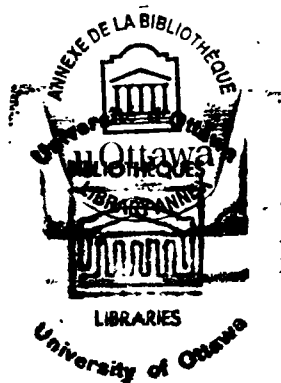


A STUDY OF CERTAIN ECONOMIC AND SOCIAL PROBLEMS
RELATED TO THE NORTH ATLANTIC FISHERIES INDUSTRIES

by

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Thesis submitted to the Faculty of Political Science
of the University of Ottawa in fulfillment of the
requirements for the degree of Doctor of Philosophy.

Ottawa, Canada, October 1948

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ACKNOWLEDGMENT

It is considered fitting to start this paper with mentioning the name of the man who has prompted the writer to occupy himself with problems of the North Atlantic Fisheries Industries, the man who has made a most valuable contribution to the betterment and improvement of the living conditions of the Nova Scotia fishermen, to Nova Scotia, his native province, and to his country as a whole, whose influence and ideas have spread far beyond the Canadian national boundaries and to whom the writer is proud to express his sincere gratitude: The Right Reverend M.M. Coady, D.D., Ph.D., Director of Extension of St. Francis Xavier University, Antigonish, N.S.

This paper is an attempt to deal with certain economic and social problems related to the North Atlantic Fisheries Industries. It is called an "attempt" because the writer does not know of a study of a similar nature of any other industry which could have been taken for comparison or as a yardstick. In addition, its object, the North Atlantic Fisheries Indus-

tries were until very recently very sadly neglected in the statistical and economic field in Canada and the United States.

The study will discuss certain controversial problems of employment conditions and price setting of fish involving questions of cost of production and profits of the industry. The connecting link all throughout the paper will be the question of the price of fish which is the determining factor of the standard of living of all fishermen.

Purposely the medium of a scientific study has been chosen in order to keep the discussion out of daily politics and on an academic level. Furthermore, instead of giving only the final results of the findings the technique of frequent quotations in the text has been chosen for the reason of giving the reader enough background material to enable him to check the accuracy of the conclusions arrived at.

The writer likes to express his indebtedness to the many officials of various government agencies in Ottawa, Washington, Halifax, and Boston who have throughout the years assisted the writer in many ways. Although it is thought to be generally impossible and even unfair to single out by name one or the other person particular thanks now should be expressed to Mr. W.H. Lanceley, Chief of the Fisheries and Animal Products Statistics, Chief of the Dominion Bureau of Statistics and to officials of other branches of the Bureau who have always helped far beyond the duties of their office.

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This study in its dealings with the problems of the North Atlantic Fisheries Industry will disregard provincial and national boundaries and will approach them ^{industry} from the regional point of view. Political boundaries, may they be domestic or international, are seldom drawn with regard to geographical or economic requirements, but are based on either national or strategical considerations, or are simply settled by mutual concessions or compromise of two partners. Consequently, a general examination of economic conditions prevailing in an industry cannot confine itself to the limits of a province or a country, but has to determine its demarcation signs by the economic factors which are significant ^{to} for the industry as such. A paper dealing with economic problems of an industry has first of all to take into consideration three main points on which every industry depends.

- (1) The sources and supply of the raw material required by the industry.
- (2) The markets for the products of the industry
- (3) The availability and employment conditions of its labor force.

From these points of view it will be easier to find the natural boundaries of the territory with which a study of the economic conditions of the North Atlantic Fisheries Industries will have to deal. ~~institutions~~

Canadians in general are quite accustomed to talk and think in terms of regions. It has only to be remembered that there is no doubt in anybody's mind of the territory in question when the name of the "Prairies" or "Maritimes" is mentioned. But it is more difficult to find a theoretical examination of what makes the Prairies and the Maritimes. F. Kenneth Hare points out that owing to the fact that there have been only a few geographers in this country:

"little attention seems to have been paid in Canada to the developing cult of regionalism which has occupied much of the time of American social scientists in recent years." 1/

It seems therefore to be expedient to define more clearly the term of "Regionalism".

"Regionalism is a clustering of environmental, economic, social and governmental factors to such an extent that a distinct consciousness of separate identity within the whole, a need for autonomous planning, a manifestation of cultural peculiarities, and a desire for administrative freedom are theoretically recognized and actually put into effect." 2/

It should be understood that the term "Region" for the purpose of this study is to include all of a geographical area wherein may be found as a main economic interest, the North Atlantic Fisheries Industry. As the study progresses the correlation between social structure and economic interests will

1/ F. Kenneth Hare: Regionalism: A Development in Political Geography. Public Affairs, Vol. X, No. 1, December 1946, Halifax, N.S. p. 34.

2/ Regional factors in national planning. Report of National Resources Committee, Governmental Printing Office, Washington, D.C., 1935, p. 138

become more evident. Geographical, geological and climatic conditions are important only to the extent that they impose limits wherein the industry can best be conducted. The basic conception of Hare will be borne out in principle, though not in fact as the paper delves into the fisheries industry and the economic life of the people concerned.

The similarity of climatic conditions with regard to average annual temperature and precipitation will be shown in the following table.

TABLE NO. 1

ANNUAL AVERAGES OF DAILY MEAN TEMPERATURES AND
ANNUAL AVERAGE PRECIPITATION OF DIFFERENT PLACES ALONG
THE NORTH ATLANTIC COAST

	<u>Annual Average Daily</u> <u>Mean Temperature</u>	<u>Annual Average Pre-</u> <u>cipitation (in inches)</u>
Boston, Mass.	49.7 ⁰	45.30
New Bedford, Mass.	49.2	45.41
Gloucester, Mass.	--	45.53
Eastport, Maine	41.6	39.75
Portland, Maine	45.4	41.95
Grand Manan, N.B.	43.	46.75
Yarmouth, N.S.	44.	46.43
Halifax, N.S.	44.	55.74

Sources: U.S.-Climatic Summary of the United States, published by the Weather Bureau, Department of Agriculture, Washington, D.C. 1934

Canada:-Climatic Summaries for Selected Stations in the Dominion of Canada, published by the Meteorological Division, Dept. of Transport.

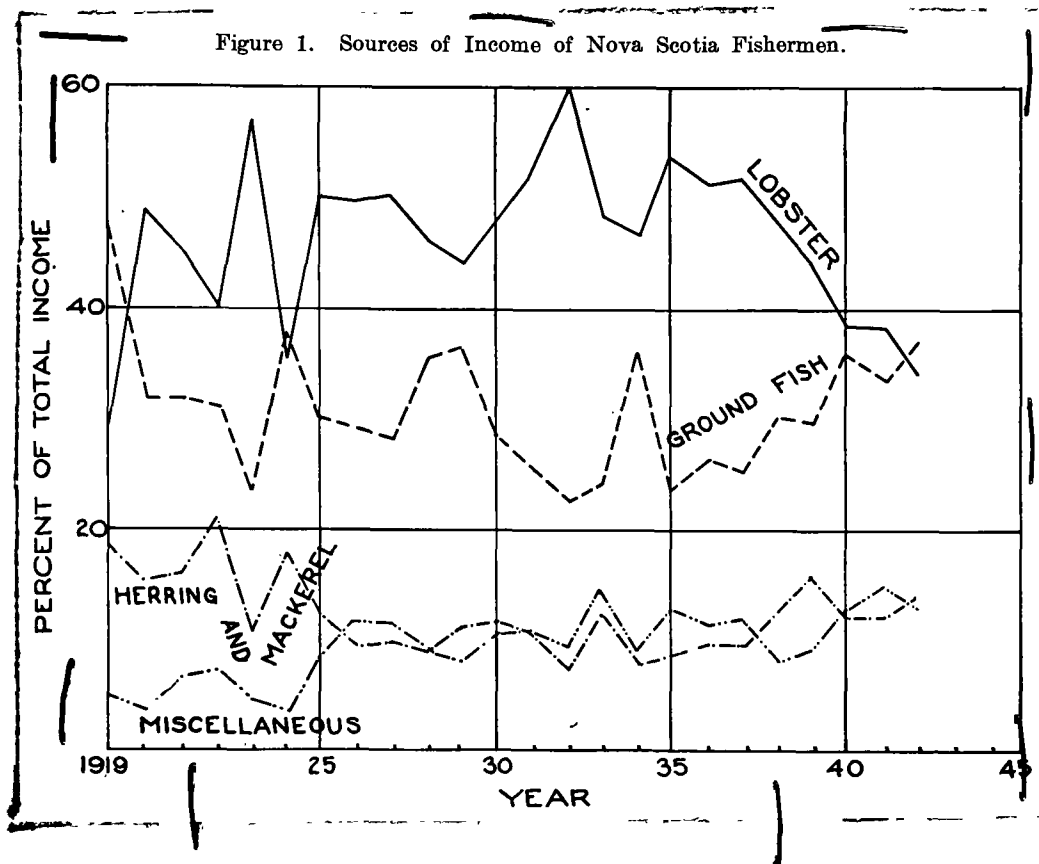
Problems of Groundfish will be considered only because of the importance of these species to the industry and because of the problems of other species of fish so different that it would be very difficult to discuss them within the limits which have to be set for such a study.

