentive the unemployment program gave to fishers to salt their own fish. Arthur Monroe cited the Unemployment Insurance regulations as one of the reasons he had to close his Joe Batt's Arm plant.<sup>58</sup> He argued the fishing season simply did not last 15 weeks and the fishers could not deliver all their landings to the plant and still qualify for benefits. Alec Moores, of North Eastern Fish Industries, complained that the Unemployment Insurance Commission had put frozen fish companies in a position

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<sup>57</sup>PANL MG 644, file 287, Fisheries Convention, St. John's, Wednesday, 26 September 1962, 85.

<sup>58</sup>PANL GN 34/2, file NFDA Fishery Products - Joe Batt's Arm. memo by H.C. Winsor re: Fishery Products Limited. 1 February 1960. Monroe also blamed the Joe Batt's Arm fishers for being too "salt-fish minded."



that made it impossible for them to compete with the saltfish buyers.<sup>59</sup> H.J. Reid, manager of J. Penny and Sons, noted a particular problem for the southwest coast fishery, saying that the benefit period (winter) interfered with the winter fishing season in that area.<sup>60</sup> The provincial NFDA also surmised that the new Unemployment Insurance regulations might have contributed to declining sales to the community saltfish plants at Quirpon, Seldom and Merasheen (see Chapter Three for a discussion of the community saltfish plants).<sup>61</sup> Even one of the principle architects of the Unemployment Insurance program for seasonal workers, Bonavista-Twilligate MP Jack Pickersgill, conceded the method of calculating stamps needed to be changed.<sup>62</sup> Claiming two fish plants in his riding had had to be closed, Pickersgill argued that the regulations were interfering with the "economic distribution" of fish between frozen fish plants and saltfish making.

Obtaining a sufficient supply of fish for their plants was a central issue for the frozen fish company owners in Newfoundland in the early 1960s. With the significant capital development of the processing sector in the 1950s, most could ill-afford to

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<sup>59</sup>PANL GN 34/2, file NFDA Unemployment Insurance, vol. 1, letter to the Frozen Fish Trades Association from A.D. Moores, Northeastern Fish Industries, 20 February 1960.

<sup>60</sup>PANL GN 34/2, file NFDA Unemployment Insurance, vol. 1, letter to Eric Harvey, Frozen Fish Trades Association, from H.J. Reid, manager John Penny and Sons, 19 February 1960.

<sup>61</sup>MHA NAFEL Papers, file R63-B-1-7, Review of Fisheries. 1959.

<sup>62</sup>PANL GN 34/2, file 11/4/9, "House of Commons Debates, June 3, 1961."

lose a potential supply, and the NFTA/FFTA made a number of submissions to the federal government to change the method of calculating stamps for fresh and salted fish. In 1959, the FFTA argued that some of the Unemployment Insurance regulations were unsuitable for the Newfoundland inshore fishery.<sup>63</sup> Inshore fishers had trouble making regular weekly deliveries of fresh fish for fifteen weeks because of the scarcity of fish during some weeks, lack of bait, stormy weather, and the location of some fishing grounds in unprotected areas where it was unsafe to fish late into the season. If the government changed the regulations so that the method of disposing of fish had no bearing on whether or not someone qualified for Unemployment Insurance, the NFTA insisted that the fishers would be more likely to sell their fish to the frozen fish plants.

In 1961, the federal government appointed a Committee of Inquiry to look into the question of Unemployment Insurance for seasonal workers (the Gill Commission).<sup>64</sup> Both the NFTA and the NFF contributed to the process. Unlike

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<sup>63</sup>NAC RG 23, v. 1137, file 721-64-3 [5], letter to Michael Starr, Minister of Labour, from Eric Harvey, FFTA, 4 April 1959.

<sup>64</sup>NAC RG 23, v. 1137, file 721-64-3 [7], "The Scope and Effects of Unemployment Insurance Coverage for Fishermen: With Special Reference to Modified or Substitute Schemes," Economics Service, Department of Fisheries of Canada, May 1962. This document was the submission compiled by the Economic Service at the request of the Chairman of the Committee of Inquiry into the Unemployment Insurance Act. On page one of this document, it outlines the background to the Committee of Inquiry, its scope and purpose. For further background, see Richard Lund, "Unemployment Insurance," ch. 4.

the FCC,<sup>65</sup> however, the Newfoundland association of fish company owners generally supported the program, preferring to make specific recommendations for revisions.<sup>66</sup> It argued that seasonal workers should continue to be covered by the Unemployment Insurance program, but proposed that Unemployment Insurance stamps be based on the value of the product caught throughout the fishing season, regardless of whether or not the product was delivered fresh weekly or sold cured at the end of the season. If stamps were based on value, the association believed it would help increase productivity, provide adequate insurance for the amount of work done, eliminate the discrepancies between sectors, and ensure that the program not affect the way in which fishers disposed of their catch. The brief suggested that the value of the fish be averaged over the entire season, with a minimum amount set.

The submission to the Committee of Inquiry into the Unemployment Insurance Act by the Newfoundland Federation of Fishermen was similar to that of

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<sup>65</sup>NAC RG 23, v. 1138, file 721-64-3 [6], "Brief to the Committee of Inquiry into the Unemployment Insurance Act from the Fisheries Council of Canada." The FCC complained that the Unemployment Insurance Act was not designed to support seasonal workers, particularly fishers who were actually "entrepreneurs" and not payroll employees. Claiming they understood that the Unemployment Insurance Commission had been opposed to the inclusion of seasonal workers in the plan, the FCC argued the government should replace the existing program with a separate fisheries "assistance" program.

<sup>66</sup>NAC RG 23, v. 1137, file 721-64-3 [6], letter to Gordon O'Brien, Manager, FCC from E. Harvey, NFTA, 21 January 1961. The NFTA made a separate submission to the Committee of Inquiry, apart from that of the FCC.

the NFTA.<sup>67</sup> The NFF, too, recommended that a divisor system, like that used for saltfish, be applied to fresh fish. Inshore fishers were sometimes handicapped by poor weather, or problems selling to the frozen fish plants during the height of the trap season (the plants could not always handle all of the fish at once). The NFF also complained that in administering the stamps, the company owners had too much control over the process. Although the fishers were issued individual books to record the stamps, the fish plant owners retained the books during the season, and recorded the stamps themselves. The NFF argued that this left the fishers at the mercy of the fish plant owners; they had little recourse for appeal if errors were made.

Despite widespread discontent with the organization of Unemployment Insurance benefits for fisheries workers from both company owners and fishers, the federal government declined to make any major changes.<sup>68</sup> The Gill Commission recommended that a separate insurance program for fishers be created so that the special problems of the industry could be adequately addressed. The federal government, however, paid little attention to the findings of the Gill Commission and failed to act upon any of its recommendations. By 1965, the NFF was still trying to get the federal government to deal with the divisor system issue. The Minister of Labour, Allan MacEachern, explained in response to an inquiry from the NFF that

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<sup>67</sup>CNS, "Brief to the Committee of Inquiry into the Unemployment Insurance Act re: the Controversial Issues and Complaints from Fisheries by the NFF, P.J. Antle, 5 October 1961.

<sup>68</sup>See Lund, "Unemployment Insurance," ch. 4.

if such a system were put in place, it would open the door for non-"bona-fide" fishers.<sup>69</sup> Fishers not fishing full time could qualify for UI simply by making a few deliveries to a plant. He said a fisher selling fresh fish to a plant was akin to a piece-worker in industry, and was not a good indicator of the level of attachment that fisher had to the industry. Clearly, the Minister feared any changes in policy would increase the numbers of inshore fishers, thus undermining any long-term policies of reducing the number of people involved in that sector.

Although many in the frozen fish industry believed that the UI regulations affected their supply of fresh fish, it is difficult to identify the full extent of the impact on saltfish production. Saltfish production reached a high point in 1959 and 1960 and although it is clear that it declined overall after this point, light salted fish production in particular dropped rapidly after 1960; production stabilized somewhat between 1960 and 1968.

Other factors contributed to fishing peoples' decisions on whether or not to salt their fish: for example, the prices for fresh fish versus saltfish must have been a factor. Prices for fresh fish remained relatively stable from the early 1950s to the early 1960s, and only began to rise in the mid-1960s. Prices become highly significant if, as the FRB scientists Templeman and Fleming suggested, individual productivity was declining in these years. In the face of falling productivity, getting the best

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<sup>69</sup>PANL MG 644, file 125/3, letter to P.J. Antle, NFF from Allan MacEachern, Minister of Labour, 22 November 1965.

returns for the product, whether through immediate sales or UI benefits later, would be a priority. As well, the length of the fishing season in a particular area, proximity to frozen fish plants, and whether or not Nova Scotian merchants were buying saltbulk from fishers in the region, may be relevant. Unfortunately, without a larger study of the fishing people's practices in this period, we can only speculate on the relative importance of each factor. What is important, however, is that the UI issue was perceived by many in the industry to be a problem, and it was indeed a source of discontent with government policy.

#### General Discontent with Federal Fisheries Policies

By the early 1960s, general discontent with the level of federal government assistance for the fisheries was evident. Although it is difficult to get a full understanding of the concerns of the inshore fishing people in this period, the activities of the Newfoundland Federation of Fishermen, as well as issues raised by fishing people at the 1962 Fisheries Convention, give some idea of the problems. By the early 1960s, membership in the NFF was dwindling rapidly, yet the general concerns expressed at its annual conventions continued to be the crucial ones of territorial waters, UI regulations, the need for better marketing for saltfish and catch failure insurance.<sup>70</sup>

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<sup>70</sup>MG 644, file 125/13, "The Sixth Annual Report of the NFF, Nov, 1959"; "The Seventh Annual Report of the NFF, April, 1961"; "The Eighth Convention Report of the NFF, April 1964." The fact that these "annual" conventions were being held sporadically likely indicates the degree of falling support for the organization.

The 1962 Fisheries Convention revealed slightly broader concerns. The conference itself had a rather anarchic structure, with Smallwood acting as moderator, guiding the "experts" on the panel discussions, and asking for input from fishing people and others in the audience. During a session on "Problems of the Fishermen," Smallwood invited fishing people to come to the microphones and talk about their problems in the fishery.<sup>71</sup> Although Smallwood himself attempted to guide the discussion and latched onto several topics he thought were the most significant - such as unemployment among young men - the issues that fishing people themselves mentioned most frequently were lack of sufficient gear and vessels, inadequate bait supplies, poor prices for fish, and the need for better harbour facilities and storage depots. Many also mentioned the impact of foreign fishing and the UI regulations.

Most of these complaints can be traced to the fact that until that point, very few federal or provincial policies had been directed to the inshore fishery. Apart from the twenty community stages built by the federal government in 1958, several saltfish plants, and the small number of loans given by the provincial Fisheries Loan Board, government assistance for developing the inshore fishery was meagre. With the growing threat of offshore fishing and declining landings in the inshore sector, acquiring more efficient gear and vessels was becoming both more important and, at

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<sup>71</sup>PANL MG 644, file 287, 1962 Fisheries Convention, 26 September, 43-87. The entire proceedings were taped, and transcribed.

the same time, more difficult to obtain.

The frozen fish company owners, also unhappy with the level of federal assistance to the fishery, had several public fora in which they could address their concerns - Board of Trade dinners, NFTA meetings, and the national FCC were common places for such discussions. Harold Lake and Hazen Russell were just two of a number of frozen fish company owners who expressed their opinions at the 1962 Convention about federal fisheries policies. The former, in a paper that opened with the rather incendiary line: "The topic of this debate is that government policy is retarding the development of the Newfoundland fishery," recited a litany of grievances.<sup>72</sup> He attacked the federal government for, among other things, failing to assist the building of the Canadian offshore fleet, providing an inadequate bait service, declining to enforce properly the three-mile territorial limit and neglecting to make results of federal government research and experimental work on the fisheries known to the fishing industry. Yet, he claimed that the biggest failure in government responsibility for the fisheries was the complete absence of a unified, co-ordinated fisheries policy at both the federal and provincial levels:

We end up continuously lobbying and knocking on the door like an aggressive salesman, outlining the policy and plans to develop the fishery. We in the fish trades have set down briefs on numerous items affecting our fishery, both salt and fresh, and in most cases, [no action] has been taken on these points, all of which in our opinion has

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<sup>72</sup>MHA Harold Lake Papers, box 1, file Debate on Fisheries, no title or date, but lists of statistics with the document indicate that it was written c. 1961/62. Unfortunately, there is no indication if this essay was delivered publicly.



retarded the development of the Newfoundland fishery.<sup>73</sup>

Hazen Russell, more low-key than Harold Lake, focused in several speeches on the problems in developing the Canadian offshore fishery. At the 1962 Fisheries Convention, he talked about the economic difficulties in operating fish companies in Newfoundland, including the fact that few entrepreneurs were interested in investing in these operations, with the results that most capital development thus far had come from the government. This was not surprising, since in Newfoundland capital expenses were high, and it took a long time for enterprises to see returns on their fish plants.

In an earlier speech, Russell had remarked on the vital need for the government to assist the frozen fish companies in acquiring harvesting technology capable of competing with that of the foreign nations fishing just off the Newfoundland coast. However, he noted that, except for a rebate for fishing companies buying Canadian-built trawlers, the federal government gave no subsidies for offshore vessels.<sup>74</sup> This was problematic, since to be competitive in the increasingly crowded waters of the Grand Banks, Canadian companies had to be as

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<sup>73</sup>MHA Harold Lake Papers, box 1, file Debate on Fisheries.

<sup>74</sup>The Canadian government offered a rebate for purchases of Canadian-built boats, but the rebate was only equal to what the buyer would have paid if the vessel were purchased from a European country. European-built vessels were substantially cheaper than Canadian vessels, and the Canadian government was trying to subsidize the ship-building industry. The existing federal bounty on vessels was for boats between 45'-60,' substantially smaller than the typical offshore trawler used by the Newfoundland fishing companies. (Most were just over 100'.)

well-equipped as the foreigners. The lack of drydock and repair facilities for these vessels was a further handicap for Newfoundland trawler operators; he suggested that the Canadian government adopt a program similar to the British Whitefish Authority, which provided grants, loans and subsidies for the English fleets. He warned that unless the Canadian government gave the Canadian offshore fleet the level of support enjoyed by its competitors, the Newfoundland frozen fish industry would falter.