"The fisheries of the Maritimes and Quebec are as widely diversified as they are prolific and extensive. Instead of being referred to as one industry, the fisheries of this section of Canada might well be considered as a number of separate industries bearing similarity only in so far as the products marketed is secured by the fisherman from the waters of the seacoast and the inland lakes and rivers of Eastern Canada. Not only is there great variety in the species of fish caught, but there is even greater diversity in the manner and forms in which the fish is processed and marketed. Even in the case of a particular variety of fish, there are rapidly changing conditions during different seasons of the year, and different market conditions obtain from month to month. The fishing industry of Eastern Canada is, therefore, a most complex one, and any inquiry must proceed to examine along general lines toward a general solution." 12/

The main species of groundfish which are being caught on the North Atlantic Coast are cod, haddock, cusk, hake, and pollock. Table No. 2 shows the ^{marketed value} ~~quantities~~ of these species and the percentage of these fish landed in the Maritime Provinces of all Canada for selected years 1920 to 1946. Table 3 shows the total marketed value of all species of fish and fish products and the Maritime Provinces' percentage of all fish landings in Canada for the same years.

12/ Report of the Royal Commission on Price Spreads, Ottawa 1935, page 175

A very good illustration of the importance of these species of fish for the income of the Nova Scotia fishermen is shown in figure 1. The graph was made at the Fisheries Experimental Station, Halifax, N.S., Director: S.A. Beatty, Ph.D.



Groundfish are found on the high seas within a territory which extends over the continental shelf from north of Boston in the region of Cape Cod to north of Cape Breton and to the east to the Great Newfoundland Banks. Appendix 1 is a map, published by the Department of Fisheries, Ottawa showing fishing grounds and species of fish caught. This map already shows that identical species of fish are being found in the waters before the U.S. shore line and Canadian coast. For this reason it is possible to take a description of the species of

the groundfish under examination from a publication of the U.S. Senate, 79th Congress 1st Session, Document No. 51, Washington, 1945: "Fishery Resources of the United States". ~~Manuscript of the document is attached as Appendix 2.~~ This publication is the most complete study ~~published~~ published in recent years of the species of fish found on the Atlantic and Pacific Coast.

Fish like any other natural resource needs certain conservation measures in order to safeguard the future supplies, ^{conducted} Since fishing is ~~important~~ in case of offshore fishing on the high seas beyond the national boundaries of any nation successful conservation measures can only be applied by mutual agreement of members of all nations pursuing fishing on these same waters. International agreements are therefore necessary to prevent overfishing in a specific area or region ~~in order~~ to the benefit of all nations concerned. The Committee on Fisheries established by the Food and Agriculture Organization of the United Nations (FAO) points out in its report to the FAO Conference at Copenhagen in September 1946:

"Depletion of certain fishing regions in the sea causes a migration of fishing effort to regions more remote from markets, intensifies competition, elevates costs, and adversely affects ~~the~~ the quality of the product, as well as causing international disturbances and animosities."

14/

It is easily understood that if the same kind of fish is being landed in the U.S. and Canada, ~~as well as~~, identical markets should exist. ~~Since~~ Canada with its small population cannot consume and absorb all ^{the} fish which is landed in this country.

Table No. 4 shows the marketed value of all species of fish landed in Canada, total exports to all countries and export to the United States for selected years from 1920-47.

TABLE NO. 4

TOTAL MARKETED VALUE OF ALL SPECIES OF FISH,
FISH PRODUCTS, EXPORT TO ALL COUNTRIES AND ESPECIALLY
TO THE U.S. (ex Possessions) FOR SELECTED
YEARS 1920-1947

(Figures in ,000 dollars)

	<u>Total Market Value</u>	<u>Export to all Countries</u>	<u>Export to U.S.</u>
1920	\$ 49,241	33,615 ^x	\$ 15,740 ^x
1926	56,360	37,090	15,741
1933	27,496	20,223	8,796
1939	40,075	29,641	13,662
1943	85,594	60,313	36,539
1945	113,871	84,800	53,057
1946	121,125	88,679	52,143
1947	not available	83,811	45,239

^xFiscal Year ended March 31, 1921

Source: Fisheries Statistics of Canada

The importance of the United States as potential market for Canadian fish is bound to increase owing to the fact that production of fresh and frozen fish^{fillets} in Canada has greatly increased during the last two decades (see Table 10, 1/) and the United States^{is} ~~are~~ our main customer for these products. (see Table^{no.} 4 and 17.2/. In addition, many fish producing countries having imported fish fillets during wartime stepped up home fish production neglected during the war to prewar level and have so become independent from overseas imports. The following table compares the landings of fish in various countries between 1938 and 1947.

TABLE NO. 5.

SUMMARY OF TOTAL LANDINGS OF FISH IN VARIOUS COUNTRIES, 1938, 1946 and 1947
 (Quantities in Metric Tons,
 Round and Fresh Weight)

Year	BELGIUM	DENMARK	IRELAND	NETHERLANDS	NORWAY	PORTUGAL	SWEDEN	UNITED KINGDOM
1938	42,380	89,343	273,720	226,071	1,216,415	238,845	127,568	1,185,969
1946	73,336	197,400	368,150	190,302	933,300	285,569	183,900	1,031,885
1947	81,205	205,400	477,152	247,283	1,205,300		163,400	approx like 1938

Source: F.A.O. Fisheries Bulletin Vol, Number 1, August 1948, Wash, D

Other fish consuming countries are handicapped in their purchases of dried and salted fish through the hard currency shortage prevailing in the most countries of the world. For this reason again the U. S. situation is of greatest importance.

1/ Table 10 see page 68.
 2/ Table 4 see page 8, Table 17 see page 79a.

point
movement

Another interesting movement is that a similarity of the labor force working in the industry can be found in the United States, Canada and Newfoundland. It is easily understood that a territory with a population depending on its livelihood on the same natural resources will encounter similar social and economic problems.

Newfoundland fishermen are manning Maritime fishing vessels and have emigrated to Massachusetts and Maine and a great proportion of the crews of draggers and trawlers fishing out of New England ports is either born in the Maritime Provinces or of Maritime ancestry. R.R. McLeod says in this connection:

"Since the abrogation of the fishery clauses of the Washington Treaty and the reimposition by the U.S. of a heavy duty on our fish, many of our best fishing skippers and men have gone to Gloucester each season to fish in United States vessels and thus get the benefit of higher prices ruling in that market by reason of the exclusion of foreign-caught fish. Indeed so large has become the annual exodus, it has been asserted that fully half of the Gloucester cod-fishing fleet is manned by Nova Scotians. As far as concerns these fishermen and their families they are making probably a better living by this change of base than they could make at home." 1/

Harold A. Innis continues to point out in speaking of the time after 1886:

"Labor as always was a mobile factor. It moved from low wages to high, and from the truck system to the cash system; that is, from Newfoundland to Nova Scotia and from Nova Scotia to New England." 2/

1/ Robert R. McLeod: Markland or Nova Scotia, Markland Publishing Company, 1903, p. 281. quotation from a letter by A.W. Eakins published by Halifax Herald 1902, quoted by Harold A. Innis: The Cod Fisheries, Toronto 1940, p.425.

2/ Harold A. Innis: *ibid.* p. 425

It has been tried to prove this point with statistics but the Immigration Branch of the Department of Mines and Resources, Ottawa, is unable to furnish any:

"statistics showing permanent or temporary immigration of citizens of Newfoundland into Canada and the kind of employment which the immigrants have taken up since no record of immigration from any specific country by nationality and occupation is being kept".

Gus MacDonald in a report points out in this connection:

"Newfoundland's Part:

The industry is of more than passing importance to this country: in many respects Newfoundland has assisted in building up and Maintaining the Nova Scotia industry. There is hardly a fishing community in the Province where men of Newfoundland birth are not engaged. Several communities such as Ingonish, Neils Harbour and New Haven are settled, predominantly, by Newfoundland people. At Glace Bay and North Sydney the fishermen are, for the most part, either residents or former residents of the Old Colony, and the Lunenburg fleet would not be complete without its quota from here. A few years ago there were four hundred Newfoundlanders fishing out of Lunenburg and today, not mentioning those that have become assimilated, there are one hundred and seventy in the fleet." 1/

Last but not least a consideration of the problems of the industry in regional terms is required by the fact that a study

1/ Gus MacDonald, St. Francis-Xavier University, Antigonish, N.S. :
Some Phases of the Nova Scotia Fishing Industry, 1941..

embracing all economic conditions affecting the industry in one country only simply does not exist. Some points are discussed and examined in Newfoundland, reports of different observations are found in Nova Scotia publications and again other points are mentioned in the United States literature, but no statistical material including all economic aspects of the industry is available for one area only.

The situation which existed in 1911 has not changed. In the preface to "A History of the New England Fisheries" Raymond McFarland points out:

".....the industry with the exception of the whale fishery has no literature that adequately sets forth its history and value. There are several good accounts of the whale fishery; but the story of the cod and mackerel and inshore fishery does not appear to have been an attractive field to writers. The accounts of the history and of the methods of the fisheries have been promoted largely by government inquiry and exists as government reports....The fisherman as individual has not received the attention that he deserves: but this is a study of industrial rather than social history. The story of the fishermen has yet to be written, and it can be made a volume of keen interest, a narrative of heroic daring." 1/

Yet one exception exists to this tradition. In 1946, the Ecole des Hautes Etudes Commerciales of Montreal in collaboration with departments of the Quebec Government and with the Ecole Supérieure des Pêcheries de Sainte Anne de la Pocatière published a remarkable study "Pêche et Chasse" which, to the writer's knowledge, is the first study to review all aspects of the fisheries industry under one heading. 2/

1/ Raymond McFarland, A.M.: A History of the New England Fisheries, University of Pennsylvania, New York, 1911 (Preface).

2/ Pêche et Chasse, Etude préparée avec la collaboration du Département des Pêcheries maritimes et du département de la Chasse et de la Pêche de Québec, ainsi que de l'Ecole supérieure des Pêcheries de Sainte Anne de la Pocatière, published by Etudes sur notre milieu collection dirigée par Esdras Minville, Editions Fides, Montréal, 1946.

It is considered more than coincidental that this book was published in the province of Quebec since the government of this province rendered considerable assistance to the improvement of the economic conditions of ^{its} fishermen during the last decade. Nevertheless, the study, "Pêche et Chasse", being confined to the limits of the Province of Quebec is not sufficient as a source and the whole region has to be considered if a thorough survey will be undertaken. The reason for this state of affairs is that United States and Canadian Budgets as well have neglected to provide for funds allowing the study of economic and statistical problems of the industry.

U.S. Fish and Wildlife Service employs two economists in Washington and until fall 1945 the Department of Fisheries in Ottawa had an identical number of these professional workers on ^{its} staff.

To sum up and conclude this point it can be repeated that the North Atlantic Fisheries Industry cannot be considered in the limited terms of national boundaries, but has to be looked upon from the regional point of view. The North Atlantic Fisheries Industry say it be located in the United States, Canada or Newfoundland, faces the same problems. The fishermen catch the same species of fish, operate off the same fishing banks, are concerned with identical conservation problems, have the same markets for their product and even the fishermen have, to a certain extent, identical employers on account of the international relationship of the fishing companies.

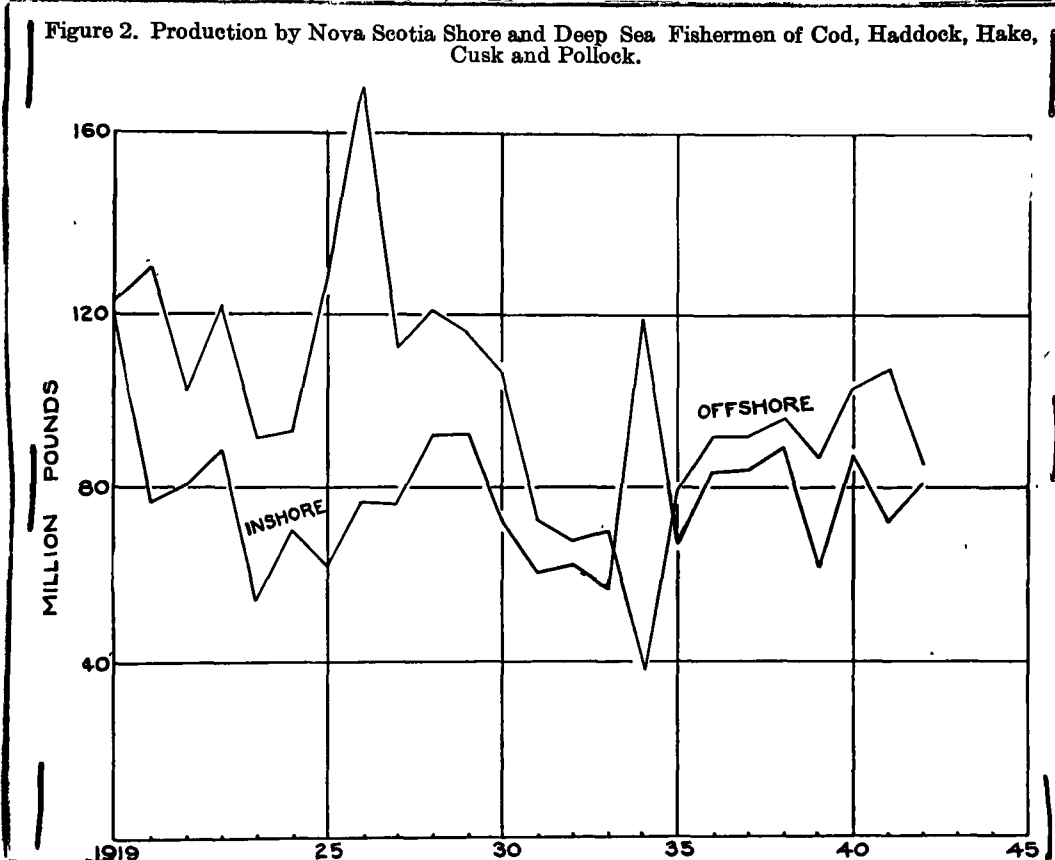
CHAPTER I

THE OFFSHORE FISHERMAN'S DEPENDENCE ON THE PRICE OF FISH AS THE DETERMINING FACTOR OF THEIR INCOME

The fisheries industry along the North Atlantic coast is undertaken in two different ways, inshore and offshore. The term "inshore fishing" is applied if actual fishing is being done within a radius of two or three miles from the shore in boats manned by one, two or three fishermen, while the term "offshore fishing" is applied to operations of trawlers, druggers, and schooners. In general, the inshore fisherman leaves the port in the early morning hours and fishes throughout the day until late afternoon. Trawlers or other boats remain on the high seas in Nova Scotia customarily for about a week, while the duration of the usual fishing trip out of Boston lasts ten days.

The relationship between in and offshore fishing landings varies to the greatest extent between the different Maritime Provinces and again among the various New England States.

Dr. S.A. Beatty states that the ratio of inshore to off-shore groundfish landings in Canada is four to five. 1/ Table No.... shows the divergence and importance of these operations in the three Maritime Provinces and in Canada for selected years 1920-1946, while Graph No.2.. shows the same relation for Nova Scotia alone in graphical form. 2/



The U.S. groundfish operations are in the main performed by deep sea vessels, while Newfoundland still shows a prevalence in inshore fishing. 1/ This paper will, consequently, discuss separately the economic problems affecting offshore fishermen who are crewmembers of seagoing vessels and of inshore fishermen operating in small open boats.

1/ S.A. Beatty: Problems of Nova Scotia Fisheries, Public Affairs, Vol. IX, No. 3, Halifax, June 1946, p. 162
 2/ Published in article as under 1/

It was mentioned earlier that the fisheries industry in the U.S. and Canada faces identical physical and biological conditions. The consequence of this ^{situation} ~~state of affairs~~ is that these physical conditions have created ^{almost} ~~the same~~ identical social conditions. This applies particularly to the conditions under which fishermen are employed. These conditions are completely different from those in use in any other industry. Fishermen in Canada and in the United States are ~~without exception~~ employed under a system which is called "L A Y". Webster's Dictionary explains the word as "share of profits".

It is difficult to find anything about the origin of this system in the literature. Walter S. Tower ~~relates~~ relates:

¶ Howell (History of Southampton, pps. 179 - 182) states that the town of Southampton on the southern shore of Long Island was founded in 1640 as an offshoot from the colony of Lynn, Mass., and that almost from the very first the settlers recognized the possibilities of deriving revenue from the taking of whales. Accordingly, in 1644, the town was divided into four wards of eleven persons each, whose duty it was to attend to all drift whales cast ashore in their ward. Whenever a whale was secured, it was customary to select by lot two persons from each ward to cut it up. Every inhabitant was to share equally in the division, except the cutters, who ^{received} a double portion for their labours. This co-operative industry may be regarded as the direct ancestor of the famous system of a "LAY" or share of the catch in vogue over a century later." 10/

In another ^{part} ~~place~~ of his book quoted above Tower gives further information about this system.

" The more common custom has always been the famous "LAY" or certain share in the proceeds of the voyage. This system, as applied to the crews of the whaling vessels, matured late in the 18th century, but in reality it was nothing new, being rather only an adaptation of the co-operative system of shore whaling in vogue at the eastern end of Long Island as far back as the middle of the 17th century. The prices of oil and bone were generally agreed upon before the voyage began, and were placed low enough to give a safe margin of profit for any ordinary fluctuation in the market. Average "Lays" varied from about 1/12 for the ^{Captain} ~~captain~~

to as little as 1/175 for the green foremast hand. Of the system of "lay" wages, Weedon (q/) says it was "the best co-operation of capital, capitalizer and laborer ever accomplished". But so far as the laborer - the ordinary sea-man - was concerned, the ~~system~~ system was not so perfect. It was not unusual for the foremast hand to receive as little as two or three dollars, sometimes nothing at all, for his share. True is that there have been advances during the voyage, but at best the total return was exceedingly small when one considers the dangers and hardships, the poor food and confined quarters on shipboard for voyages often three or four years duration. Former whalers state that even on a lay of 1/145 their share of the proceeds from an 18 month voyage was seldom more than \$ 250.-. All they received in addition was their food, and food of such a character that they would not have touched it at home". A lay of 1/175 in a cargo valued at \$ 100,000.- is only \$ 572.-. Divide this by 3 or even 2 representing the years ordinarily taken by such a voyage, and the disproportion between the risk and the return appears at once. Furthermore the cargo worth \$ 100,000.- was not very common."

q/ W.B. Weedon: Economic and Social History of New England, Vol. 1, page 430 ^{2/}~~2/~~

A very good definition of "LAY" is to be found in the leading case of "Coffin v Jenkins, U.S. Cir. Ct. 3 Story 108 and adopted by Abbots Law Dictionary:

" Lay is a share of the profits of a fishing or whaling voyage which is, by the usages of these employments commonly allotted to each officer and seaman, as his compensation and in lieu of fixed wages. This custom does not create any partnership in the profits of the voyage. The lay is regarded in admiralty, as in the nature of wages for seamen in the common merchant service and is governed as respects forfeiture by the same rules."