Although beyond the scope of this study, evidence suggests that some saltfish merchants still in the business were also unhappy with the federal government's lack of attention to the industry, particularly the failure to replace NAFEL with another marketing organization.<sup>75</sup> However, we know little, at this point, about how these individual company owners were dealing with the rapid changes taking place in the industry: declining production of light-salted saltfish, increasing production of saltbulk, and the infiltration of the Newfoundland saltbulk trade by Nova Scotia merchants.

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<sup>75</sup>For example, see PANL GN 34/2, file 8/179, "Brief Relating to the Existing Conditions in the Canadian Salt Fish Industry Submitted by the Salt Codfish Committee of the Newfoundland Fish Trades Association - St. John's, Newfoundland," 23 June 1958; PANL GN 34/2, file NFDA Newfoundland Fish Trades Association, "Brief to the Provincial Government Submitted to the Honourable J.T. Cheeseman, Provincial Minister of Fisheries by the Salt Codfish Committee of the Newfoundland Fish Trades Association," 28 January 1960; MHA, Harold Lake Papers, box 1, file Debate on Fisheries, "Marine Resources of Newfoundland - Commercial View with Particular Reference to Saltfish," by F.A.J. Laws (of NAFEL), 25 April 1961.

By the early 1960s, the Smallwood government had begun to take notice of these grievances. After all, the Smallwood government had been the prime capital investor (through the provision of loans for capital expansion) in the frozen fish companies. Also, having experienced a series of political setbacks in the late 1950s,<sup>76</sup> Smallwood needed to bolster his political support. Accordingly, he set in motion a series of events that led to an official appeal by the Newfoundland government to the Government of Canada to assist the fisheries. Smallwood's 1962 Fisheries Convention had been the first step. Although no new proposals came forth at the gathering, Smallwood appointed the Newfoundland Fisheries Commission to collect more information about the needs of the fishery.<sup>77</sup> Heavily representative of the industrial sector, the Commission Executive members included people such as Arthur Monroe, Frank Moores of North Eastern Fish Industries, Edward Snow of Bay Roberts Fisheries, H.A. Dawe of FUTC and others from the fisheries business community.<sup>78</sup> The inshore fishers were largely unrepresented on the Commission

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<sup>76</sup>Failures of various economic development schemes, the Dr. Valdmanis scandal, the strike and subsequent decertification of the International Woodworkers of America in 1959 were but a few of the political difficulties that Smallwood had found himself in during his first ten years in office.

<sup>77</sup>PANL MG 644, file 287, 1962 Fisheries Convention, 26 September St. John's.

<sup>78</sup>PANL GN 34/2, file 27/16, list of members of Executive of the Newfoundland Fisheries Commission.

Executive, although members from the NFF and the SUF were among the group.<sup>79</sup>

Perhaps reflective of its membership, the Report of the Fisheries Commission submitted to the Newfoundland government focused mainly on broader industry issues, although it did recognize some of the concerns of the inshore fishery.<sup>80</sup> Specifically, the Commissioners advocated assistance for developing the offshore fleets, the establishment of a training school for trawler workers, revamping the saltfish marketing system, price supports and more education and information generally for inshore fishers. The effects of overfishing were a major concern, and the Commissioners took particular note of the problems that had occurred at Bonavista because of intensive offshore fishing. Missing from the final report, but included in an earlier draft of the document, was a strongly worded demand for immediate action on the twelve-mile limit, and a request to abolish treaty rights held by the French and the Americans to fish in Newfoundland waters.<sup>81</sup> Nevertheless, the Fisheries Commission emphasized the urgency of addressing the foreign fishing issue.

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<sup>79</sup>The representative for the NFF was Pat Antle, General Secretary of the NFF, who was not a fisher.

<sup>80</sup>NAC RG 23, v. 1748, file 794-17-1 [1], "Report and Recommendations of the Newfoundland Fisheries Commission to the Government of Newfoundland - Final Report."

<sup>81</sup>NAC RG 23, v. 1748, file 794-17-1 [1], "Report 32 - Jan. 19, 1963."

In The Decay of Trade,<sup>82</sup> David Alexander recounted the process by which the Fisheries Commission Report and was transformed into a document entitled National Fisheries Development: A Presentation to the Government of Canada by the Government of Newfoundland.<sup>83</sup> According to Alexander, the report was a product of the collaboration between several Smallwood government people, including Colin Story and Deputy Minister of Agriculture Pat Murray, and a number of agriculture and economic advisors who had close connections to the Diefenbaker administration. In the report, they drafted a proposal for a national fisheries development policy, rather than merely a program for Newfoundland alone. Arguing that fisheries needed and deserved the degree of support traditionally given to the Canadian agricultural sector, National Fisheries Development outlined a broadly based program aimed at assisting the fishing economy. What most likely sparked this debate about the higher level of assistance for agriculture was the fact that Diefenbaker's rural development program, Agriculture and Rural Development Act (ARDA), created in 1960, was not directly involved in helping the fisheries.<sup>84</sup> Certainly, one of the report's main proposals was the creation of a producers'

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<sup>82</sup>David Alexander, The Decay of Trade: An Economic History of the Newfoundland Saltfish Trade, 1935-1965 (St. John's: Institute of Social and Economic Research), 145-147.

<sup>83</sup>Newfoundland, National Fisheries Development: A Presentation to the Government of Canada by the Government of Newfoundland (St. John's, 1963).

<sup>84</sup>Donald Savoie, Regional Economic Development. (Toronto: University of Toronto Press, 1986), 23-24.

marketing board for saltfish.<sup>85</sup> Others included education for inshore fishing people, community development programs and loans for fishing people to acquire new equipment. As well, it advocated a quick implementation of the twelve mile limit, with the baseline to be drawn from headland to headland. This approach, the report argued, would allow the fishery to foster greater economic and social development throughout the entire region.

As Alexander noted, however, the Newfoundland government proposal "sank without a trace."<sup>86</sup> Alexander cited the changing administration after the election of the Pearson Liberals as one of the possible reasons for its downfall, but other evidence suggests that the proposal was simply out of line with the federal government's ideas about the future of the Atlantic fishery. Certainly, federal officials later criticized National Fisheries Development as being economically unjustified.<sup>87</sup> They complained that it focused too much on helping the inshore saltfish industry, which, in dollar terms, was a low yield sector: they noted that,

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<sup>85</sup>This idea seems to have originated with the group creating the document. The Fisheries Commission Report did not introduce this idea, nor can it be found in proposals by the NFF in this period. The NFF later campaigned for a producers' marketing board, but only after the idea was introduced in National Fisheries Development.

<sup>86</sup>Alexander, The Decay of Trade, 147.

<sup>87</sup>NAC RG 23, v. 1751, file 794-17-1 [13], a response to National Fisheries Development: A Presentation to the Government of Canada by the Government of Newfoundland, January, 1963. There is no date or author on this document, but most likely it was written by someone in the Department of Fisheries Economic Service. This volume (1751) is a file of that division.

although 75 percent of all fishers were engaged in the inshore fishery, in 1962 that sector produced only one third of the province's total fisheries production. The bottom line, as far as the federal officials were concerned, was that the inshore fishery was simply not worth the investment. More generally, although they agreed that the Newfoundland fishery had problems that needed attention, their interpretation of what those problems were differed significantly from the provincial analysis. The provincial proposal saw a disorganized marketing system which put producers at a disadvantage as the main problem. The federal officials, on the other hand, argued that low productivity (and low incomes) were the real culprits in causing the economic hardship in the inshore fishery. In fact, these criticisms strongly echoed the ideas of Stewart Bates as they appeared in the Report on the Canadian Atlantic Sea-Fisheries in 1944. The fisheries officials emphasized centralization and industrialization, key themes in the Bates Report and reflective of the hegemonic model of industrial development prevalent in western society. In many ways, this report was indicative of federal thinking on the fishery and suggested how the government might deal with the fishery in the future (see Chapter Six for a more detailed discussion of federal thinking on the Newfoundland fishery).

The federal report did agree, however, with some of the provincial proposals, however, specifically the plans for further technical education for fishers and making credit available to inshore fishers. It also supported the call for a twelve-mile fishing limit, although expressing doubt that this would help fisheries development.

Regarding the producers' marketing board proposal, however, the federal officials argued that such a move was not necessary. Price stabilization, they said, could be obtained more easily using the Prices Support Board, rather than setting up a marketing board.<sup>88</sup> They conceded, however, that since other sectors of the Atlantic fishery had expressed an interest in marketing boards, the matter might be examined.

This suggestion was taken seriously, and the federal government asked former Deputy Minister of Fisheries D.B. Finn to head a Royal Commission investigating the possibility of a producers' marketing board for saltfish in Atlantic Canada.<sup>89</sup> Finn eventually rejected the proposal - Alexander noted Finn's strong defence of private enterprise in justifying the decision in his final report. It is likely, however, that there was more to Finn's decision than mere attachment to the principles of "laissez-faire." Fishing industry organizations consulted in the Royal Commission process, including the Nova Scotia Saltfish Association and the NFTA, argued steadfastly against the idea.<sup>90</sup>

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<sup>88</sup>The Prices Support Board, a branch of the Department of Fisheries did indeed exist to provide assistance in the event of low prices. The program was rarely used to help the inshore saltfish industry, however. Newfoundland fishers received some help in the early 1950s, when post-war depressions in Europe kept prices low.

<sup>89</sup>Canada. Commission of Enquiry into the Atlantic Salt Fish Industry. Report (Ottawa: The Commission, 1964).

<sup>90</sup>Canada. Commission of Enquiry into the Atlantic Salt Fish Industry. Public Hearings held at Building No. 302, Fort Pepperell, St. John's, Newfoundland, Monday, 1 February 1965 (Ottawa: The Commission, 1965). Copies of the official submissions to the Commission by the NFTA, as well as several Nova Scotia organizations, the Nova Scotia Fish Packing Association (frozen fish) and the



Several frozen fish company owners also objected to the plan, arguing that the industry would suffer if more assistance were given to the inshore saltfish sector. Frank Moores of North Eastern Fish Industries, for example, feared that politicians, for political reasons, might set prices for saltfish too high.<sup>91</sup> Saying that the frozen fish sector was already handicapped by the UI regulations, Moores insisted it not could afford to lose its supply of inshore fish. Likewise, Arthur Monroe's son Denis talked about the problems of the frozen fish industry, the low market prices for frozen fish, the UI regulations and the higher prices being offered for saltfish in recent years.<sup>92</sup> Crucial for the frozen fish industry was a steady supply of raw fish for the plants, which would be threatened if fishers had greater incentive to salt their fish. Competition would not be a problem, he added, if high individual productivity in the inshore fishery could be expected. But this was unlikely, he explained, since the fisheries biologists had warned the owners that increased fishing would probably result in smaller catches per unit of effort. He concluded by saying that the government should not create policies that would favour one sector over the other.

### Conclusion

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Canadian Atlantic Salt Fish Exporters Association can be found at: MHA Harold Lake Papers, box 1, file Dr. D.B. Finn, Commission of Inquiry into Salt Fish Marketing.

<sup>91</sup>MHA Harold Lake Papers, box 2, Salt Fish Marketing Board, essay written by Frank Moores, 11 May 1964.

<sup>92</sup>MHA Harold Lake Papers, box 2, file Salt Fish Marketing Board, essay written by Denis Monroe, 11 May 1964.

Denis Monroe's comments about the general problems in the fishery and the competition between sectors for a supply of fish that they were expecting to dwindle, highlight some of the general turmoil within the Newfoundland fishery in the early 1960s. Never before had there been such pressures on the resource as were being exerted by the foreign fleets and the factory-freezer trawlers in the late 1950s and early 1960s. The various campaigns to encourage the Canadian government to adopt a twelve-mile limit reflect the seriousness with which people took this issue. The frozen fish companies, having undergone major capital expansions in the 1950s, were in desperate need of a steady supply of fish. The inshore sector, on the other hand, had scarcely been touched by the modernization program and was badly in need of more efficient gear and vessels to compete in the changing environment. Adding to the divisiveness was the competition between the saltfish and frozen fish sectors over supplies.

Clearly, the federal government's minimalist approach to fisheries development was no longer acceptable to those in the Newfoundland fishery. But, in its attempts to suggest alternative plans, the Newfoundland government encountered conflict with the federal Department of Fisheries. The authors of National Fisheries Development blamed problems on the lack of control over marketing structures and the inability of the majority of fishers to gain access to loans for investment in capital equipment. The federal government, on the other hand, held to its industrial approach and argued that low individual productivity was

the cause of economic hardship. As we will see in the next chapter, however, the Department of Fisheries was not entirely blind to the wider problems of the fishery and embarked on a renewed development program in the mid-1960s. Consistent with the hegemonic model of industrial development, the new federal programs favoured the frozen fish and offshore fishery. Ironically, the federal strategy of increasing overall productivity now posed greater problems than it had done a decade earlier, before the arrival of the foreign offshore fishing fleets. In the 1960s, with intensified pressure on the resource and international opposition to restricting foreign fishing activities, the federal government's attempt to save the fishery simply by increasing production proved problematic indeed.

## Chapter Six - The Federal Government's Response to a Changing Fishery, 1959-1966

The intensification of offshore fishing off the coast of Newfoundland, as we saw in Chapter Five, had profound implications for the people of the Newfoundland fishery. The federal government, although unwilling to restructure marketing or make any other fundamental changes to the existing social relations of the fishery, was cognizant of the growing frustrations within the industry. Prodded into action by the foreign fishing issue, the federal government's heightened intervention in the Newfoundland fishery also coincided with an expansion of state involvement in the Canadian economy generally. The result was the gradual translation into practice of the hegemonic industrial model of development. Indeed, the 1960s was the "heyday" of state intervention and "modernization" practices by western nations, both within their own borders and in less developed countries.<sup>1</sup>

In Canada, the federal government responded on two fronts: the domestic and the international. At the domestic level there was a general increase in involvement by the government in fisheries development, particularly in the area of the corporate offshore sector. Policies included a new organization for fisheries development (the Federal Provincial Atlantic Fisheries Committee), the creation of a new vocational fisheries college in St. John's, the passage of the Fisheries

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<sup>1</sup>For background on the "modernization" era, see David Harrison, The Sociology of Modernization and Development (Boston: Unwyn Hyman, 1988). In this period, American policy advisor W.W. Rostow published his influential work, The Stages of Economic Growth (Cambridge: Cambridge University Press, 1960), which offered governments a step-by-step guide for pushing economic growth.

Development Act which provided for financial assistance to private companies for fisheries expansion, and the Newfoundland Household Resettlement Act, which aimed at centralizing the inshore fishery. As well, in these domestic policies, particularly in the training programs for the future fisheries workforce, we see the inherently gendered nature of the development programs. Providing young men with improved technology and skills was seen as the way to bettering the economic situation of fishing families. Improving the earning power of women, many of whom had since moved into waged labour in the frozen fish processing plants, was never considered. The ultimate aim of these policies was to streamline and finally industrialize the Atlantic fishery.

At the international level, the government embarked on a campaign to establish a new international twelve-mile fishing limit, with the baseline drawn from headland-to-headland. These efforts met with minimal success and the Canadian government could do little to stop the onslaught of fishing by the foreign fleets. Both domestic and international strategies were linked. Indeed, industrializing the Canadian fishery became the "solution" to the problem of growing competition from offshore. Ultimately, however, fisheries officials, bound to a narrow perception of the possibilities for fisheries development, failed in their attempt to meet the needs of all sectors of the fishery. This chapter will examine the actions of the federal government, including its efforts at the domestic level to streamline the fishery and make it more technologically competitive, as well as its attempts at the international

level to secure a twelve-mile fishing limit.

The Federal Government's Domestic Policies -

A Renewed Commitment to Centralization and Industrialization

1) The Federal-Provincial Atlantic Fisheries Committee

One of the first signs of the shifting tactics of the federal Department of Fisheries was the introduction of new technological programs involving the co-operation of the provinces and selected industry members. Deputy Minister of Fisheries George Clark, who replaced Stewart Bates in 1954, initiated much of this new co-operation between levels of government and the fishing industry. Born in Montreal in 1908, Clark moved to Vancouver as a young man, where he became involved in the fishing industry.<sup>2</sup> Before accepting the job of Director of Western and Inland Fisheries with the federal government in 1948, he had been Manager of Personnel and Industrial Relations with the Canadian Fishing Company and served on the Board of Directors of several fisheries organizations. He was promoted to Assistant Deputy Minister of Fisheries in 1950, then Deputy Minister in 1954. Besides initiating increased contact between the levels of government and the industry, Clark actively participated in various international fisheries commissions, including the International Commission for North Atlantic Fisheries and the International North Pacific Fisheries Commission.

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<sup>2</sup>Biographical information from R.N. Wadden. Department of Fisheries of Canada.

One of Clark's more significant legacies to the Department was the creation of the **Federal Provincial Atlantic Fisheries Committee (FPAFC)** in 1958.<sup>3</sup> This new organization was intended to assist the "orderly and progressive development" of the fishing industry. Consisting of representatives from the federal government and the five Atlantic provinces (including Quebec), as well as fishing industry members, the **FPAFC** was to foster co-operation and co-ordination on fisheries matters between the federal government and the provinces. More specifically, the **FPAFC** made recommendations for programs for assistance in technological development, especially for gear, vessels and equipment, and processing facilities. In 1960, the federal government initiated a cost-shared scheme in which provinces could propose specific projects for funding.<sup>4</sup> Administered by the Industrial Development Service of the federal Department of Fisheries, the program provided between 50 and 75 percent of the cost of the project, with the provincial government paying the remainder.

The Newfoundland government took full advantage of this arrangement. Between 1960 and 1963, the federal and provincial governments spent a total of \$291,481 on cost-sharing projects including community stages, gill net demonstrations,

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<sup>3</sup>PANL GN 34/2, file 11/80 vol. 1, "Federal-Provincial Atlantic Fisheries Committee - Terms of Reference," 20 June 1958.

<sup>4</sup>PANL GN 34/2, file 11/80/5, memo to Deputy Minister from C. Story, 22 January 1960.

experimental "great longlining,"<sup>5</sup> and other gear experiments such as herring trawling and purse seining.<sup>6</sup> Over the 1965/1966 fiscal year, total expenditures were \$460,000 for projects involving inshore dragging, synthetic cod traps, gillnetting, cod seining, improving inshore vessels and experimental fishing for herring and squid.<sup>7</sup>

Although the benefits of these cost-shared projects for the Newfoundland inshore fishery have yet to be explored, the programs signalled an increase in intervention by the federal government in the Newfoundland fishery.<sup>8</sup> In introducing their new fisheries programs, federal officials often emphasized the necessity of competing with the foreign fleets and their highly developed technology. For

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<sup>5</sup>"Great Longlining" was done with 100' longliners. The idea was to fish farther offshore, so that larger fish suitable for making the "Labrador" type cure of saltfish could be caught.

<sup>6</sup>PANL GN 34/2, file 11/76/1, vol. 2, letter to Deputy Minister for ARDA from Deputy Minister of Fisheries (Newfoundland), 21 October 1963. This document lists all the federal-provincial cost-sharing projects between 1960 and 1963.

<sup>7</sup>PANL GN 34/2, file 11/75/1, vol. 3, "Department of Fisheries, Ottawa - Fisheries Development Projects in Co-operation with Newfoundland 1965/66."

<sup>8</sup>Although the actual benefits of these programs is unclear, several federal and provincial officials credited the programs with helping to build a better relationship between the two levels of fisheries administration. L.S. Bradbury, of the Industrial Development Service claimed the FPAFC had fostered the exchange of information and communication between federal and provincial officials (NAC, RG 23, v. 1794, file 796-46-1 [1], memo to Deputy Minister from Bradbury, 21 May 1963. Likewise, an exchange of letters between federal and provincial Ministers of Fisheries, H.L. Robichaud and Max Lane, respectively, also suggested they believed a new era of federal-provincial co-operation had begun (NAC, v. 1782, file 796-17-1 [3], letter to Robichaud from Lane, 11 February 1964; letter to Lane from Robichaud, 29 April 1964).



example, at a meeting in Ottawa between federal and provincial fisheries representatives in 1960, the new harvesting technology of the Soviet Union, specifically its new factory-freezer trawlers, received considerable attention. Colin Story, who represented Newfoundland at the meeting remarked,

The Federal Government seems to be quite alive to the tremendous threat to the fisheries resources of East Coast Canada from the increased catching capacity of the Russians, and, in fact, both the Minister of Fisheries and Mr. Clark stated quite emphatically that the next ten years would decide whether or not Canada would need a Department of Fisheries or a Fisheries Research Board at all.<sup>9</sup>

Story added that the modernization program was partly an attempt to meet the threat of the Soviet Union's increased harvesting capabilities.

With changes in both the government and in the top positions in the federal Department of Fisheries in 1963, the trend intensified. When the Diefenbaker Conservatives were defeated, Prime Minister Lester B. Pearson appointed Hedard J. Robichaud as the new Minister of Fisheries. With a background in the fishery (his family operated a small fishing firm in Shippegan, New Brunswick), he was the first such Minister to have had actual experience in the industry.<sup>10</sup> After working with his father's company, he had joined the federal Department of Fisheries as an inspector, and before entering political life in 1953, he also served as Director of

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<sup>9</sup>PANL GN 34/2, file 11/80/5, memo to Deputy Minister from C. Story re: Report on Meetings between Representatives of the Five Atlantic Provinces and the Federal Department of Fisheries held at Ottawa, January 6 to 8, 1960, 22 January 1960.

<sup>10</sup>R.N. Wadden, Department of Fisheries of Canada.

Fisheries for New Brunswick. The main policy initiatives he oversaw in that position were projects to update and enlarge the New Brunswick fishing fleet and to establish a provincial fisheries loan board. Although more experienced in fisheries matters than any previous Minister, several of his colleagues criticized him for his lack of initiative and his reliance on his Deputy Minister, Alfred Needler, for advice.<sup>11</sup> F.R. Hayes, the Director of the Fisheries Research Board from 1964 to 1969, argued that having a "weak" minister, particularly when Ministers of other departments aggressively sought funding, ultimately jeopardized fisheries programs.<sup>12</sup>

Needler had replaced Clark when the Deputy Minister died suddenly while on departmental business in Tokyo in 1963. The new Deputy Minister had had a long career in federal fisheries administration.<sup>13</sup> He began in the 1940s as a biologist with the Fisheries Research Board but spent most of his career as a fisheries administrator. He headed the St. Andrew's New Brunswick Biological Station and

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<sup>11</sup>Needler himself said of Robichaud, "Mr. Robichaud was a man who really wanted advice, needed advice, listened. He was politically very astute. His principles were very high and he was very good at co-operating with people," (NAC RG 23, v. 430, file 13 - A.W.H. Needler interview). F.R. Hayes, a former director of the Fisheries Research Board, on the other hand, claimed that Robichaud was personable, yet "he wasn't really very bright and the result was that he could be manipulated by Needler which in consequence Needler thought that he was a hell of a good Minister [sic]." (NAC RG 23, v. 430, file 7 - F.R. Hayes interview).

<sup>12</sup>NAC RG 23, v. 430, file 7 - F.R. Hayes interview. Hayes said, "I wasn't especially happy because our rivals as I saw them at Energy, Mines and Resources had a strong Minister, Jean-Luc Pepin who was a real aggressive fellow and was stealing our pants during [my tenure as chairman]."

<sup>13</sup>NAC RG 23, v. 430, file 13 - A.W.H. Needler interview.

later directed the Nanaimo British Columbia Biological Station. He left the FRB briefly from 1948 to 1950 to take the post of Assistant Deputy Minister of Fisheries, but returned to the Department of Fisheries permanently in 1963. Needler admitted that he actually preferred working as a Director of an FRB research station to any other job in the public service (presumably this included being Deputy Minister of Fisheries). As Deputy Minister, he spent a great deal of time working on the international fishing commissions, INPFC and ICNAF.

## 2) The College of Fisheries, Marine, Navigation, and Engineering

Reflecting the new trend in federal-provincial involvement in fisheries development was the creation of a new, jointly-funded fisheries vocational school in Newfoundland.<sup>14</sup> The College of Fisheries, Marine, Navigation and Engineering was established in St. John's in 1964 to train young men for the new technological fishery. Over two hundred students enrolled in the first classes offered in the spring of 1964.

The College of Fisheries in many ways represented the visions of the future fishery held by both Smallwood and members of the federal Department of Fisheries. First of all, it represented a new era in fisheries development, training young men in the new technology of the industrial fishery. The overwhelming focus of the College of Fisheries, in its early years, was training young men to work as trawler crews. Of the five general streams of study offered, three were directly related to crewing or

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<sup>14</sup>See Wright, "Young Men and Technology."

maintaining offshore fishing vessels - Nautical Science, Mechanical Engineering and Electrical Engineering. The others were Naval Architecture, which provided training in shipbuilding and design, and Food Technology, which organized in-plant training for employees of fish processing plants. The future would be a world of advancing technology, guided and controlled by the trained, knowledgeable young men building a better way of life. Emblematic of the post-war era in North American society, the fisheries planners' conceptions of the new fishery displayed an unbounded faith in "technological man" to solve the world's problems. The College of Fisheries represented a new epoch - not only a new industrial fishery but also a new way of acquiring knowledge and skills that went beyond, and were distinct from, the traditions of their fathers. It symbolized a break from the past and was touted as a panacea for the problems of the Newfoundland fishery.

The opening of the College of Fisheries also reveals the inherently gendered nature of fisheries development policies. Making one's living from the sea is an occupation that historically has been seen as specifically "masculine." Popularized through songs, stories and pictures, the "man of the sea" is a romanticized vision of the people who actually make their living fishing. It is a particularly masculine stereotype, depicting a world fraught with danger and hardship, and inhabited by strong, risk-taking men who were socially isolated and resistant to change. While evidence suggests that this stereotype has little basis in the social and economic relations of most fishing societies (past or present), it leads to the question of the

role of the state not only in directing economic development but also in fostering specific gender ideologies.

The gendered nature of this training policy was apparent in the fact that only young men were encouraged to enrol, even in the fish processing courses. Women, for the most part, were marginalized in the plans for the modern fishery. The goal of "modernization" was to provide the new male breadwinners the opportunity to learn skills to support their families. Offering women similar opportunities to improve their earning power, however, was never considered by fisheries planners. Shortly after the introduction of frozen fish processing plants in Newfoundland, women gravitated towards the new jobs. their low wages and lack of skills training, however, was never seen as a "problem." Hence, the College of Fisheries, seen as the path to a more prosperous future by offering training for young men, exemplified the gender ideologies underlying the state's fisheries development programs.

## 2) The Household Resettlement Program

Perhaps the most ambitious program of fisheries intervention in the history of Atlantic Canada, the Household Resettlement Act of 1965 was a joint federal-provincial operation intended to encourage, and provide financial assistance to, those living in small, isolated fishing communities to move to larger communities or "growth centres." Although, informally, fishing families and even some communities had been voluntarily "resettling" to other more prosperous areas for generations, the 1965 Resettlement Program was more far-reaching (and undoubtedly more

controversial) than any such plan in the past.<sup>15</sup> Although centralization had long been viewed as a solution to many of the problems of the Atlantic fishery by federal planners, the 1965 Household Resettlement Program was the first direct attempt by any government to move physically the population. It involved the co-ordinated effort of a number of federal and provincial departments, including the federal Department of Fisheries, Canada Mortgage and Housing Corporation, the provincial Departments of Fisheries and Social Welfare. Unlike previous informal resettlement assistance programs,<sup>16</sup> however, the 1965 program was more highly engineered. Without any prior research, planners compiled several lists of communities earmarked for resettlement, and provincial government representatives were sent into the districts to encourage them to resettle. However, the program would only provide funding for those families who moved to approved destinations.