Since "lay is a share of the profits of a fishing or whaling voyage" ~~unusually~~

W/ & 2/ Walter S. Tower: A history of the American Whale Fishery, University of Pennsylvania, 1907, page 22 and 91

" the income of the men engaged is determined in the first place by the price of fish and secondly by the "lay" or percentage basis agreed upon between owners of the boat and men" 18/

Another description of how the income of fishermen is arrived at is given in the testimony of Henry M. Hart jr., Associate General Counsel for Price, Office of Price Administration, on April 19, 1944:

"Fishermen generally through collective or individual bargaining with the captain or owner of the fishing vessel receive compensation for their services on a "lay" or share basis. Under this arrangement, the proceeds derived from the sale of the fish are distributed among the owner of the vessel and the fishermen on a percentage basis. The price of the fish, under normal conditions, was unknown in advance of sale and ~~it~~ fluctuated sharply by seasons, months, and even days. A representative of the North Atlantic Fishery Association explained the lay arrangement in New England as follows:

" Thus, when a fish catch comes in and is sold there will be a gross sum available. From this is deducted the wharfage, the scalage, and charges of unloading. Following that the division is either 60% to the fishermen, 40% to the boatowner, or 50% to the fishermen and 50% to the boatowner, or some other percentage division. We call them 50 - 50 lays and 40 - 60 lays, indicative of the percentage which goes to the fishermen" "When these fishermen's share is determined, certain deductions as of fuel and food, are made. Then the number of fishermen aboard the boat divided into the remainder determines what each man gets." (Testimony of Edward H. Cooley (Manager of North Atlantic Fishery Association, Boston, Mass. Hearings before the House of Representatives Committee on Banking and Currency, 77th Congress, 1st session, Oct. 8, 1941, page 1664 ^{2/} 15)

18/ H.A. Logan, Ph.D.: Report on Labor Relations, Royal Commission on Provincial Development and Rehabilitation, Halifax, 1944, page 93, chapter VI, par. 181
2/ Executive Hearings before the Subcommittee on Fisheries of the Committee on the Merchant Marine and Fisheries, House of Representatives, 78th Congress, 2nd Session on H.Res. 52, Price Ceilings on Fisheries, page 276, Apr. 4, 7, 12, 13, 14, 19, May 5, and June 26, 1944.

Obviously, the income of the individual fisherman as a member of a crew of a fishing vessel fishing on the high seas depends on two factors:

- (1) upon the price paid for the fish landed.
- (2) upon the percentage under which the return of the catch is distributed among owner and crew.

Out of this unique way of determining the crew member's income a question of great importance to the industry arises. What relationship exists between the owner of the vessel and the crew; the relationship of an employer and an employee, or of that of partner and convertuter?

The deep sea fisherman, employed as crew member under the lay system, obtains his income from the results of his working power only. (Luck and Biological reasons are purposely not taken into consideration in this connection) The fisherman neither owns part of the implements of production nor does ^{he} derive anything out of the efforts of anybody's labour, nor has he any say with regards to the disposal of the results of his efforts. Furthermore he has to obey and to follow the directives and instructions of the master of the ship in every way. In addition the profits of the voyage to the vessel owner are determined only by what remains after what is being paid to the fisherman; consequently the fisherman's income is a wage and he is an employee.

It will be necessary to deal with this question at some considerable length and to give a great amount of decision on it since it was fairly recently the subject of dispute between Nova Scotia fishermen and boat owners, and in addition subject to completely contradictory decisions of the National Wartime Labour Relations Board, Ottawa, and of the Nova Scotia Supreme Court, Halifax, N.S.

The first question which has to be examined by determination of the relationship is whether a labour contract and, if so, what type exists between crewmembers and shipowners. The term "boatowner" may however need a further definition since the ownership of any vessel is based on the assumption that it is divided into sixty four shares.

Every British or Canadian vessel has to be entered into a register and:

"the theory of the register divides the ship into sixty-four parts or shares, which may be held in severalty by not more than sixty-four persons. The ownership of any fraction of a share cannot be separately placed upon the register; but any number of persons, not exceeding five.... may be registered as joint-owners of a share or shares, and such joint-owners hold and convey as one person. A corporate body is one person in law and on the register, and appears there by its corporate name." 1/

The legal basis of this division is contained in:

"Public General Acts (Great Britain) 6 George IV,

"Public General Acts (Great Britain) 57-58 Victoria, 1894 Chapter 60, (Merchant Shipping Act).

MacLachlan points out that the use of ship registers is very old:

"The registration of ships appears to have been first introduced into practice in this country by the Navigation Act, 12 Car. 2, c. 18, par. 10. A.D. 1660" 1/

The salt fishing voyages out of Lunenburg an agreement is signed between crewmembers and the master of the ship ^{or the} managing owner. Although such an agreement is not signed for a short fresh fish fishing trip lasting a week it is the ~~best~~ tacit understanding between the two parties that this agreement is the integrant of the work performed.

1/

David MacLachlan: "A treatise on the law of the merchant shipping 7th edition, London 1932, page 56, 57.

In this connection Mr. W. P. Potter K.C. of Lunenburg, N.S.,
points out:

"Of late years, however, when the vessels have been engaged in "fresh fishing" and the voyages cover not more than a ten day period it has been found impractical to have a new written agreement for each voyage for many reasons one of which being that the Master or Skipper seldom knows who the various members of his crew will be. The arrangement between the owners, the Master and the members of the crew has however been in accordance with the terms of the agreement referred to and the Masters and crews of fishing vessels have operated according to those terms even though no agreement has actually been signed."

The type of contract for salt fishing trips ^{referred to} is as follows:

1/ Quoted from the brief to the Nova Scotia Wartime Labour Relations Board of Mr. W.P.Potter K.C. Lunenburg, dated May 7th, 1946, page 22/23.

"AGREEMENT WITH FISHERMEN"

"It is agreed between agent or owner of the schooner and master or skipper of the said schooner and the fishermen whose names are

to this agreement subscribed, that the said will at their own expense equip the schooner with all necessary tackle and apparel for a fishing voyage or voyages; the provisions, salt and craft will be provided and paid for by and that the master or skipper with the said fishermen will pursue the cod and other fisheries in the schooner during the present fishing season and will use their best endeavours to procure all the fish, oil, etc., they can and for the success of the voyage they may go; And it is agreed that the owner or agent may dispose of and sell all the fish, oil, etc., that may be landed from the said schooner wherever he may think proper and after deducting from gross stock all the charges for ice, bait, oil, barrels, gougiers' fees, fish making, weighing fish, boy's wages and master's privileges, the net proceeds to be divided as follows:

One half to owner or owners, the remaining half, after deducting cook's wages, among the fishermen, in proportion to the quantity or number of fish which they shall have respectively caught. The master's privilege to be per cent on the gross stock, each man paying his proportion of the expenses of shipping the fish etc., home in accordance with the quantity or number caught, and each one of the crew, with the skipper to pay an equal part of the following charges, viz., towing, medicine. And the said owner doth hereby stipulate and agree with the said fishermen that he will render a just and true account of the delivery of the said fish, oil, etc." 1/24/

A great collection of decisions pertaining to the question of employer - employee relationship was handed over to the Subcommittee on Fisheries of the Committee on the Merchant Marine

quoted from decision of the Wartime Labour Relations Board (National) between Canadian Fishermen's Union, Lunenburg, N.S. and Owners of 19 fishing vessels operating from Lunenburg, N.S. February 7th, 1946, Ottawa, page 5

and Fisheries, House of Representatives, 78th Congress, 2nd Session by Mr. Henry M. Hall Jr., ~~Washington, D.C.~~
-11- O. P. A. Washington, D. C.

Some question is raised as to the legal relationship between the fisherman and the owner of the vessel. Judge Bland, chairman of the Merchant Marine and Fisheries Committee of the House of Representatives in his testimony before the House Banking and Currency Committee (1) when the Emergency Price Control Act of 1942 was under consideration stated that "the great majority of fishermen do not receive wages but work on shares as co-venturers..." This view was also submitted in a letter to the chairman of the House Committee on Banking and Currency on August 13, 1941, by the chairman of the Merchant Marine and Fishery Committee when the letter sought the express exclusion of fishery commodities from the Price Control Act. In that letter he stated: "... Still another fact to be considered is that the great majority of fishermen are co-venturers with boat owners, and are hence dependent for their earnings on the daily price of fish." (2)

If this analysis of the relationship of the fishermen and the boat owner is correct, then there is no employer-employee relationship and hence no compensation of employees is regulated even in a remote and indirect manner through the fixing of maximum prices on fish.

The Price Administrator, however, is of the opinion that the relationship between the fishermen and boat owners is one of employer and employee. The view is supported by numerous cases.

Congress, various administrative agencies, and the courts have treated fishermen as employees rather than partners.

(1) Congress in 1939 made fishermen employed on boats over 10 tons subject to social security. (See title II, Social Security Act, sec. 209 (b) (14) and ch. 9, subch. A, Internal Revenue Code, sec. 1426 (b) (14).)

In O'Hara's Vessels, Inc. v. Hassett (No. 1079 C.A. unreported) Judge Wysanski of the Federal District Court of Boston held that the boat owner had to pay social security for both the captain and the members of the crew. The court said, "I find it an ultimate fact, and I conclude as a matter of law that the plaintiff is the employer of the captains and of the members of the crew."

(2) The National Labor Relations Board has held that fishermen in the New England fishing fleet are employees.

See T r a w l e r M a r i s S t e l l a, I n c. (12 N.L.R.B. 415) F e d e r a t e d F i s h i n g B o a t s o f N e w E n g l a n d a n d N e w Y o r k, I n c. (15 N.L.R.B. 1080) C a p e C o d T r a w l i n g C o r p o r a t i o n (23 N.L.R.B. 208).

(3) The courts have uniformly held that the Jones Act (45 U.S.C. 688) is applicable to fishermen employed on a lay basis. That act provides certain remedies for "any seaman who shall suffer personal injury in the course of his employment." Were the fishermen partners or coventurers, they would not be so protected.