The instigator of the program was Max Lane, former head of the NFF who replaced John Cheeseman as Newfoundland Minister of Fisheries in 1963. Lane may not have envisaged such a coercive program, but he introduced the idea in a letter

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<sup>15</sup>For two rather different interpretations of the 1965 Household Resettlement Program, see N. Iverson and Ralph Matthews, Communities in Decline: An Examination of Household Resettlement in Newfoundland (St. John's: ISER, 1968) and Parzival Copes, The Resettlement of Fishing Communities in Newfoundland (Ottawa: Canada Council on Rural Development, 1972).

<sup>16</sup>The Newfoundland government had in the past provided some financial assistance to fishing families and communities wishing to relocate.

to federal Minister of Fisheries Hedard Robichaud in 1964.<sup>17</sup> Commending the federal government for its new commitment to working with the provinces on fisheries development, he proposed that, in the spirit of the new era in federal-provincial co-operation, they establish a program to facilitate centralization of fishing communities.

### 3) The Fisheries Development Act

While on this front the federal and provincial governments were working on the centralization of fishing communities, fisheries officials began crafting a national fisheries development act to assist industrial expansion. Federal Department of Fisheries officials had been considering this since 1961.<sup>18</sup> The Newfoundland government's proposal for a national development program in 1963, however, played a role in reviving the idea (see Chapter Five). Although the federal fisheries officials disagreed with the proposals in National Fisheries Development: Presentation to the Government of Canada from the Government of Newfoundland, action by the provincial government led Robichaud to begin discussing alternative plans with Max

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<sup>17</sup>NAC RG 23, v. 1782, file 796-17-1 [3], letter to Robichaud from Lane, 11 February 1964.

<sup>18</sup>NAC, RG 23, Accession 83-84/120, box 100, file 721-79-1 [1], memo to I.S. MacArthur from George Clarke, 31 May 1961; memo to Minister of Fisheries from Clarke, 16 May 1961; memo to S.V. Ozere from MacLean, 14 June 1961; letter to MacArthur from L.S. Bradbury, 21 June 1961.

Lane.<sup>19</sup> A national federal-provincial conference on the fisheries held the following year (in 1964) also fostered more talks on a fisheries development plan<sup>20</sup> and L.S. Bradbury, an expatriate Newfoundlander who had been with the federal Department of Fisheries since Confederation, took a leading role in drafting the legislation.<sup>21</sup> Bradbury headed the Industrial Development Service, a branch of the Department of Fisheries responsible for assisting fisheries development. Finally, in May 1966, the Fisheries Development Act was passed.<sup>22</sup>

The Act provided for two main areas of fisheries development. First, it formalized the federal-provincial cost-sharing programs on exploratory fishing, and on experiments with new gear, equipment and vessels. It confirmed that the Minister of Fisheries, either alone or in conjunction with provinces, could undertake projects "for the more efficient exploitation of fisheries resources and for the exploration and development of new resources," as well as the introduction and demonstration of new

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<sup>19</sup>PANL GN 34/2, file 27/17, vol. 1, letter to Lane from Robichaud, 17 May 1963; letter to Robichaud from Lane, 17 May 1963.

<sup>20</sup>NAC Accession 83-84/120, box 100, file 721-79-1 [1], memo to Cabinet from Minister of Fisheries H.J. Robichaud, 21 June 1965; memo to Cabinet from Minister of Fisheries H.J. Robichaud, 28 November 1966.

<sup>21</sup>NAC RG 23, Accession 83-84/120, box 100, file 721-79-1 [1], memo re: Fisheries Industrial Development Act from L.S. Bradbury, Industrial Development Service, 5 April 1963.

<sup>22</sup>PANL GN 34/2, file 24/63, copy of "An Act to provide for the development of the commercial fisheries of Canada," 12 May 1966.



types of fishing vessels, equipment and techniques.<sup>23</sup> Second, and more significantly, the Act allowed the federal government to provide financial assistance to individuals or groups of individuals for the construction or expansion of commercial frozen fish plants and fishing vessels. For the first time, that is, the federal government offered to directly fund commercial fishing enterprises. Until then, the Newfoundland frozen fish companies had relied completely on the provincial government for loans and subsidies. The Act, therefore, marked the beginning of a new relationship between the frozen fish industry and the federal government.

Building a new offshore fleet was a direct way of trying to compete with the growing number of foreign fishing vessels. Hedard J. Robichaud repeated these themes later in 1965 at the launching ceremony for a 53' vessel owned by the Union Trading Company of Port Union. Robichaud told the crowd about the upcoming Fisheries Development Act and the plans to double the harvesting capacity of the Canadian offshore fleet.<sup>24</sup> Arguing that Canada could not simply sit idly by while foreign vessels took most of the fish, he explained:

to compete with them, indeed to outfish them [Robichaud's emphasis], we must modernize both our inshore and our offshore fishing fleets so that we may exploit the resources of the Northwest Atlantic more effectively than any other nation, and so provide greatly increased

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<sup>23</sup>PANL GN 34/2, file 24/63, copy of "An Act to provide for the development of the commercial fisheries of Canada." 12 May 1966.

<sup>24</sup>PANL GN 34/2, file 11/4/17, speech by H.J. Robichaud at Port Union, Newfoundland, 12 October 1965.

earnings for our fishermen.<sup>25</sup>

Although the Fisheries Development Act was intended to assist the frozen fish industry, the Newfoundland frozen fish company owners expressed concerns about the federal decision to expand greatly the offshore fleets. The Atlantic Development Board had prepared a report in 1966 suggesting that the Newfoundland fleet be increased to 150 large trawlers by 1975. The Newfoundland frozen fish companies who used the trawlers, however, were vertically-integrated operations, meaning that besides harvesting and processing fish, they also marketed and sold it. Aware of the fact that they would be responsible for finding a market for the increased production, the owners feared they would have trouble selling their fish in the already highly competitive US market, and that the prices would be pushed downward. In fact, the Newfoundland Fish Trades Association hired an American fisheries consultant, Robert Gruber, to look into the potential consequences of substantial production increases in Newfoundland.<sup>26</sup> Gruber, former president of Fishery Products Incorporated, a subsidiary of Fishery Products Limited based in Cleveland, painted a rather pessimistic picture for the future, saying that finding a market for the increased production would be difficult. Despite glowing predictions after the advent

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<sup>25</sup>PANL GN 34/2, file 11/4/17, speech by H.J. Robichaud at Port Union, Newfoundland, 12 October 1965.

<sup>26</sup>MHA Harold Lake Papers, Box 45, "Market Study - The Frozen Fish Trades Association Ltd., St. John's, Newfoundland by Robert J. Gruber, International Fisheries Consultant, Cleveland, Ohio."

of semi-processed fish products such as fish sticks, American per capita consumption of fish had not risen in the past decade. In fact, industry analysts had attributed total increases in consumption of fish products merely to population growth. Although the American population was growing, rates were not fast enough to absorb extra production. The only hope the Newfoundland industry had for selling greater quantities of fish was to launch an aggressive marketing campaign to try and take some of the business away from the competitors - Iceland and Norway.

Members of the Newfoundland fish trade, including Frank Moores of North Eastern Fish Industries and Paul Russell of Bonavista Cold Storage, met with federal officials at a private hearing of the Royal Commission for Newfoundland's Economic Prospects in October, 1966 and argued that the resource, the markets and the labour force could not withstand an expansion of offshore vessels to 150.<sup>27</sup> They referred to the Gruber Report, remarking that although they were pessimistic in the short term, they felt that improvements in expanding their share of the American market could be made if both governments co-operated in developing marketing arrangements and economic planning. Despite the advice, government failed to embark on a major marketing program for the Newfoundland fish trade. This incident, however, suggests that federal government plans to increase productivity and expand harvesting capacity in the mid-1960s were introduced without any

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<sup>27</sup>NAC RG 23, v. 1751, file 794-17-1 [15], memo to Deputy Minister re: Private Hearings, Royal Commission on Newfoundland's Economic Prospects, by C.R. Molson, Economic Service, Department of Fisheries, 27 October 1966.

consideration of whether or not the resource or the market could tolerate the move. Indeed, the federal government's unquestioning acceptance of the virtue of increasing production to improve the fishing economy, without an understanding of the full ramifications of that expansion, was naive.

Taken together, the creation of the College of Fisheries, the Household Resettlement Act and the Fisheries Development Act represented a significant change in the federal government's response to the Atlantic fisheries. Unlike the situation in the 1950s, when the government was reluctant to intervene directly in the fishing economy, the 1960s brought a willingness to fund fisheries development programs. Despite this introduction of greater public expenditures for fisheries matters, however, these new fisheries programs differed from those proposed by the Newfoundland government in the National Fisheries Development: Presentation to the Government of Canada by the Government of Newfoundland of 1963. The Newfoundland proposal had looked at the issues of community and fisheries development together and attempted to find an integrated solution. The federal government dealt with these issues as if they were two separate problems. The Household Resettlement Program attempted to deal with economically- marginal communities by physically moving them to areas with better "infrastructure" - roads, utilities, education systems - but it failed to consider the potential for increased exploitation of local fisheries resources. The Fisheries Development Act, on the other hand, provided technological development and assistance to commercial

enterprises, but never addressed problems of fishing communities.

Considering the federal government's record on assistance to the Newfoundland fisheries, this compartmentalized approach was hardly surprising in that although the federal government was beginning to provide more assistance to the fisheries, older attitudes about "modernizing" an economy by providing infrastructure, capital and technology still persisted. Indeed, these major fisheries development projects of the 1960s are best thought of as representing the final implementation of ideas introduced as early as 1944 by Stewart Bates in his Report on the Canadian Atlantic Sea-Fishery.

Although the growing degree of federal involvement in the fishery after 1960 can be seen partly as a result of the actions of particular personalities within the Department and political pressure from the provinces and industry, we also need to consider the larger changes in the Canadian state and the resultant responses to the economy. The interventionist welfare state did not rise fully-formed from the ashes of World War II; it evolved gradually. Like the Truman administration in the United States, the governments of Louis St. Laurent and John Diefenbaker, albeit to a lesser extent, preferred to manage the economy through fiscal policies, rather than direct intervention.

By the 1960s, however, the political and economic climate had changed. According to Bothwell, Drummond and English, governments were dropping their macro-economic fiscal policies in favour of more direct (and politically visible)

assistance programs.<sup>28</sup> Arguing that in Ottawa "it became fashionable to throw money at problems," these historians also cited growing prosperity in the country and popular concerns about economic inequality as contributing to this shift.<sup>29</sup> Public campaigns fought both in the streets and the media by students, civil rights supporters and social activists played a role in pushing the hands of western governments to address social and economic inequality. The United States embarked on a "War on Poverty," France tried to appease a growing radical student movement, and Canada introduced universal medicare. After 1960 a large number of programs were established that reflected this changing role of the state - pension plans, vocational education at the post-secondary level, the expansion of the universities, and rural development programs are examples.

Although never as politically important as medicare or rural development, the growing number of fisheries programs should be viewed within the larger context of the state's increasingly interventionist role in the economy. In particular, the Household Resettlement Act and the Fisheries Development Act bear a close relationship to the federal government's rural development projects. The Diefenbaker government established the Agricultural Rehabilitation and Development Act (ARDA) in 1961 (see Chapter Five), the first of several economic

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<sup>28</sup>John Bothwell, Ian Drummond, John English, Canada Since 1945: Power, Politics and Provincialism (Toronto: University of Toronto Press, 1989).

<sup>29</sup>Bothwell, Drummond and English, Canada since 1945, 287.

programs for rural areas.<sup>30</sup> Indeed, government officials frequently made comparisons between ARDA and the fisheries programs. In announcing the Fisheries Development Act, Robichaud claimed the legislation was a "companion" to ARDA and that his Department would continue its close collaboration with the agricultural program.<sup>31</sup>

Canada, the Twelve-mile Fishing Zone, and the International Community

The corollary to equipping fishing people with new technology to compete with the international fishery was the restriction foreigners' access to the coastal fishing grounds in the first place. Demands for a twelve-mile fishing limit had been coming from both Pacific and Atlantic Coast fishing interests since the late 1950s (see Chapter Five). Many felt that extending the federal government's jurisdiction over fisheries from three to twelve miles would alleviate some of the competitive pressures on Canadian inshore fishers.<sup>32</sup> The Canadian government was aware of domestic demands for greater protection of the fishing grounds, and indeed

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<sup>30</sup>ARDA later evolved into a number of other development programs later in the 1960s, such as the Fund for Rural Economic Development (FRED) and the Department of Regional Economic Expansion (DREE).

<sup>31</sup>"Fisheries Development Act Paves Way for Modernization," Trade News (June 1966), 10-11.

<sup>32</sup>Although the twelve-mile limit received considerable support from fisheries organizations, the actual effectiveness of such a measure was questioned by fisheries scientists, who argued the migratory stocks would still be available to offshore vessels at various times of the year. One tangible benefit of a twelve-mile limit for inshore fishers, however, was the reduced interference with inshore fixed gear by offshore trawlers.

attempted to deal with this issue.

Since the late 1950s, the Canadian government had been involved with international negotiations to establish a twelve-mile fishing limit in international law and to measure the territorial limit and fishing limit from straight baselines along the coast. However, Canadian negotiators found this an extremely difficult process, given the opposition to restricting international fishing coming from several fronts. Countries such as Spain, Portugal and Italy protested on the grounds that their long traditions of fishing off the Canadian coastline entitled them to "historic rights" to continue that practice. Of greater concern to the Canadian government, however, was the opposition by the United States government, which claimed Canada's efforts impinged on its own defence interests. Indeed, America's foreign policy preoccupation with stemming the tide of world communism in this period played a considerable role in eclipsing the issue of fisheries conservation that was beginning to arise from some quarters in the international fishing community.

Although extension of coastal fishing rights was never a major policy initiative, Canada nevertheless became deeply embroiled in the international debate. Balancing domestic demands for increased protection of the coastal fisheries with the interests and expectations of the international community proved difficult, to say the least. After World War II, many countries felt the traditional three-mile territorial sea limit was outdated, yet there was little consensus on an appropriate replacement.

The roots of the twelve-mile fishing zone debate originated in 1949 when the



International Law Commission began to compile information and existing laws regarding the high seas, territorial seas, continental shelves, contiguous zones and conservation.<sup>33</sup> Complicating the debate was the fact that a number of overlapping issues were involved, such as fishing rights, exploitation of mineral resources on the continental shelf, sovereignty on the high seas, navigation and coastal zone management. The Commission drafted 73 articles and recommended that a conference be held through the United Nations to debate these issues. 1958 saw the first United Nations Law of the Sea Conference held in Geneva and the beginning of a decade-long campaign by the Canadian government to establish an exclusive twelve-mile fishing zone.

Although the 1958 Law of the Sea Conference ended without reaching an agreement on territorial seas and fishing zones, a number of competing factions made their presence known.<sup>34</sup> On the one hand there were the "extreme twelve-milers" - the Soviet Union, East Bloc countries and Iceland - who favoured a twelve-mile territorial limit. On the other hand there were the European fishing nations - France, Italy, Spain and Portugal - who opposed any extension of either the territorial sea or fishing zones. The United States and the United Kingdom campaigned for a narrow territorial limit, attempting to preserve "freedom of the

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<sup>33</sup>NAC RG 23, v. 1985, file 721-87-1 [13], memo to Deputy Minister of External Affairs from J.S. Nutt, Under Secretary of State for External Affairs, 15 August 1958.

<sup>34</sup>NAC RG 23, v. 1985, file 721-87-1 [14], "Law of the Sea Background Reference Paper for the Prime Minister's World Tour."

seas.<sup>35</sup>

Attempting to find a middle ground, the Canadian delegation put forward a proposal including the retention of the original three-mile territorial sea, and the addition of an exclusive twelve-mile fishing zone.<sup>35</sup> The United States surprised everyone by proposing a six-mile territorial sea, plus an extra six-mile fishing zone (earlier it had insisted it would not accept a territorial limit greater than three miles). Rather than being an exclusive fishing zone, however, the American proposal allowed other nations which had been fishing off another coastal state the right to continue doing so in the outer zone in perpetuity. This proposal also failed, with Canada and Iceland, among others, voting against it. Canada offered a second plan, backed by India and Mexico, which provided for a six-mile territorial sea, with a twelve-mile fishing limit. It, too, failed to garner enough support for acceptance.

Despite the failure to reach an agreement, the Conference did adopt several major conventions on the Law of the Sea. These included the right of coastal states to exploit the resources under the continental shelf, to take measures to conserve the resources in high seas adjacent to the coast, and to apply the "straight-baseline" system. Also known as the "headland-to-headland" principle, the convention recognized the right of coastal states to draw the territorial lines from the tips of

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<sup>35</sup>Before the 1958 Law of the Sea Conference, the Canadian government had considered proposing a twelve-mile territorial sea and fishing zone, but decided it would be unwise after hearing the objections of the United States and Great Britain.

major bays or fjords, rather than following the actual coastline.<sup>36</sup> Besides the adoption of the Conventions, the delegates agreed to hold another Law of the Sea Conference in 1960.

Any brief assessment of the events at the Law of the Sea Conference reveals the pervasiveness of the larger political agendas of the nations involved. The foreign policy priorities of the United States and the Soviet Union, in particular, dominated the discussion. Indeed, one American historian who has studied the impact of the Cold War on the United Nations suggests that the preoccupation with East-West conflict curtailed the ability of that organization to deal effectively with world problems.<sup>37</sup> Since the end of World War II and President Truman's declaration to support the "free" world against "totalitarian" regimes, the United States had followed a policy of the containment of communism.<sup>38</sup> Throughout the 1940s and 1950s, the United States attempted to control the influence of the Soviet Union in Eastern Europe, Greece, Korea (through the United Nations), the Middle East and Indochina. Not

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<sup>36</sup>In 1951, the International Court at the Hague recognized the right of Norway to draw straight baselines across its fjords.

<sup>37</sup>Lynn H. Miller, "The United States, the United Nations, and the Cold War," in Lynn H. Miller and Ronald W. Pruessen, eds., Reflections on the Cold War (Philadelphia: Temple University Press, 1974). Although Miller does not discuss the Law of the Sea issue, he comments on a number of UN activities, from involvement in the Korean War, to economic development projects.

<sup>38</sup>See, Thomas G. Patterson, Meeting the Communist Threat: Truman to Reagan (Oxford: Oxford University Press, 1988), ch. 3. Truman's declaration became known as the "Truman Doctrine."

surprisingly, the United Nations Law of the Sea Conference, and particularly the territorial waters issue, became a forum in which the United States could promote its own perceived defence interests.

Afterwards, the chair of the United States delegation to the Law of the Sea Conference, Arthur H. Dean, confirmed the defence preoccupations of his country.<sup>39</sup> A lawyer by profession, Dean had direct experience in the US's involvement in world affairs, serving as Special Ambassador to Korea in 1953-54 as well as a negotiator for the Americans and others after the armistice in Korea. His introductory remarks in his report reveal his perceptions of the events in Geneva:

At a time when there are many doubts about whether we have any friends and whether our policies and concepts are surviving, it is refreshing to examine the extent of the achievements of the United States and the free world at the United Nations Conference on the Law of the Sea held in Geneva.<sup>40</sup>

He portrayed the Law of the Sea Conference not as a failure to reach an agreement on protection of fisheries resources, but rather as the success of the United States in thwarting the Soviet Union's attempts to control international waters. The possibility of war with the Soviet Union was uppermost in his mind and he saw any proposal on their part as a means of gaining advantage for its own naval and submarine fleets; fisheries issues were only a secondary concern. While expressing some consternation

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<sup>39</sup>NAC RG 23, v. 1985, file 721-87-1 [13], "Foreign Policy Report: The Law of the Sea," by Arthur H. Dean.

<sup>40</sup>NAC RG 23, v. 1985, file 721-87-1 [13], "Foreign Policy Report: The Law of the Sea," by Arthur H. Dean.

that extension of fishing rights in Canada and Mexico would curtail interests of American fishers, defence of the "free world" remained his overriding preoccupation.<sup>41</sup>

Canadian officials keenly felt the precariousness of Canada's position on the Law of the Sea in relation to the United States. Norman Robertson, long-time Under-Secretary of State for External Affairs, warned of the possible political and economic repercussions of Canada taking a position without the support of the United States and the United Kingdom.<sup>42</sup> At the same time, however, he accepted that the joint US-UK proposal put forward at the last Law of the Sea Conference would give the Canadian government trouble domestically. Canada's priority, as Robertson saw it, was securing a twelve-mile fishing zone to restrict access by the large number of foreign vessels that had been rapidly growing over the last decade. Also of importance was adopting the convention dealing with the "straight baselines," since re-drawing the territorial waters from headland-to-headland would extend Canadian jurisdiction considerably and would enclose bodies of water such as Hecate Strait, the Gulf of St. Lawrence, the Bay of Fundy and the bays of Newfoundland. To maintain this position in the face of US and UK opposition, however, was to risk

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<sup>41</sup>He duly noted Canada's opposition to the US proposal, but argued that Canada's opposition derived from economic differences, rather than fundamental ideological differences.

<sup>42</sup>NAC RG 23, v. 1985, file 721-87-1 [15], memo to Minister of External Affairs from N.A. Robertson, 21 September 1959.

economic and political repercussions. Robertson feared US trade retaliation against Canadian fish exports and also worried that relations between Canada and both countries could sour.

Potentially the most disastrous situation for Canadian-American relations would be the failure of both Canadian and American proposals (Robertson figured that if Canada and the US presented separate proposals, neither would win sufficient support to pass). In that case, Canada might have to vote with the Soviets on a twelve-mile territorial sea as the only means left of securing protection for coastal fisheries. Robertson painted a rather frightening scenario of that outcome:

Canada would be standing entirely opposed to the position of its NATO allies on a military question and would be likely to face the strongest US resentment for having contributed to a rule of law which is regarded as favourable to Soviet interests and detrimental to Western defence interests.<sup>43</sup>

He argued that in the face of such dire consequences, Canada should try to reach an agreement with the US before the 1960 Law of the Sea Conference.

The Interdepartmental Committee on Territorial Waters, which was formed to deal with this difficult issue, heeded his advice, and recommended that Canada stick to the original demands for a six-mile territorial sea, with an extended exclusive six-mile fishing zone (the "six plus six formula").<sup>44</sup> It also suggested that the US and

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<sup>43</sup>NAC RG 23, v. 1985, file 721-87-1 [15], memo to Minister of External Affairs from N.A. Robertson, 21 September 1959.

<sup>44</sup>NAC RG 23, v. 1985, file 721-87-1 [16], memo re: Law of the Sea, 24 March 1959.

UK be encouraged to support this position as well. Instead of giving those with "traditional" fishing rights (which under the US/UK proposal remained undefined) to fish in the outer six-mile zone forever, the Committee recommended that the proposal contain a provision for the coastal country to negotiate "phasing-out" periods with those states which could demonstrate a history of fishing in the area.<sup>45</sup>

Later that year, Canadian officials met with representatives from the US State Department to discuss the Canadian proposal.<sup>46</sup> Among this group were William Herrington, Special Assistant for Fisheries to the Under Secretary of the Department of State and Raymond Yingling, Assistant Legal Advisor for the Department of State, both of whom most frequently represented the American government at Law of the Sea meetings. Unlike Arthur L. Dean, chair of the 1958 Law of the Sea delegation, Herrington had some sympathy for US fishers and the problems of offshore fishing by foreign countries. In a speech delivered to the National Fisheries Institute Convention earlier in the 1950s, he argued that the changing technology of the high-seas fishery made the old three-mile fishing limit inappropriate.<sup>47</sup>

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<sup>45</sup>It was assumed that Canada would have to make bilateral agreements with the United States and France anyway, since both these countries had treaty rights to fish in Canadian waters.

<sup>46</sup>NAC RG 23, v. 1985, file 721-87-1 [20], "Summary of Discussions of the Law of the Sea, Friday, Oct. 23, 1959," 27 October 1959.

<sup>47</sup>NAC RG 23, v. 1983, file 721-87-1 [1], "United States Policy on Fisheries and Territorial Waters," by William Herrington, Special Assistant for Fisheries and Wildlife for the Under Secretary of the Department of State - speech made to the National Fisheries Institute Convention, Los Angeles, California (no date, but

The Americans agreed to support the proposal, but insisted on further talks to clarify the "traditional rights" issue. The State Department representatives then said they would let Canada take the lead in campaigning for and promoting the proposal, in the hopes of attracting more of the "neutral" countries. Despite the combined efforts of Canada and the United States, the joint Canadian-American proposal at the 1960 Law of the Sea Conference failed by only one vote to reach the required 2/3 majority. The Soviet Union and East Bloc countries, as well as the United Arab Emirates were among the nations that opposed the move. The Conference ended without further plans for more talks on the Law of the Sea issue.

Shortly after the failed Conference, a memo to the Canadian Cabinet laid out possible courses of action.<sup>48</sup> The author began by arguing that because of national interests, the Canadian government should not drop the matter. At the same time, however, a unilateral declaration of a twelve-mile fishing limit could lead to many negative repercussions. The action could be challenged in the international courts by countries opposed, such as the United States, the United Kingdom, France, Spain or Portugal. The United States had a strong fisheries lobby, and it could fight to protect its interests, particularly in the salmon fishery off the coast of Western

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references within the text suggest it was written after the Anglo-Norway court case was decided in 1951, but before the 1958 Law of the Sea Conference. The other documents in the same file date to 1952, so it is most likely this speech dates to this time period as well).

<sup>48</sup>NAC RG 23, v. 1985, file 721-87-1 [21], Memo to Cabinet: Law of the Sea - Possible Courses of Action." 13 May 1960. No authorship was acknowledged.



Canada. The author cited many of the arguments raised after the failure of the 1958 Conference, such as fears of US trade retaliation and loss of a general "goodwill" in international relations. A unilateral action by Canada could also set a precedent, paving the way for other countries to declare even larger territorial limits, thus causing problems for the NATO alliance. In light of such consequences, the author recommended that the Canadian government try to organize a multilateral agreement on fishing rights and territorial waters instead of further action through the United Nations. The joint Canadian-US proposal at the 1960 Law of the Sea Conference would form the basis of the agreement, which was less likely to be challenged in the international courts, they reasoned. Getting US support for such an arrangement, however, was critical, and State Department officials had already shown some support for the idea. The author suggested that quietly surveying potential signers of a multilateral agreement should be the next step.

Another major issue discussed was the adoption of the Conventions from the 1958 Law of the Sea Conference, particularly the one dealing with "straight baselines."<sup>49</sup> Drawing new territorial and fishing limits based on this principle was considered important for a country with such jagged coastlines as Canada. S.V. Ozere, Assistant Deputy Minister of Fisheries and Department Legal Advisor, argued

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<sup>49</sup>NAC RG 23, v. 1985, file 721-87-1 [21], Memo to Cabinet: "Law of the Sea - Possible Courses of Action," 13 May 1960; v. 1986, file 721-87-1 [23], Draft Memo to Cabinet, "Desirability of Ratifying the Convention of the Law of the Sea," 6 January 1961.

for enclosing bodies of water important to Canadian fishing interests.<sup>50</sup> The Convention would also enclose the Arctic Archipelago, Hudson Strait and Hudson Bay to the north. A draft memo to Cabinet in 1961 suggested, however, that although desirable, such a move could cause problems with the fishing lobby in the United States, which might push for retaliatory trade legislation if Canada took action against its perceived fishing interests.<sup>51</sup> At the critical juncture when Canada was trying to enlist American support for a multilateral agreement on fishing rights and territorial waters, this Canadian action might lead to more problems. Therefore, and on balance notwithstanding the importance of the issue for fishing interests in Canada, the author recommended the matter not be pursued until after American support for the multilateral agreement had been secured.