" The only question that arises in these cases is whether the fishermen are employees of the captain or of the boat owner. This is ordinarily a question of fact dependent on the arrangement between the captain and the boat owner. Under the lay arrangement in New England the captain as well as the crew is usually the employee of the boat owner. See the Elk (1938, ...M.C. 714 at 724 et seq.)

In Nolan v. General Seafoods (112 F. (2) 515, 1 C.C.A. 1940), the circuit court of appeals held that testimony that the plaintiff worked on the boat as a "fisherman and member of the crew" and that the defendant was the "owner and operator" was sufficient evidence that the fisherman was an employee of the boat owner.

In Oaland v. Star Fish and Oyster Co. (107 F. (2) 113, 5 C.C.A. 1939), the circuit court of appeals held that the fishermen working under the lay agreement in the Gulf of Mexico were employees of the boat owner.

In Cromwell v. Slaney (65 F. (2) 940, 1 C.C.A. 1933), the court held the plaintiff fisherman was an employee of the captain; not the boat owner.

(4) Under the general admiralty law the courts have treated fishermen as seamen and employees. In Stevens v. R. O'Briens's Co. (C.C.A. 1, 62 F. (2) 632, 1933), the circuit court of appeals held, at page 635, that the fisherman had when injured a right to maintenance and cure, "a material ingredient in the compensation for the labor and service of the seamen."

As an employee rather than a partner the fisherman has no more right in the catch or in the vessel than any seaman for his wages. Thus in the Carrier Dove (97 F. 111, 1 C.C.C. 1899), the court held that the fishermen were not partners in the venture and had a lien on the vessel for wages though the captain had absconded with the proceeds of the catch. The court said, "They (the fishermen) had not a full right and power to select their own agent

for the sale of the fish for the simple reason that they were not partners. They were hired fishermen whose wages were dependent on the success of the fishing in which they were engaged".

The district court in that case (93 F. 978) even cast some doubt on whether the fisherman had a lien on the catch citing *Story v. Russell* (157 Mass. 152) to the contrary. In sealing and whaling cases it has uniformly been held that the captain or boat owner is the owner of the catch.

U.S. v. Laffin (24 Fed. (2d) 683)
U.S. v. Peterson (26 Fed. (2d) 29)

In the case of the *Nattacomset* (230 Fed. 308), the court held that the fishermen were not liable for supplies furnished to the boat even though the cost of the supplies were to come out of the fishermen's shares. The court held in that case that the fishermen were not partners but employees.

The case of *Portaritiau* (131 Fed. (2) 362, 1943), is a libel in admiralty against a sponge fishing boat for money lent to the boat owner so that he could pay fishermen advances on their shares before the fishing trip began. The court held that these advances were for wages and not anticipation of profits on a joint enterprise and that therefore the lender had a lien on the boat on the basis of the fishermen's lien for wages. The court said, "We think it a form of hiring, the wages being uncertain and contingent but none the less wages for which the crew members are entitled to a lien against the catch and the vessel."^{1/}

(1) Hearing before the Committee on Banking and Currency, House of Representatives, 77th Cong., 1st Sess., Oct 8, 1941, p. 1658.

(2) H. R. 1666, House hearings.

^{1/}quoted
from

Executive Hearings before the Subcommittee on Fisheries of the Committee on the Merchant Marine and Fisheries, House of Representatives, seventy-eighth Congress, Second Session on H. Res. 52. April 4, 7, 12, 13, 14, 19, May 5, and June 26, 1944. Pages 277, 278.

It seems to be advantageous to add the quotations of cases of the U.S. National Labor Relations Board salient parts of the text.

In re Trawler Maria Stella, Inc. and American Communications Association, the Board said:

"We find that the fishermen herein involved are employees, not employers, within the meaning of the Act and that the "lay" settlement is primarily a method used in determining the amount of wages to which the fishermen are entitled." 1/

In re Cape Cod Trawling Corporation (Boston, Mass) Booth Fisheries Corp (Chicago, Ill) and Mass. Trawling Co (Boston, Mass) and American Communications Association (CIO) the Board reiterated the same opinion:

"....Moreover, the fishermen are hired and discharged by the respondents, they hire and discharge no one, issue orders to none one, and receive their orders from the captains or mates. The fishermen are not employers or joint entrepreneurs, but are employees of the respondents.

We find that the fishermen here involved are employees, not employers, within the meaning of the Act and that the "lay" settlement is primarily a method used in determining the amount of wages to which fishermen are entitled." 2/

The existence of employer-employee relationship between fishermen and boat owner was further recognized in British Columbia.

"Although workmen engaged in fishing operations receive as remuneration a certain share of the proceeds of the operations after deduction of certain expenses, if the control of the operations remain with the company which owns the boats and nets, and with it the relationship of Employer and Employee, all parties are under the Workmen's Compensation Act, R.S.B.C. 1936 Ch. 312." 3/

1/ 12 N.L.R.B. No. 50, per finding of the Board Vol. 12, P. 421
2/ 23 N.L.R.B. No. 18, per finding of the Board Vol. 23, p. 212
3/ Bilan vs. Can. Fishing Co (1938) 53 B.C.R. 241

The same contention was expressed by a U.S. War Labor Board Panel report which was adopted by the 12th Regional Board.

"It should be noted that this panel, following the practice of the U.S. Conciliation Service, considers "fish prices" as synonymous with "wages". ~~Therefore, the Board does not require complete negotiation of contracts.~~" 1/

Additional decisions pertaining to the subject can be found in the brief submitted by R.A. Kanigsberg, ^{Ottawa,} D.M., M.L.B. to the wartime Labour relations board, dated Jan 8, 1946, and in the decisions of the Wartime Labour Relations Board (National), in the same case, dated Feb 7, 1946, and of the Nova Scotia Wartime Labour Relations Board, dated July 11, 1946.

Further reference is being made to the U.S. cases: The Crusader, 6 Fed. Cas. No. 3456, the Mattocomet, 230 F. 308. Additional mention is made of Section 531 of Title 46 of U.S. Code annotated which indicates certain requirements for fishing voyages and digests decisions, pertaining thereto.

Another criterion of the problem whether crew members of fishing vessels are employees or coventurers is the question whether they are liable and responsible together with the ship-owner for any damage arising of negligent injury or wrongful death. This question has never

1/ Excerpt from War Labor Board Panel Report adopted by the 12th Regional Board in re Alaska Salmon Industry, Inc., and Alaska Fishermen's Union and other Unions, Case No. 11-704, May 20, 1942, 8 WLR 729-32.(2)

been offered in defence for recognition of crewmembers as employees before any Canadian Labour Relations Board nor before ^{the} ~~any~~ Supreme Court of Nova Scotia. There is no doubt that these "co-venturers" are not liable for any damage and ~~it~~ cannot be sued in connection with any claim originated in this way. It is regrettable that this matter was never brought to the attention of the Canadian authorities since this assumption was partially used by U.S. Federal Courts as the basis of the decision that fishermen working as crew members on a share basis have to be looked upon as wage earners or employees. The U.S. legal requirements for any damage suit are contained in the so-called Jones Act (46 U.S.C.A. 688) providing for liability for negligent injury or wrongful death.

In contradiction to all opinions and decisions as quoted above, the Supreme Court Of Nova Scotia maintained in a judgment dated January 14th, 1947, that fishermen are not employees within the meaning of the Wartime Labour Regulations (P.C. 1003). Owing to the importance of this decision it is given in its original form in the Appendix. This judgment was ~~not~~ appealed.

It may be expedient to make a general remark about the use of judicial procedure in labour matters. The financial resources of a labour organization naturally do not match the funds at the disposal of employers. Consequently, procedures before Labour Relation Boards are gratis. If, however, the employer succeeds in taking his refuge to civil courts by some legal means a tremendous amount of expenses for court and counsel is immediately involved. If in addition, the employer ~~partner~~ partner in such a lawsuit declares his intention to carry

the suit to a decision before the Supreme Court of Canada or even to appeal the case to the Privy Council in London, he has already by revealing his intentions practically won his case because even a medium sized union will be out of funds long before the final stage of the court proceedings is reached and will obtain from pursuing the suit any farther.

This paper will refrain, purposefully from an examination of the legal and judicial merits of the judgment of the Nova Scotia Supreme Court because it is dealing with economic and sociological problems and not with questions of law. From the economic and sociological point of view crewmembers are de facto employees notwithstanding any loopholes in existing legislation.

But it should be pointed out that even the jurisdiction of the courts cannot be formalistic and has to grow and to undergo changes with changing conditions. If the jurisdiction of the courts separates itself from the requirements of the times and the feelings of the people, it becomes necessarily ~~subject~~ subject to political attacks and the reproach of class justice in labour matters becomes the expression of the sentiments of the people having been the objects of judgments which ~~which~~ they consider to be wrong. The result is that the cry for basic political changes is heard.

H. A. Logan, Ph.D., in his Nova Scotia Royal Commission Report on Labour Relations discussing briefly "the confusion

"the confusion about the jurisdiction of the offshore elements of their industry" 1/

three years before the judgment was rendered, points out that:

"this is an interesting case of overlapping which should be disposed of on a practical rather than too logical basis".1/

It seems to be advisable to give the two authoritative Canadian legal comments on the judgment of the Nova Scotia Supreme Court, the comment of the Canadian Bar Association and the editorial note which accompanies the judgment in the collection of Dominion Law Reports.

In an article published in the Canadian Bar Review, Bora Laskin mentions the judgment in the following way:

" In Re Lunenburg Sea Products Ltd, Re Zwicker, the Nova Scotia Supreme Court in certiorari proceedings challenging ~~the Board's~~ ~~Supreme Court in certiorari proceedings~~ ~~challenging~~ the jurisdiction of the Board administering the Wartime Labour Relations Regulations, decided that members of a fishing crew working on a "joint adventure" basis were not employees for the purposes of the Regulations. The judgment of the court exhibits a dreary conceptuation the persistence in which is the more remarkable when one considers that the Regulations expressly stipulate ~~that~~ that the Board shall decide whether a person is an employee if such a question arises before them. The court's answer to this was that the question arose not under the Regulations but in certiorari proceedings. As I have said elsewhere clearly if the court can instruct the board on who is an employee, it should equally feel able to say what is an appropriate bargaining unit and what constitutes bargaining in good faith. Why have a board?
2/.

The Dominion Law Reports introduce the judgment with the following remarks:

- 1/ Nova Scotia Royal Commission on Provincial Development and Rehabilitation, Report on Labour Relations by H.A. Logan, Ph.D. Halifax, 1944, page 96.
- 2/ Bora Laskin, M.A., L.L.M., Osgode Hall Law School: Labour Law 1923-1947 in "The Canadian Bar Review, Vol. XXVI, No. 1, Montreal, January 1948, page 304, published by the Canadian Bar Association.

"EDITORIAL NOTE: The present judgment introduces an unexpected, and with respect, an unwarranted complication in the administration of labour ~~legislation~~. Clearly, if notwithstanding s.25(1) of the regulations, the Court can instruct the Labour Board of the question whether a person is an employer or an employee, it will also feel able to tell the Board what is an appropriate unit for collective bargaining and what is meant by bargaining in good faith. That the Legislature envisaged the supplanting of the Labour Board by the courts can hardly be credited having regard to the language of s.25(1); for the words that section indicate aptly enough that even on issues of jurisdictional fact the opinion of the Labour Board is to govern. It is far from convincing for the court in the instant case to say that because the question here in issue was raised on certiorari it did not arise under the regulations. It would never have arisen aside from the regulations, and moreover, certiorari is neither an unrelated nor an independent proceeding.

1/;

Four months after this judgment was given the Nova Scotia Legislature passed in order to fill in the gap left " ^{2/} An Act to Amend and Consolidate the Fishermen's Federation Act." This Act is considered more a step of political expediency than a help to the fishermen. It provides for collective bargaining under certain conditions but for all practical purposes it has proven to be useless. The fishermen have not made use of it in the sixteen months which have elapsed since passing the act. From the legal aspect the case may seem to be taken care of for the time being, but not from the point of view of the fishermen and of the people concerned with the growth of the industry itself. Automatically, the fishermen are excluded from the

1/ Dominion Law Reports Vol. 3, 1947, page 195.

2/ Chapter 4, Statutes of Nova Scotia, passed May 12th, 1947

benefits of the Canadian Social Security Legislation and they are not able to achieve an improvement of their living conditions through unionization. The dissatisfaction of the crewmembers is expressed by the fact that a tremendous turnover of crews exists during the season. This matter will be discussed later on. 1/ (~~page 111/112~~) Yet, the efficiency of operations is bound to suffer under such a turnover and the price of the commodity produced will necessarily increase. Consequently, the matter should be taken out of the hands of the few employers and should become a public concern.

Purposefully,^{it} was mentioned above that the case is being taken care of "for the time being", because already, now the question arises whether the jurisdiction in labour matters pertaining to the fisheries industries is a provincial or federal concern. Fishing is first of all done outside the Canadian territorial waters as well does already now exist interprovincial traffic. Vessels registered in New Brunswick land fish in Nova Scotian ports and vice versa. But, this situation will change considerably with the entrance of Newfoundland into the Confederation. Then, interprovincial traffic will become a daily routine and it is thought that this new development will finally take care of the judgment of the Nova Scotia Supreme Court since the Federal Labour Code will have to embrace then fisheries matters.

H.A. Logan, Ph.D., in his Nova Scotia Royal Commission Report pointed out:

" Conditions on ships, including food, sleeping quarters, toilets, sanitation, safety, as well

~~Various~~ conditions of hiring, discharge, grievances, worker's representations on board and financial allowances for various matters, are natural subjects for collective bargaining. They exist for ~~XXXX~~ likely removed from the protection of public scrutiny and are not likely to be developed and maintained in the social interest when left to the arbitrary definition of one interested party" "Without any assumption of personnel administration functions by the employers in the past and, but for one or two exceptions, no employee representation at all, worker ~~expression~~ expression and development has received no nurture, for it has been nobody's business. One task of responsible unionism should be to establish standards of entertainment and sobriety for crews ashore, and to redeem for citizenship those who have sunk a hard life and environment." 1/.

and, continues to say:

"The survey feels that modernisation of labour relations as well as modernization of the industry is called for. Both call for statesmanship of a disinterested kind and appropriate government action. The future of the industry based on a great natural resource should not be decided in terms of the immediate and perhaps short-sighted, interest of particular localities and groups." 1/.

It may be advisable and necessary for the Federal Department of Labour together with the interested parties to start an early study of the situation in order to prevent ~~XXX~~ unrest and labour strife at a later stage.

If Nova Scotia is to become a prosperous province the standard of living of its population has to be raised. The economic situation of the Nova Scotia Fisheries Industries allows for better working conditions as it will be shown later on in great detail. Of course, ~~XXXXXX~~

I/ Nova Scotia Royal Commission on Provincial Development and Rehabilitation, Report on Labour Relations by H.A. Logan, Ph.D. Halifax, 1944. page 96.

it is an ~~economic~~ ^{historical} fact that the traditional standard of living ~~the~~ exercises a great influence on wages and income. In this respect it is not surprising that the Nova Scotian standard of living is so much lower than in Ontario as the standard of living in Scotland is even today lower than in England. The children of the Scotch immigrants cannot escape their historic inheritance.

Another problem aside from the question of the legal relationships of the deep sea fisherman to his employer arises out of the particular way of the dependence of the deep sea fisherman's income on the return of the products of his labour: the question of the price setting of fish.

It is assumed that in the general workings of our present economic system the market price of a commodity is determined by the law of supply and demand.

"If there is a small supply of a certain article in relation to the demand for it the price of the article will be high. Conversely, if there is a large supply of an article in relation to the demand for it, the price of that article will be low." 1/

It will be examined now whether this law does apply to the fishing industry. The following graphes and tables show the relationship of weekly landings between different species of fish and total landings of all species of fish in Boston to the average weekly price of the ^{one} species for the period

1/ Duncan Alexander MacGibbon: An Introduction to Economics, Toronto 1937, p. 81

from May 4, 1946 to January 25, 1947. The date of May 4, 1946 was chosen because the U.S. price ceilings were lifted during the following week. The tables and graphs are not continued after January 25, 1947 because the Market News Service, Fish and Wildlife Service, U.S. Dept of Interior, Boston, was forced to discontinue the compilation after this date owing to lack of funds at that time. The tables number 7 referred to in these graphs ^{are} shown in the appendix for the period from January 5, 1946 till January 25, 1947.

Although Dr. Richard A. Kahn in a study published in 1945 maintains:

"for the fishery industry it can be stated that if quantities of catch are high, prices are low, and if quantities of catch are low, prices are high." 1/

thus confirming the validity of the law of supply and demand for the fisheries industry, the graphs and tables, however, bear out clearly that sometimes this economic law is suspended and the prices are not determined by the simple and unrestricted operation of supply and demand in a free, competitive market. ^{it is} As is true in greater or lesser degree of any price-setting process, the price is influenced by the quantity of supply available in relation to the demand, but this relationship is not allowed to find its proper price level at the point where the quantity offered and the quantity desired by the market come into balance. The normal operation of supply and demand is distorted by factors such as the following: control by a few powerful and integrated ^{for New England the} companies, competition of imports, competition of other food products (factor of substitutability), and ^{the} use of cold storage space by the fish companies. Finally, if the supply-demand relationship were to be permitted to work out to the full, retail prices would reflect a decline in ex-vessel prices.

However it has to be added that the period of nine months which is taken as a basis for these graphs is too short in order to allow definite conclusions. but from

1/ Dr Richard A. Kahn, Chief Economic and Co-operative Marketing Branch, Fish and Wild Life Service, U.S. Department of the Interior, Washington: The Economic Basis of Post War Planning of the Fishery Industry, Washington, 1945.

the fishermen's interest in the price setting of fish, it does prove that he does not receive the full benefit of increased efforts.

~~Wages, Prices, and Returns~~

In economic parlance, wages ~~are~~ the price of labor, the distributive return to labor of its share in the total income. The method of determination of fishermen's wages is unusual. The deck hand is an employee engaged in a speculative enterprise, with no control over the three major risks involved--weather, supply of fish in the sea, price. The returns to capital--the investment of the boat owner--are ^{U.S.} relatively high. Former Secretary of the Interior, Ickes, is quoted as asserting:

"Our fisheries can produce more food per man-hour and per dollar on invested capital than any other element in the food business." 1/

Not so with the fisherman. If ^{the} price is depressed for whatever reason, the wage of the fisherman is lowered. After braving and surmounting the risks of weather and supply, he is compelled to accept a speculative wage as the fortune--or the manipulation--as the market determines.

Generally, Labor receives a fixed fee, hourly or day rate, or a specified amount per piece. Any incentive is based on quantity (and sometimes quality) of output. The greater the production, the greater the earnings. The element of speculation is absent. But the fisherman is

1/ ~~The~~ Fishing Problems, Executive Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 78th Cong. First Session, on H. Res. 52, Mar 9, April 7, 1943, Washington, D.C. p. 114

treated quite differently from any other worker employed on ~~this-basis-who~~ ^{basis} piece work. Both are employed on piece work and their wages are determined by their production, but unlike the average worker employed on this basis who receives a higher wage for larger production, fishermen's income decreases sometimes with larger production. If therefore the price of fish fluctuates and drops for some reason or another unrest is bound to start among fishermen to the detriment of the whole industry. This was the case in Boston when the Boston fishing fleet did not sail for nearly five months from January to May 1946.