By the summer of 1961, the United States government began to back away from its support of the "six plus six" formula. The Canadian government realized something was wrong when the Americans failed to respond to its survey asking who would favour supporting a multilateral agreement on fishing zones and territorial seas.<sup>52</sup> The author of a Draft Memo to Cabinet argued that in the likely event of

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<sup>50</sup>NAC RG 23, v. 1986, file 721-87-1 [28], memo to Minister of Fisheries from S.V. Ozere, Department of Fisheries, 13 September 1962.

<sup>51</sup>NAC RG 23, v. 1986, file 721-87-1 [23], Draft Memo to Cabinet, "Problems connected with implementation of the straight baseline system." 9 January 1961.

<sup>52</sup>NAC RG 23, v. 721-87-1 [27], Draft Memo to the Cabinet. "Law of the Sea - Possible Courses of Action." 11 July 1961.

American rejection of the multilateral agreement, Canada would have little choice but to take unilateral action and declare a twelve-mile fishing zone. Such action, however, had serious drawbacks, destroying the tradition of the friendly handling of disputes between the two countries. The author suggested that, whatever Canada decided to do, the US government should first be notified and offered a chance to negotiate regarding fishing rights and disputed areas.

In September, 1961, Under Secretary of State Norman Robertson and other members of the Interdepartmental Committee on Territorial Waters went to Washington to find out why the Americans opposed a multilateral agreement.<sup>53</sup> Robertson remarked he suspected that American officials were divided on the issue. The Canadian delegation decided to meet with the three Departments involved in the matter (State, Interior - Fisheries and Wildlife Division, and Defense) separately, and Robertson's suspicions about the source of the problem were confirmed. They found the State Department generally supportive of the Canadian proposal, but representatives from the Department of the Interior (Fisheries and Wildlife) and Defense, opposed. Ironically, however, Robertson noted that both Fisheries and Defense blamed each other for causing the problems.

The US Department of Defense outlined its concerns more specifically in a meeting with a representative from the Canadian Department of Defence, Lt-

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<sup>53</sup>NAC RG 23, v. 1986, file 721-87-1 [27], Memo for the Minister, "Law of the Sea: Discussions in Washington," 12 September 1961, by Norman Robertson.

Commander H.D.W. Bridgeman of the Royal Canadian Navy.<sup>54</sup> Led by Rear Admiral Robert Powers, Jr., the American group told the Canadians that the US Navy was against extending the territorial limit. Powers outlined the main security concerns. He said he feared that the Canadian action could set a precedent for other nations to extend their territorial limits unilaterally. Hostile (i.e. Soviet) submarine fleets could then take refuge in the territorial waters of "neutral" countries, he argued, and US ships would not be able to patrol those areas. Unilateral actions by other countries in extending their territorial limits could also close off straits and passages important for navigation on the high seas, he explained. As well, Powers complained that if other countries extended their territorial limits, the US would lose its ability to make a show of its naval power. A contingent of American warships sailing along the coast would lose its power of intimidation if forced to stay beyond the horizon. Bridgeman remarked that he believed the American Defence Department greatly feared the consequences of a Canadian unilateral extension of territorial waters, adding "The multilateral convention is being considered in the light of the Cold War."<sup>55</sup>

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<sup>54</sup>NAC RG 23, v. 1986, file 721-87-1 [27], letter to Marcel Cadieux, External Affairs from H.D.W. Bridgeman, Lt-Commander, RCR, DND Representative, Interdepartmental Committee on Territorial Waters, "Law of the Sea - Report of Discussions with USA Department of Defense, Sept. 8, 1961," 13 September 1961.

<sup>55</sup>NAC RG 23, v. 1986, file 721-87-1 [27], letter to Marcel Cadieux, External Affairs from H.D.W. Bridgeman, Lt-Commander, RCR, DND Representative, Interdepartmental Committee on Territorial Waters, "Law of the Sea - Report of Discussions with USA Department of Defense, Sept. 8, 1961," 13 September 1961.

Bridgeman's comment about the impact of the Cold War on the territorial waters issue is telling. More importantly, however, we need to be aware of changes in the nature of the Cold War over this period, and its relationship to the actual negotiations. One of the more pressing questions was: why did the US government back away from the "six plus six formula" it had supported at the 1958 and 1960 Law of the Sea Conferences? Why, from 1961 onward, was the American government taking a more hard-line approach to the question?

The answer must partly lie with the election of John F. Kennedy as President of the United States in November, 1960. In the American popular imagination, Kennedy was a great humanitarian who wanted to push America to new heights of human achievement. With the passage of time (and more importantly, the opening up of government documents for that period) historians have been portraying Kennedy as one of the more aggressive "Cold Warriors."<sup>56</sup> They point to the large number of diplomatic crises in the few short years of the Kennedy presidency, such as the Bay of Pigs incident, the escalation of the arms race, increased involvement

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<sup>56</sup>See Patterson, Meeting the Communist Threat, ch. 10. Patterson points to the fact that most of the earlier studies of the Kennedy years were written by his former advisors such as Arthur Schlesinger Jr. and Kenneth O'Donnell, who sang his praises. Another historian, Thomas J. McCormick, America's Half Century: United States Foreign Policy in the Cold War and After, 2nd ed. (Baltimore: Johns Hopkins University Press, 1995), characterized Kennedy's foreign policy as being both "hawkish" and "dovish." He noted that Kennedy presented a tough front to countries that were politically unacceptable (i.e. communist or socialist), but provided assistance with organizations such as the Peace Corps to nations deemed politically friendly.

in Vietnam, and the Cuban Missile Crisis, among others, as evidence of an administration taking a more active role in fighting communism. Considering the aggressive stance of the Kennedy administration, the greater emphasis on security appearing in the territorial waters/fishing rights negotiations was hardly surprising.

In 1963, sensing the lack of willingness on the part of the US administration to compromise further, the Canadian government abandoned plans for a multilateral agreement and decided to take unilateral action. Effective May, 1964, Canada would extend its fishing zone to twelve miles.<sup>57</sup> For those countries which could demonstrate historic attachment to fishing off the Canadian coastline, either through actual treaty or "tradition," Canada would make bilateral agreements to establish "phasing-out" periods. As well, the Canadian government would draw a new territorial limit, based on the straight baseline system. In an effort to appease the Americans, the new territorial limit would only extend three miles, rather than six. In drawing new baselines, however, Canada would enclose certain bodies of waters along its coasts, including the Newfoundland bays, Bay of Fundy, Gulf of St. Lawrence, the Arctic Archipelago, Hudson Bay, Hudson Strait, Hecate Strait and the Dixon Entrance.

Before announcing this decision to the Canadian public, the Pearson government decided to tell the US administration. Within days of informing the US

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<sup>57</sup>NAC RG 23, v. 1986, file 721-87-1 [30], telegram to Washington, 4 June 1963 from Department of External Affairs, Canada.

government in late February, 1963, Alexis Johnson, American Deputy Under Secretary of State for Political Affairs, along with Raymond Yingling and William Herrington, summoned Canadian Ambassador to the US, Charles Ritchie, to a meeting.<sup>58</sup> Johnson, who did most of the talking at the meeting, asked Ritchie if the Canadian government would reconsider its position on fishing rights and territorial waters. He said the actions would "not be helpful" to Canadian-American relations. Of particular concern to Johnson was Canada's intention to draw a new territorial limit using straight baselines and to enclose certain bodies of water. Johnson described the dangerous precedent Canada could set for archipelago countries such as Indonesia and the Philippines which had already announced their intentions to declare the waters between their islands as internal territory. As well, Ritchie noted Johnson's fears that the

USA would be ... in an extremely poor position to protest Soviet expansionism of this kind if the USA were to acquiesce in the action contemplated by Canada as a neighbour, friend and ally.<sup>59</sup>

Ritchie acknowledged that the American officials were not threatening in any way, but they clearly "made no effort to hide their agitation."<sup>60</sup>

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<sup>58</sup>NAC RG 23, v. 1986, file 721-87-1 [28], telegram to External Affairs from C.S.A. Ritchie, 1 March 1963.

<sup>59</sup>NAC RG 23, v. 1986, file 721-87-1 [28], telegram to External Affairs from C.S.A. Ritchie, 1 March 1963.

<sup>60</sup>NAC RG 23, v. 1986, file 721-87-1 [28], telegram to External Affairs from C.S.A. Ritchie, 1 March 1963.

American opposition to Canada's position continued during a meeting between Canadian Prime Minister Lester B. Pearson and US President Kennedy at Hyannis Port in May, 1963.<sup>61</sup> Pearson confirmed Canada's intention to declare a twelve-mile fishing zone and new territorial limit drawn from straight baselines. Kennedy, on his part, advocated the status quo, the three-mile limit drawn following the sinuosities of the coast. Notwithstanding Kennedy's opposition, Pearson announced plans to implement the new territorial limit and fishing zone in May, 1964. Despite Pearson's announcement, however, the Canadian government implemented the fishing zone and territorial limit in stages. It delayed drawing the straight baselines, and waited to restrict fishing inside twelve miles until after it had negotiated with each individual country affected by the move.

At the request of President Kennedy, the Canadian government began a series of talks with the US.<sup>62</sup> A first round of meetings took place in Ottawa in August, 1963, followed by a second round in early December in Washington. Paul Martin Sr., Secretary of State for External Affairs, attended the meetings, along with fellow Department member Marcel Cadieux, Department of Fisheries representatives Hedard J. Robichaud and S.V. Ozere, Assistant Deputy Minister and Legal Advisor,

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<sup>61</sup>NAC RG 23, v. 1987, file 721-87-1 [32], Memo to Cabinet, Law of the Sea Negotiations with the US from Secretary of State for External Affairs, Paul Martin, 19 December 1963.

<sup>62</sup>NAC RG 23, v. 1987, file 721-87-1 [32], Memo to Cabinet, Law of the Sea Negotiations with the US from Secretary of State for External Affairs, Paul Martin, 19 December 1963.



as well as members of the Canadian Department of Defence. The American delegation consisted of Alexis Johnson, William Herrington and Raymond Yingling of the State Department, along with representatives from Fisheries and Wildlife of the Department of the Interior and the Department of Defense.<sup>63</sup> According to Martin, the Americans objected to the extension of the fishing zone on grounds that it restricted the fishing activities of Americans.<sup>64</sup> The US also opposed the drawing of straight baselines for security and strategic reasons, particularly contesting Canada's wish to enclose the Gulf of St. Lawrence. These issues proved insurmountable. Canada and the United States failed to come to an agreement during those first two rounds of talks.

The following year, Canadian External Affairs officials learned that the Department of the Interior (Fisheries and Wildlife Division) had dropped its opposition to the plan. Marcel Cadieux of External Affairs told Paul Martin that officials from their Department attending a social function in Washington had learned from US State Department member William Herrington that at that time, only the Defense Department - specifically the US Navy - was resisting Canada's

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<sup>63</sup>NAC RG 23, v. 1987, file 721-87-1 [32], Draft Minutes of Second Round of Law of the Sea Discussions in Washington, 4 December 1963. This document lists those who attended the meetings. The contents of this document, however, were exempted under the Access to Information Act.

<sup>64</sup>NAC RG 23, v. 1987, file 721-87-1 [32], Memo to Cabinet, Law of the Sea Negotiations with the US from Secretary of State for External Affairs, Paul Martin, 19 December 1963. Martin's report summarizes the meeting that was restricted in the document noted above.

proposal, not the Fisheries officials.<sup>65</sup> Explained Cadieux,

While I think we have guessed that the strong stand being taken by the US is primarily on security grounds, this is the first time that we have had it confirmed, albeit privately, that our proposals on fishing are generally acceptable to the US.<sup>66</sup>

By September, 1964, defence issues had taken a new prominence in American foreign policy. In August, after North Vietnamese aircraft allegedly attacked American warships in the Gulf of Tonkin. This incident heightened tensions, and escalation of American involvement in Vietnam eventually followed.<sup>67</sup> Marcel Cadieux remarked on the recent events in southeast Asia, speculating on their impact on future negotiations:

As far as security arguments are concerned, presumably recent events in the Gulf of Tonkin will have strengthened, if anything, the US Navy's resolve to endeavour to have the US government oppose claims which might be taken as a precedent by countries such as Indonesia in support of their claim to enclose the entire archipelago by straight baselines.<sup>68</sup>

By the end of December, 1965, Canada and the US had reached a stalemate in

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<sup>65</sup>NAC RG 23, v. 1988, file 721-87-1 [30], Memo for the Minister from M. Cadieux, 21 September 1964.

<sup>66</sup>NAC RG 23, v. 1988, file 721-87-1 [30], Memo for the Minister from M. Cadieux, 21 September 1964.

<sup>67</sup>For background on the Gulf of Tonkin incident, see Michael Maclear, The Ten Thousand Day War, Vietnam: 1945-1975 (London: Methuen Books, 1981), 112-113.

<sup>68</sup>NAC RG 23, v. 1988, file 721-87-1 [30], Memo for the Minister from M. Cadieux, 21 September 1964.

negotiations.<sup>69</sup> Marcel Cadieux noted that "[The US] continue to oppose strongly our baselines and have served their notice of their intention to make their views known to other countries."<sup>70</sup>

Not all Americans, particularly those representing the fishing industry, supported their government's hard-line position on territorial waters and fishing rights. Margaret Dewar noted that fishing interests in New England, the Pacific Northwest and Alaska all campaigned for a twelve-mile fishing limit in the early 1960s.<sup>71</sup> Senator E.L. Bartlett (Democrat - Alaska) demanded that the US follow Canada's example and declare a twelve-mile fishing limit to restrict entry by Soviet and Japanese vessels in the fishing areas off Alaska.<sup>72</sup> As well, a Seattle lawyer and American representative on the International North Pacific Fisheries Commission, Edward Allen, launched a campaign to encourage the US government to stop letting

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<sup>69</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and Minister of Fisheries from M. Cadieux, 18 December 1964; v. 1988, file 721-87-1 [40], "Draft Statement for Use by the Secretary of State for External Affairs in the External Affairs Committee," 18 June 1965.