Owing to contradicting newspaper reports and information received from participants in the Boston strike, no exact examination of its causes will be attempted. But since it is the purpose of this study to prove that mainly the peculiar way of determination of the fishermen's income causes labor trouble in this industry, and not political motives unrelated to problems of the industry, the study will analyze a similar situation in the United Kingdom in June 1946. It is very fortunate that a British White Paper, A Report of a Court of Inquiry, points quite clearly to the true causes of labour trouble in the fisheries industry which are plainly applicable to the situation on this side of the ocean.

The British fishing industry is mainly an off-shore industry employing trawlers:

"On July, 1, 1939, there were estimated to be 1,132 trawlers actually fishing or available for fishing." 1/

Inshore fishing is negligible:

"Landings by 2nd and 3rd class vessels formed less than 1 per cent. of the total demersal landings in 1938." 1/

The Court of Inquiry mentioned above was appointed on June 22, 1946 with the terms of reference to inquire into the circumstances and causes of the stoppage of work in the trawler fishing industry and to report.

"Between the 5th and 25th June, 1946, for periods the duration of which varied from port to port, the crews of trawlers refused to put to sea from Grimsby, Hull, North Shields and Lowestoft, and at Aberdeen the skippers and mates took similar action on the 14th June, the stoppage of that port lasting for one day." 2/

In determining the cause of the work stoppage the Court points out:

"We are of the opinion that while the immediate cause of the stoppage may have been the fall in the first-hand selling price of fish, due to the large quantities landed at the time the men ceased work, the underlying motives for such action were much more deeply seated. Broadly speaking the industry is conducted on a share basis and a large proportion of the earnings of the crews--and, in fact, of all concerned--is dependent upon the price realized by the sale of the catch. Owing to war circumstances a seller's market has existed for a number of years and in general maximum controlled prices have been obtained. In such

1/ Fisheries in War Time, Report on the Sea Fisheries of England and Wales for the Years 1939-1944 inclusive. London, 1946; p. 8.

2/ Report of a Court of Inquiry into the Circumstances and Causes of the Stoppage of Work in the Trawler Fishing Industry, p. 4. (London, July 1946)

"circumstances any reversal of the position-- even for a very short period, leads to uneasiness in the minds of the men in regard to the security of their future earnings if the existing method of building up total remuneration is to be retained. The first remedy to suggest itself to them is likely to be the prohibition or restriction of foreign landings in order to avoid overloading the market and thus reducing the gross value of the catch upon which share and poundage calculations are based. The second remedy to suggest itself is the establishment of a minimum first-hand selling price.

We have reached the conclusion that the immediate cause of the stoppage was the fall in earnings due to the drop in the price of fish, which though it proved to be temporary, the men feared might be permanent and a forerunner of such a slump in the industry as took place in the immediate pre-war years." la/

" They (the fishermen, A.S.) do complain, however that too large a part of their earnings is affected by the fluctuations in the price of fish, a circumstance over which they have no control....It is true that upon occasion a trip may provide neither a share for the skipper or mate, nor poundage for the crew." lb/

"We are, however, of opinion that the basic wage forms too small a proportion of the total remuneration, and this matter should be the subject of consideration at the earliest possible moment by the joint negotiating machinery of the industry." lc/

Lots of work remains to be done in Canada until a satisfactory relationship between vessel owners and crew members can be established. Nevertheless, it would be wrong to state that the Canadian situation is by far worse than in other countries. It is therefore considered advisable to give a short general survey of employment conditions prevailing in various countries in the fisheries industries in the

following chapter:

I/ Report of a Court of Inquiry into the Circumstances and Causes of the Stoppage of Work in the Trawler Fishing Industry, London, July 1946.
a/ p. 5; b/ p. 6; c/ p. 9.

CHAPTER II

A SURVEY OF EMPLOYMENT AND WORKING CONDITIONS OF CREW MEMBERS OF DEEP-SEA FISHING VESSELS OF VARIOUS COUNTRIES

At its 28th Session in Seattle, the International Labour Conference adopted a Resolution requesting the International Labour Office:

"in consultation with the interests concerned, to make the necessary studies and preparations with a view to considering the possibility of the adoption of an International Fishermen's Charter setting out, on the lines of the International Seamen's Charter, minimum standards of wages and working conditions, continuity of employment, social legislation, etc. for the industry."

On the basis of this resolution the International Labour Office early in 1947 sent out a questionnaire to the Governments, requesting information on the working and living conditions of fishermen. 1/ The answer of the Canadian government pertaining to the Atlantic Coast fisheries industries is at the time of the finishing of this paper, September 1948, just in the stage of being forwarded to Geneva and is given verbatim through co-operation of the Department of Fisheries, Ottawa. It was not possible to obtain copies of the answers of any other government and the following survey is based on information submitted to the International Fishermen's Conference in Hull in June 1947. The material was made accessible by courtesy of the International Transport Workers'

1/ Information taken from a letter by T. Bratt, Maritime Service, International Labour Office, Geneva, dated November 1947

Federation, Maritime House, London, England. Although far from being complete, the information gives, however, a good indication about the steps taken in various countries to organize the working conditions of the fishermen. A short summary of the survey is given in table form ^(see) in the Appendix.

BELGIUM**(1) Number of people engaged**

According to the Maritime Commissariat of Belgium, there are 2,210 persons employed in the Belgian fisheries industry. They are employed the year round. Of these, 85% are engaged in deep sea and 15% in inshore fishing.

(2) Organizations of fishermen

The fishermen are organized. The Belgian transport workers' Union claims 1,500 fishermen members; "The Christian Union" 175 fishermen members. Inshore fishermen, being boat owners, are not eligible for union membership.

(3) Agreements and Conditions of Employment

An agreement is in force between the Ostende branch of the Belgian Transport Workers Union and the Belgian fishing vessel owners.

(a) Fixed Wages and/or share

Fishermen receive a fixed wage plus a percentage according to a stipulated scale.

(b) Hours of work

No laws, no official regulations governing hours of work are known.

(c) Annual Holidays

The fishermen are guaranteed by law "six consecutive work days a year as holidays with pay."

(d) Annual Voyages

Belgium (cont'd)**3(d) Leave between Voyages**

The fishermen receive thirty-six hours leave at the end of a trip of one week; sixty hours at the end of each trip of two weeks; seventy-two hours leave for a seventeen-day or longer trip.

(e) Social Security Legislation

The fishermen are protected by the general Belgian social security and insurance schemes.

(f) Accommodation on Board

No information is available.

(4) Official Agencies of the Industry

~~Executive~~ Fishing authorities, fish merchants, owners of vessels and workers are members of the National fishery board. Wage questions are dealt with by a joint committee composed of equal numbers of owners and fishermen, with a chairman and secretary appointed by the Government.

DENMARK**(1) Number of people employed**

There are 17,000 to 19,000 persons employed in fishing operations in Denmark. The proportions between inshore and off-shore fishermen is about fifty-fifty.

(2) Organization of fishermen

The Majority of Denmark's fishermen are organized, with approximately 13,000 members in the Dansk Fiskeriforening (Danish Fishery Association), and about 4,000 fishermen belonging to the Vesttysk Fiskeriforening (West German Fishery Association).

(3) Agreements and Conditions of Employment

No information is available as to whether any collective agreements are in force.

(a) Fixed wages and/or share

All fishermen are employed under the Løy system based on a sliding scale.

(b) Hours of work

No information is obtained; however there are no laws or regulations regarding hours of work.

(c) Annual Holidays

The fishermen have annual holidays under the National Holiday Act.

Denmark (Cont'd)**(3)(d) Leave between Voyages**

Same as 3(b).

(e) Social Security Legislation

The fishermen fall under the General Sickness and Accident Insurance Act.

(f) Accommodation on Board

Same as 3(b)

(4) Official Agencies of the Industry

A Fishing Board exists composed of representatives of the government, fishermen, fish canners, and fisheries trade.

FINLAND**(1) Numbers of People Engaged**

The total number of persons engaged in the fishing industry is 11,111 according to 1940 statistics. Only about 200 fishermen pursue off-shore fishing. The deep sea fishing season lasts about four months. Inshore fishermen engage partly in ice-fishing.

(2) Organization of Fishermen

The deep-sea fishermen are 100% organized by the Finnish Seamen's Union.

(3) Agreements and Conditions of Employment

A collective agreement is in existence between the ship-owners' association and the Finnish Seamen's Union.

(a) Fixed Wages and/or Share

The Finnish fishermen are paid a basic wage which is the principal part of his income. In addition to the basic wage each man according to his rank receives a bonus from the owner whenever it is above a pre-determined minimum.

(b) Hours of Work

The fisherman works the same hours as merchant seamen during the voyage from land to the fishing grounds. After arrival at the fishing grounds there is no limitation of the fishermen's working hours.

FINLAND (Cont'd)**(3)(c) Annual Holidays**

The fishermen are entitled to the same number of holidays as the merchant seamen; three weeks a year.

(d) Leave between Voyages

Crews and fishermen receive board and lodging between voyages when the vessel is in port, as long as the ship's articles are in force. The ship's articles are in force with regard to wages board and lodging, etc. until five days after the arrival of the vessel in the home port.

(e) Social Security Legislation

Inshore fishermen and fishing vessel's crews are protected by the same provisions of accident insurance which apply to merchant seamen.

(2) Accommodation on Board

It is supposed that the customary ship's inspection laws apply to fishing vessels too.