<sup>70</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and Minister of Fisheries from Marcel Cadieux, 18 December 1964.

<sup>71</sup>Dewar, Industry, 132-134.

<sup>72</sup>NAC RG 23, v. 1986, file 721-87-1 [30], copy of Congressional Record, May 15, 1961, "Extension of Territorial Waters to Protect Fishery Resources.," v. 1986, file 721-87-1 [30], telegram to External Affairs, Ottawa, 25 June 1963, text of statement made by Senator Bartlett urging straight baselines and fishing zones for the US.

defence concerns impede fisheries conservation.<sup>73</sup> He argued that the US government had conflated the defence and fisheries issues in its handling of the territorial limit/fishing zones affair. He claimed that although he had sympathy for the Navy's concerns, particularly in light of events in Vietnam and Indonesia, it was time for the government to deal with fisheries and defence issues separately. Through an American Bar Association committee on territorial waters, Allen and others drafted a list of resolutions asking the US government to take a new approach to handling fisheries concerns. This lobbying by the various groups had some impact, in that the US government decided to declare a twelve-mile fishing zone in 1966.<sup>74</sup> The territorial limit, however, remained unchanged.

In addition to the Americans, the Canadian government also had to appease the countries with a history of fishing in the waters off the Canadian coast. Indeed, the Canadians had an obligation to negotiate with France which held legal fishing rights off the coast of Newfoundland through the Treaty of Utrecht.<sup>75</sup> These

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<sup>73</sup>NAC RG 23, v. 1988, file 721-87-1 [42], letter to Members of the Seattle Council of the Navy League from Edward Allen, 17 August 1964; letter to Under Secretary of State for External Affairs from Canadian Consulate General, 19 June 1965 (attached is a copy of an article written by Allen and published in The American Journal of International Law, vol. 58, "Freedom of the Sea."

<sup>74</sup>Margaret Dewar, Industry, 133.

<sup>75</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Minister of Fisheries from S. V. Ozere, Re: Law of the Sea, Arrangements with France, 16 November 1964. The Canadian government, because of the complications involved with France's claims, decided to postpone negotiations with that country until after deals with the US and others had been settled.

negotiations with the United Kingdom, Norway, Denmark, Spain, Italy and Portugal, however, lacked the same urgency as those with the United States. Except for the United Kingdom, none of these countries were major trading partners or significant political allies. The subsequent difficulties that arose over the Canadian declaration did not hold the same political or economic consequences as did American displeasure over the move.

The Canadian government, however, duly began negotiating with each country in turn after notifying them of the plans for the twelve-mile fishing limit. Before negotiations began, the cabinet decided to offer these countries a phasing out period for fishing inside the Gulf of St. Lawrence of five years and ten years for fishing within the six-to-twelve mile line.<sup>76</sup> Several, including the United Kingdom, Norway and Denmark, had no problem with the terms and accepted Canada's position: by this time, these countries were in the process of declaring twelve-mile limits of their own. Until deals had been reached with the other fishing nations, however, Canada had to wait before signing with the more amenable countries.<sup>77</sup>

Some countries, particularly those with significant investments in their offshore

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<sup>76</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and Minister of Fisheries from Marcel Cadieux, 18 December 1964.

<sup>77</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and Minister of Fisheries from Marcel Cadieux, 18 December 1964. Cadieux noted that although these three countries accepted the five-year plan for fishing in the Gulf of St. Lawrence, and ten-year plan for other areas, Canada had to wait until they had finalized deals with Spain, Portugal and Italy. He said the UK, Denmark and Norway would want the same deal as the other fishing countries.

fisheries, such as Spain, Portugal and Italy, threatened to cause more difficulties. Spain and Italy protested Canada's declaration and, as External Affairs official Marcel Cadieux noted, they "barely went through the motions of negotiating."<sup>78</sup> Indeed, the Canadian officials feared they might challenge Canada's actions in the International Courts.<sup>79</sup> The Spanish argued that the 1922 Anglo-Spanish treaty, which was later extended to include Canada, gave them "most favoured nation" status entitling them to fish in Canadian waters.<sup>80</sup> Some Canadian officials suspected that the United States, still unhappy with Canada's position on declaring straight baselines, was encouraging these protests by Spain.<sup>81</sup> Indeed, the Canadian Ambassador to Spain, Benjamin Rogers, reported that the head of Canadian and American Affairs for Spain, Senor Sagas, indicated that the Spanish had been discussing the matter with the US.<sup>82</sup>

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<sup>78</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and Minister of Fisheries from Marcel Cadieux, 18 December 1964.

<sup>79</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and the Minister of Fisheries from M. Cadieux, 6 October 1964.

<sup>80</sup>NAC RG 23, v. 1988, file 721-87-1 [30], Memo to Canadian High Commission, London, from Under Secretary of State for External Affairs, 17 August 1964. The treaty was the Treaty of Commerce and Navigation of 1922.

<sup>81</sup>NAC RG 23, v. 1988, file 721-87-1 [35], Memo to Secretary of State for External Affairs and the Minister of Fisheries from M. Cadieux, 6 October 1964.

<sup>82</sup>NAC RG 23, v. 1988, file 721-87-1 [35], letter to Under Secretary of State for External Affairs from Canadian Ambassador for Spain, Benjamin Rogers, 4 December 1964. Rogers said that the Spanish official claimed that the US feared that if Canada enclosed the Gulf of St. Lawrence, the North Vietnamese would

Portugal, like Spain, had problems with Canada's intention to declare a twelve-mile fishing limit. Unlike Spain, however, the Portuguese government showed a willingness to negotiate. During the second round of talks with that country, the Portuguese delegation tried to argue that their 400-year history of fishing off the Canadian coast bestowed the same rights to fish as if they had an actual treaty.<sup>83</sup> Calvet de Magalhaes, Head of the Economic Division, Ministry of External Affairs, explained that Canada's actions would hurt Portugal's extensive investment in the overseas cod fishery. His country was trying to improve its economy and standard of living, and a twelve-mile fishing limit would put a considerable dent in its offshore landings. A prosperous country such as Canada, he reasoned, should not hinder the development of a struggling country like Portugal. Despite this rhetoric, however, the Portuguese delegation showed a willingness to negotiate a phasing out period, and eventually accepted Canada's declaration.

Progress on negotiations with each individual country continued slowly over the next few years.<sup>84</sup> Indeed, only in 1969, five years after announcing intentions

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follow suit and enclose the Gulf of Tonkin. Rogers was sceptical that the Americans would make such a comparison, but thought that Sagas' comments indicated that the two countries had been discussing Canada's position.

<sup>83</sup>NAC RG 23, v. 1988, file 721-87-1 [35], "Law of the Sea, Second Round of Talks Between Portugal and Canada, Oct. 20-21, 1964."

<sup>84</sup>The document series NAC RG 23, v. 1983-1988, file 721-87-1 containing information about the territorial waters negotiations doesn't indicate when the final deals with each country were finally made. These deals would have been signed between mid-1965 (v. 1988, file 721-87-1 [40], Draft Statement for Use by the

to draw a new territorial limit based on straight baselines, did the Canadian government finally implement the plan and enclose certain coastal bodies of water.<sup>85</sup> The extreme difficulties experienced in trying to establish a minimum degree of fisheries protection says much about the wider political climate of the time in international relations. Quite simply, what now seems like a small step in protecting the resource was pushed aside by the dominant defence agendas of the world's "superpowers," the United States and the Soviet Union. Perhaps more importantly, this political climate had tremendous repercussions for the history of the resource itself. During the 1960s, when Canada and the US were at loggerheads over the territorial waters issue, the heaviest offshore fishing in the history of the Northwest Atlantic took place: the highest recorded offshore landings in the ICNAF fishing area occurred in 1968 (810,000 tonnes). The Canadian government alone could not have prevented that intensive fishing (even if it had had the foresight to do so) without alienating its largest trading partner and one of the most politically and militarily powerful countries in the world.

### Conclusion

By the mid-1960s, the hegemonic industrial model of fisheries development

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Secretary of State for External Affairs in the External Affairs Committee, 18 June 1965 - indicates no deals had yet been signed) and 1969 when Canada finally implemented the straight baselines system and closed the coastal bodies of water.

<sup>85</sup>See William E. Schrank, "Extended Fisheries Jurisdiction, Origins of the Current Crisis in Atlantic Canada's Fisheries," *Marine Policy*, 19, 4 (1995), 285-299, on the move to extend fisheries jurisdiction further in the 1970s.



which had tacitly been accepted by fisheries planners since the 1940s, finally came to fruition. Pushed forward by a new era of state involvement in the economy and the pressures caused by the expansion of foreign offshore fishing, the federal government began putting money into programs aimed at streamlining and industrializing the Atlantic fisheries. The Household Resettlement Act was an attempt to centralize the fisheries workforce and move people out of the industry. The inshore fishery, dismissed because of its relatively low total production values, received little help beyond the Resettlement Program and a few experimental gear projects. Training and technological development programs were attempts to increase productivity at a time when intensified fishing was making it more difficult for fishers to maintain their previous landing levels. These programs, aimed at increasing productivity of men in the fishery, also helped ensure that women remained a marginalized work force in the frozen fish industry. The Fisheries Development Act offered support of the corporate sector in the fishery, which provided the foundation of a new relationship between the federal government and private enterprise. Taken together, these policies represented the application of the hegemonic, industrial model of development to the fishery, a model that dated back to the war years and the writings of Stewart Bates. Moreover, this insistence on viewing the Atlantic fishery through the "industrial" lens mitigated against seeing any underlying causes of disparity within the fishing industry.

The federal government did attempt to address one of the issues of major

concern to fishing groups in Atlantic Canada - the protection of the fishery in the face of the growth of the foreign offshore fleets. Fishing people and companies of Newfoundland were directly affected by this change in the world's fisheries. Canada's endeavours, however, became entangled in world political agendas and the government could do little, without risking its position as major trading partner and ally of the United States. Fisheries, apparently, were never worth that risk. If the Canadian government could not curtail foreign offshore fishing, then giving the industrial sector the means to compete seemed the logical alternative. And increased industrialization made sense in light of the prevailing wisdom of western industrial culture. The federal government's overall efforts to assist the fishery, however, remained limited, not only by the constraints of the international fisheries negotiations but also by its narrow perspectives on how a successful fishing economy should work. Clinging to the industrial model and focusing on increasing production at any cost, helped put the Newfoundland fishery on the path to destruction.

## Chapter Seven - Conclusion

We return to the essential questions of what happened to the Newfoundland fisheries: why and how did fisheries development take the path that it did? In answering these questions, however, I want to emphasize that the shaping of fisheries development from World War II to the mid-1960s was a highly complex process and is not open to easy, monocausal explanations. Nevertheless, there are several areas explored in this thesis which bear emphasizing, including the role of the state (or sections of the state) in supporting the industrial model for fisheries development and the relationship between the state and private enterprise in the fishery. As well, other larger factors outside the immediate boundaries of Newfoundland, such as technology, the structures of international capitalism and diplomatic relations regarding fisheries matters had an impact on the direction of development.

### The Relationship between Capital and the State

The nature of the relationship between capital and the state is a question of central importance to many studies of economic development in the 20th century. Although abstract theories attempting to explain the nature of the capital-state relationship fail to grasp the historical bases of these partnerships, more case studies may illuminate how and why these alliances form. In Newfoundland the association between private enterprise and the government has been a dominant feature of post-war fisheries development. I would argue, however, that this relationship was manifested rather differently at the federal and provincial levels of government.

In the 1950s, the federal government generally supported the development of a centralized, industrial fishery but, for various reasons, was reluctant to fund private fishing companies directly. At the provincial level, however, there was a much closer, direct, interdependent relationship between local private enterprise and the government. The small frozen fish companies needed a source of capital to invest in the new technologies at a time when outside investors were scarce. In the absence of financial support from the federal government for the fisheries, the Smallwood government needed a way to fulfil its promises of jobs and a higher standard of living for the rural people. One result of that dilemma and its resolution is that the frozen industry in Newfoundland has been state supported from its inception. Moreover, the Smallwood government's support of one company in particular, FPL, assisted that firm in becoming the largest frozen fish operation in the province. This alliance was far from harmonious, as conflicting agendas and personalities sometimes led to problems. Ultimately, however, the large number of state-financed frozen fish plants FPL owned ensured that the interests of the company and the interests of the government's fisheries development program would be the same.

#### Technology, International Capitalism and Diplomatic Relations in the Fishery

Other factors outside the immediate realm of Newfoundland frozen fish companies and the state played significant roles in shaping the direction of fisheries development. The perfection of technology necessary for the frozen fish industry in the 1930s and 1940s, such as quick freezing methods and the manufacture of side

trawlers for harvesting, provided a basis for the development in Newfoundland. As well, improvements in refrigeration, transportation and retail stores, and the mass marketing of home refrigerators in North America allowed frozen food to reach a wider market.

Newfoundland's relationship to the larger New England fishery in the post-war years was also a defining factor. In the 1940s, the large New England fishing companies consolidated their operations and abandoned harvesting. Subsequently, they turned for supply to Atlantic Canada and Iceland, with their relatively cheaper sources of fish, thus opening up the possibility of increased volumes of Newfoundland fish entering the American domestic market. Indeed, market conditions and tariff structures continued to be important factors throughout the history of the Newfoundland fishery.

The growth of the international fishery in the 1950s and 1960s and the intensification of fishing off the coast of Newfoundland by foreign fleets also had a tremendous impact on fisheries development in Newfoundland. This trend put pressure on both inshore and offshore sectors of the Newfoundland fishery and led to demands from fishing interests for extended jurisdiction over fisheries. The highly sensitive and political nature of negotiations over the proposed twelve-mile limit weakened Canada's abilities to secure protection for the Atlantic fishery. The unfortunate timing of heightened concerns over security by the Americans in the early 1960s further delayed extended jurisdiction at a time when the heaviest offshore

fishing in the history of the North Atlantic was taking place. While diplomats argued over legal points, irreparable damage was being done to the resource upon which the Newfoundland fishery depended.

#### The Hegemonic Industrial Model for Fisheries Development

Antonio Gramsci's concept of hegemony and the hegemonic process offer a way of understanding why a single vision of developing the fishery - the industrial model favouring the frozen fish industry - continued to dominate state fisheries policy throughout the post-war period. Despite changes in government players, changes in governments, changes in conditions in the fishery over the years, and despite some opposition to various plans from various quarters, the predominant model for fisheries development never wavered. Providing the cement for the industrial model of development was the relationship that arose between the Newfoundland government and a segment of the capitalist class - a small group of frozen fish companies.

What made this partnership so strong was that it transcended mere economics. The industrial model applied to the Newfoundland fisheries in the post-war years was linked to the larger hegemonic conception of the process of economic and social development found in western industrial capitalist states. The promoters of this industrial model of development believed that creating an industrial economy provided the basis for a higher standard of living for everyone. Indeed, "modernizing" the Newfoundland fishery, in the eyes of fisheries planners,

encompassed far more than simply reforming the economy; it meant reforming society as well. Industrialization would lead families away from the "traditionalism" of the household fishery, and assimilate them into North American consumer, industrial society. Guided by the dominant gender ideology of the day, fisheries planners envisioned women leaving their physical labour in the inshore fishery, to take their places as housewives. Men would receive specialized technological training in the modern fishery, to enable them to take their "rightful" places as the sole labourer and breadwinner of the family. The prevailing "wisdom" of the day told government planners that developing the fishery along industrial lines was the best way to build a new fishery and a better way of life for people, based on the North American model. Although the concrete relationship between capital and the state underlay this process, it was not the sole motor for development. By placing the industrialization of the fishery on a larger plane, portraying it as the path to an advanced stage of human society, both capital and state together fostered this vision.

Hegemony, however, is an historical process - the making and remaking of hegemony occurs over a period of time. Although the industrial model remained dominant throughout this period, it received greater support at some times than at others. As well, differing circumstances led those who promoted it to use various arguments for supporting it. By looking at the stages of the development of fisheries programs over time, we can see both continuity and change in the existence of this hegemonic model for fisheries development.

The genesis of the industrial model for the Newfoundland fishery occurred in the early 1940s, when war-time demands for frozen fish led to the start of the frozen fish industry in Newfoundland. The development of this new, capital-intensive sector changed the realm of possibilities for the Newfoundland fishery almost overnight. Commissioner for Natural Resources P.D.H. Dunn advocated giving support to the frozen fish industry, arguing that it was a way of creating a cash economy in rural Newfoundland (see Chapter Two). Later, federal Deputy Minister of Fisheries Stewart Bates (and other federal officials) in the 1940s and early 1950s believed the capital-intensive frozen fish industry offered fishing people in Atlantic Canada the opportunity to increase their productivity and raise their family incomes (see Chapter Three). Other circumstances, however, such as the economic policies of the St. Laurent government and federal ideas about the appropriate role of the state in fisheries matters, curtailed the direct implementation of modernization policies. Instead, Newfoundland Premier Joseph Smallwood, a fervent believer in industrialization as a method of quick-starting an economy, took matters into his own hands and provided loans to private frozen fish companies to foster capital expansion (see Chapter Four).

Apart from policies such as the introduction of Unemployment Insurance benefits for fishers in 1958, the inshore fishery received little government support in the first decade after confederation (see Chapter Five). As foreign offshore fishing intensified in the late 1950s and early 1960s, the neglected inshore fishery was the



first to feel the effects. Soon, demands for action on the foreign fishing issue from both inshore and offshore sectors of the Canadian fishing industry led the federal Department of Fisheries to embark on a renewed modernization program, offering capital to build the Canadian offshore fleet (see Chapter Six). At this time, it argued that direct support was justified because the Canadian industry needed to be able to compete with the growing foreign fishing fleets. Throughout this period, there remained a certain continuity - a belief that the industrial paradigm for fishery development promised the most effective means of promoting and managing the fishery. At the same time, however, those supporting the industrial vision employed different rationales and arguments for following that particular path, as conditions in the fishery changed.

I do not wish to give the impression, however, that the hegemonic industrial model for fisheries development dominated all areas of the state, or that it remained unchallenged in the post-war years. As Gramsci argued, the state is a site of conflict, not a monolithic entity. Throughout this period, conflict between the federal and provincial governments arose over the direction of fisheries development. The friction between the federal government and the province in the aftermath of the Walsh Report reveals how fisheries policies arose out of a series of struggles, rather than as a master blueprint dictated from above. Generally, the province, either on its own initiative or as a result of demands from the people in various sectors of the fishery, initiated discussions with the federal government on problems in the fisheries.

Responsibility for fisheries matters was divided not only between federal and provincial levels but also within each level, contributing to conflicting approaches. As well, criticism raised by some members of the Nova Scotian fishing industry over the federal government's assistance to Newfoundland suggests that interprovincial rivalry impinged on the path of fisheries development.

Another sign of the sometimes rocky path of the hegemonic process was the fact that the industrial model received some challenges along the way from people who offered alternatives for fisheries development that either opposed or questioned its values or methods. Commissioner Dunn's predecessor at Natural Resources, J.H. Gorvin, had planned to apply co-operative principles to fishery and economic development in rural Newfoundland before more pressing matters such as fighting World War II (and opposition from some members of the business community) put the project on hold. Later, as Premier Smallwood made plans to offer private companies loans to build frozen fish plants in the early 1950s, he paid little heed to his Minister of Fisheries, W.J. Keough, who asked whether allowing a small group of companies to control the tools of modernization would benefit the fishing people. Both Gorvin and Keough were representative of opposing ideological positions and class interests regarding development. Gorvin, with his background in agricultural development, represented a stream of moderate-left politics in Great Britain. Keough developed his political and social ideas through his experience as publisher of a labour newspaper and as a co-operative fieldworker. His famous speech about

the "last forgotten fisherman on the bill of Cape St. George" to the National Convention clearly indicated where his own allegiances lay.<sup>1</sup> Later still, in the early 1960s, the authors of National Fisheries Development: Presentation to the Government of Canada by the Government of Newfoundland tried to intercede on behalf of the interests of the inshore fishing people, who had little bargaining power in their transactions with capital interests in the fishery. They suggested that giving fish producers control over marketing structures, rather than technology alone, would provide a more level playing field for those in the inshore fishery. The alternative voices, or "counter-hegemonies," as Gramsci would call them, were never strong in terms of numbers or basis of support. Nevertheless, they posed questions and raised issues about the ability of the industrial model to create a better standard of living and a more efficient fishery.

In short, there were several important factors shaping the course of fisheries development in Newfoundland, including the expansion of state structures, the relationship between the frozen fish companies in Newfoundland and the Smallwood government, new technology, international markets, changes in the structure of the New England fishery and the expansion of foreign fishing fleets. It is important, however, that we view these factors not only as separate elements but also as part of a larger hegemonic process. Stewart Bates with his ideas about a centralized, industrial fishery, Premier Smallwood, who promised the people of Newfoundland

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<sup>1</sup>Hiller and Harrington, National Convention, vol. 1, 1424.

they would all have a better standard of living, and Arthur Monroe, with his offers to deliver instant prosperity for the price of a few loans, all played a part in the consolidation of the hegemonic, industrial agenda for the fishery. The momentum for the Newfoundland fishery to move down the path offered by the industrial, frozen fish sector was considerable.

#### The Legacy of Fisheries Development

Taken as a whole, the course of fisheries development in the transitional years from World War II to the mid-1960s has left a number of legacies for the present. In general, the hegemonic industrial model of fisheries development gives a limited understanding of the problem. This model places unbounded faith in the ability of capital investment, technology and increased productivity to improve the lives of those who make their living from the fishery. This hegemony was so strong that the model itself was rarely questioned by those in power, not even when the promised prosperity failed to materialize. This is unfortunate, since the model offers a shallow view of problems, never considering the underlying socio-economic relations of the fishery or how they might be the source of chronic poverty among many fishing people. Promoters of the industrial paradigm never raise the issue of who controls the technology or the means of production, simply because these questions are not part of the conceptual framework within which they operate.

At a more specific level, the relationship between the Newfoundland government and a small group of frozen fish companies, which began in the 1940s

and deepened in the 1950s under the Smallwood administration, has left a lasting imprint on the course of fisheries development. The millions of dollars in provincial loans given to Fishery Products Limited allowed this company to expand at a tremendous rate. Frozen fish plants appeared all over the island. The government became caught in an endless cycle with FPL: the more money it gave to the company for frozen fish plants, the more it ended up having to give them later for new trawlers and other equipment to keep the plants operating and supplied with fish. The legacy of these early policies of the Smallwood government has been the development of a long-term dependent relationship between the government and the frozen fish industry. As we look at that industry in the province today, and the continued existence of Fishery Products International, a direct descendent of the companies the Smallwood government supported in the 1950s, we must view that company now as a product of that long-term alliance.

Directing so much money and energy into supporting the frozen fish industry also came at the expense of the vast majority of people connected to the inshore fishery. The few programs allotted to the inshore fishery came in a piecemeal fashion, without any broad, long-term plan for improving that sector. The labour-intensive, small capital operation of the inshore fishery had no place in the government's industrial paradigm, and so its ultimate aim was to reduce the number of people dependent on the inshore. From Confederation on, a policy of neglect has generally characterized government response to the inshore fishery.

The policies which favoured a "high-tech," high-capital course for the Newfoundland fishery also contributed to the dangerous practice of overfishing endemic in the Atlantic fishery after 1960. The more money invested in harvesting and processing, the more fish were needed to pay for the equipment. As a collective intensification of fishing occurred (as a result of both domestic and international efforts), the resource dropped below sustainable levels. Even with the extension of fishing jurisdiction to two hundred miles from the coastline in 1977, government officials and many in the industry failed to heed the warning signs of resource depletion evident since the early 1960s and embarked on further capital expansion. The hegemonic model of industrial development for the fishery steamrolled along until it was finally stopped short by the disappearance of Northern Cod in the early 1990s. By then it had left a myriad of problems in its wake, including devastated fish stocks, overcapacity in harvesting and processing, and an unequal access to the resource.

#### Thinking about the Future

The Atlantic Fishery of the 1990s is at its lowest point ever. Several years after the declaration of a moratorium on fishing Northern Cod, the Newfoundland fishery still shows few signs of recovery, and those in power show even fewer signs that they have a clear idea of what to do next. Thousands of former fishers and plant workers sit in limbo, not knowing whether their futures lie with the fishery or not. Although it is dangerous for historians to try to predict the direction of events

in the future or even to suggest a way through, a study of the history of fisheries development can offer some insights for those thinking about the next steps. My examination of fisheries development in the post-war years reveals the roots of several problems in the present fishery and suggests some different ways of looking at it.

The most important insight this thesis can offer is to look critically at the genesis and historical development of the industrial model for the fisheries. The rise of the industrial sector in the post-war fishery was not an inevitable or "natural" course of events, but rather an engineered, historically-constructed phenomenon. Granted, the social, economic and political forces at the time (as Gramsci would say, the "historic bloc") pushing the Newfoundland fishery in a particular direction were strong. Nevertheless, the industrial option was not the only possibility, as attested to by the presence of alternative views such as those of Gorvin, Keough, and the authors of the 1963 National Fisheries Development: Presentation to the Government of Canada by the Government of Newfoundland. When we realize the degree of state support given to the corporate, frozen fish sector over the years, we come to understand that conscious choices were made along the way to build a certain type of fishery. The events of the past were not foreordained and written in stone and neither is the path for the future.

Maritime<sup>2</sup> Canadians - indeed all Canadians - need to start asking these basic

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<sup>2</sup>i.e. coastal.

questions about the underlying socio-economic relations of the fishery, and how they originated. Thus far, unfortunately, there is little indication that those currently in charge of fisheries management are willing to ask such tough questions. Former NFFAWU President Richard Cashin, in his landmark report on the problems of the fishery, Charting a New Course, talks about many things but fails to ask the essential question about who will be allowed to control the fishery of the future.<sup>3</sup> He talks about streamlining the fishery, reducing technology, "professionalizing" the fishers, yet never asks whether or not the two major companies that dominated the pre-moratorium fishery will be allowed to retain their former positions in the new fishery. Sadly, Keough's concerns that modernization would only bring about the replacement of the old fishing monarchy with a new one, are as relevant today as they were in 1951. Other echoes from the past, such as Gorvin's ideas about locally-controlled fishing enterprises and proposals for giving producers greater control in the marketing process, also have considerable resonance in the present.

Another question this thesis raises is the issue of international relations and protection of the resource. In the 1960s, the resource and the people dependent upon it were clearly sacrificed in favour of maintaining good economic and political relations with other countries. The Canadian government, in attempting to establish a twelve-mile fishing limit drawn from straight baselines, could not countenance

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<sup>3</sup>Task Force on Incomes and Adjustments in the Atlantic Fishery. Charting a New Course: Towards the Fishery of the Future. Ottawa: Ministry of Supply and Services, 1993.



alienating the American government to protect its own fishing interests. What this encounter suggests to us is that in the future, we will need to ask how much the resource, and the people dependent upon it, are worth. Although we would hope that the degree of political impasse that was reached in the 1960s need not be repeated, the issue of priorities in conservation will have to be addressed.

To conclude, I would like to emphasize the importance of looking critically at both the fishery of the present and that of the past. The industrial model failed the resource, the fishing people, and the governments that invested millions of dollars in the fishery. To continue along the same lines would be to re-create the old destructive patterns. An awareness of the historical evolution of the industrial model of development and the origins of the socio-economic relations of the fisheries will give us a clearer understanding of future possibilities. Quite simply, in dealing with rebuilding the fishery, all cards should be on the table, not just the cards dealt by those with interests in maintaining the hegemony of the past.

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