(4) Official Agencies of the Industry

No such an agency is in existence.

FRANCE**(1) Number of People Engaged**

Deep sea fishing in France is divided into two major parts: the industrial fishery which is done in European waters the year around, and cod fishing which is pursued off the waters of Newfoundland and Greenland from 10 to 10½ months a year. The number of people engaged in cod-fishing is 837 and in "industrial fishing" 8,598. Inshore fishery is pursued by 59,654 people.

(2) Organisation of Fishermen

6,500 fishermen are organized in the French Seaman's Federation while some other fishermen are members of the Federation Professionnelle des Marins Pêcheurs and the Federation des Armateurs et Pêcheurs de l'Océan.

(3) Agreements and Conditions of Employment

In 1947 there were two national collective agreements in force: one in the cod-fisheries and the other for the "industrial fisheries".

(a) Fixed Wages and/or Share

Both fishermen pursuing "cod" and "industrial" fishing receive a guaranteed minimum wage equal to the ordinary wage of merchant seamen plus a percentage.

(b) Hours of Work

The fishermen work eight hours a day on voyage to and from the fishing grounds. At the fishing grounds the working day may be extended to 16 hours. Every man must have 8

FRANCE (Cont'd)3(b) Hours of Work (cont'd)

hours rest daily. In addition the fishermen are entitled to one day of rest per week.

(c) Annual Holidays

Fishermen receive annual holidays with pay at the rate of two days per each month of their employment.

(d) Leaves between Voyages

Fishermen do not receive leave between voyages but weekly rest days, mentioned under 3(b), could be used for this purpose.

(e) Social Security Legislation

All fishermen are protected by the provisions of the Social Insurance and Old Pension laws. In case of sickness or injury the fishermen receive like merchant seamen their minimum wage and medical care from the fishing vessel owner for a period of four months. After this time they are protected by social insurance legislation.

Inshore fishermen being self-employed receive protection from social insurance legislation from the first day of their disability.

(f) Accommodation on Board

This regulated by law in the case of all fishing vessels.

FRANCE (Cont'd)Official Agency of the Industry

Certain local, regional, and national committees have been and may be set up to advise the government on questions of the industry. In addition they are empowered to make decisions binding all members of the industry in case of dispute. The members of all committees are chosen by trade unions or by trade associations, or are elected if no such organizations exist.

GREAT BRITAIN

In discussing general fishing conditions of fishermen in Great Britain the paper will, in addition to the reports submitted to the International Fishermen's Conference in Hall in June 1947, take into consideration a report of the Committee on the Herring Industry issued by the Scottish Home Department, Edinburgh, 1944:

"The conditions of employment in the fishing end of the industry had before the war become so unsatisfactory that important sections of the boat owners had realized the urgent necessity for some minimum wage, and had themselves, in spite of meagre gross earnings, evolved a pooling scheme to provide a per minimum for the less fortunate crews. This, although beset by numerous difficulties, owing to the peculiar constitution of this section of the industry and the large numbers of its personnel who cannot be said to be employed in the ordinary sense of the term (being rather co-partners), proved workable, at any rate for the seasons in which it was tried (1938 and 1939).

The whole of the conditions of labour in the industry however, require re-examinations. While the first necessity is for a scheme to provide a minimum wage, there must also be a review of the conditions of social security for those actually engaged at sea. It is a great anomaly that, owing to the constitution of our social insurance schemes, the members of this honourable and vital industry should, in many cases, and, in particular, in all cases of true individual or co-partnership ventures, be unable to take advantage of the provisions of contributory insurance, and should have no other remedy when they fall upon evil days but recourse to public assistance. This industry seems to us to be of a nature quite its own and to present many features which the community would desire to see encouraged, including that of small ownership and partnership amongst men of meagre resources. For this reason, we think that a scheme of "insurance by industry" might be applied here." 1/

1/ Scottish Home Department, Report of the Committee on the Herring Industry, Edinburgh, 1944, Cmd 6503, paras. 80 to 81, and 81, p. 21.

Relating to fishermen's wages a Report of a Court of Inquiry into the Circumstances and Causes of the Stoppage of Work in the Trawler Fishing Industry, London 1946, recommended:

"Too great a proportion of the total remuneration is liable to fluctuation according to the first-hand selling price, and we accordingly recommend that immediate consideration should be given to increasing the proportion of the total remuneration which is basic, i.e., not subject to fluctuation but without increasing the average total weekly remuneration." 1/

The International Fishermen's Conference in Hull, June 1947, reported the following conditions:

(1) Number of People Engaged

According to statistics issued by the National Trawler Fishing Pool Committee Great Britain has 10,911 fishermen engaged in deep-sea trawler fishing as per July 1946. There is also an estimated 7,000 engaged in inshore fishing. It is reported that the British fishing fleet comprised 682 trawlers as of July 1946.

(2) Organisation of Fishermen

The 7,000 deep sea fishermen are organized in the Fishing Section of the Transport and General workers Union. Crew members, like fishermen, cooks, etc. are organized in separate unions.

1/Report of a Court of Inquiry into the Circumstances and Causes of the Stoppage of Work in the Trawler Fishing Industry, London 1946, Cmd. 6882, para. 32, sec. (iii), p. 12.

(3) Agreements and Conditions of Employment

In 1947 the Union had "port agreements" in nine British ports. The agreements affect the majority of all trawler fishermen.

(a) Fixed wages and/or Share

The fishermen receive a fixed minimum wage in addition to a share of the gross stock "without any deductions whatsoever". These regulations were arranged by a National Joint Industrial Council consisting of fishermen and all parties interested in the fisheries industry and set up according to the recommendations of the Whitley Report, 1916 (FF).

(b) Hours of Work.

There are no laws or regulations affecting hours of work.

(c) Annual Holidays.

Annual holidays are covered by port agreements.

(d) Leave between voyages.

Same as (c)

(e) Social Security Legislation

As regards social security the fishermen like any other person living in Great Britain is included in the social insurance and health schemes. In this connection the recommendation contained in the Report of the Committee on the Herring Industry as mentioned above have already been realized.

(3)(f) Accommodation on Board

No information available.

(4) Official Agencies of the Industry

There is a National Joint Industrial Council for the trawler industry. It is composed of 28 representatives of trade unions and employers' associations in the several fishing ports, and its functions are:

- (a) Consideration of wages, hours, and working conditions.
- (b) Consideration of machinery to secure speedy settlement of disputes.
- (c) Prevention of any national strike or lock-out until the matter has been considered by the Council.
- (d) Establishment of relations with the Government that will ensure the industry being consulted before legislative or administrative measures affecting the industry are taken.
- (e) Consideration of matters referred to it by the Government or other authorities.
- (f) Promotion of ~~xxxxxxxxxxxx~~ the establishment of Port Committees.
- (g) Consideration of methods of training young people entering the industry, and co-operation with the education authorities in the provision of facilities.
- (h) Consideration of matters relating to the health of those engaged in the industry.
- (i) Consideration of measures to secure the loyal adoption of the decisions of the Council by all employers and employees in the industry.

(5) Note: It is interesting to note that the Transport and General Workers Union maintains a special branch for inshore fishermen. This branch serves as an agency for co-operative marketing.

HOLLAND**(1) Number of People Engaged**

As of June 1947, 8,472 persons were engaged in the Dutch fisheries industry. 8,000 were engaged in inshore fishing, the remainder were employed on trawlers or other vessels.

(2) Organization of Fishermen

Of 1,800 organized crew members, over 1,400 belonged to the Dutch Transport Workers Union (I.F.T.).

(3) Agreements and Conditions of Employment

All of Holland's deep sea fishermen are covered by collective agreements.

(a) Fixed Wages and/or Share

The deep-sea fishermen are employees on the wage basis in addition to a share in the percentage of the catch. The crew's percentage is determined jointly between crew members through their bargaining agent and the ship-owners.

(b) Hours of Work

These are not regulated.

(c) Annual Holidays

The Dutch fishermen are seasonal employees. The owners argue that the off-season is enough free time thereby rendering holidays with pay unnecessary.

HOLLAND (cont'd)**(5) (a) leave between Voyages**

This is fixed at 40 hours for the herring fishermen and 36 hours to the crews.

(c) social security legislation

The Dutch fishermen are insured against accidents, sickness or incapacitation. During the off-season the fishermen are eligible for unemployment insurance. The benefits of governmental accident insurance are 80% of the average earning, in case of sickness 50% of the average earning are paid. In case of sickness the herring fishery agreement however provides additional payments.

(f) accommodation on board

This is subject to inspection under the ship's act.

(g) Official Agencies of the Industry

Two joint committees supervise the fishing industry. The "Bedrijfschap" is set up to supervise fishing, fixing of prices, etc. and a joint labour is in charge of conciliation procedure.

(5) Special Remarks

(a) Crew members of the herring fleet do not discharge the catch.

(b) In the case of overhauling and repair of the vessels full wages are paid for a period of six weeks. However crew members are obliged to accept employment on another vessel.

NORWAY**(1) Number of People Engaged**

The main occupation of about 76,000 persons is inshore fishing, an additional 38,000 persons fish on a part-time basis. Between five and six thousand men are engaged in deep sea fishing.

It is estimated that the Norwegian fishing fleet is comprised of 12,000 motor vessels and 350 steamers including eight steam trawlers.

(2) Organization of Fishermen

All deep sea fishermen have to be members of the Norwegian Seamen's Union.

(3) Agreements and Conditions of Employment

The wages of all members of the sea-going fishing fleet are set by a wage board. In addition there is a wage agreement in force for the eight vessels of the trawler fleet.

(a) Fixed Wages and/or Share

All fishermen receive a fixed wage and a stipulated percentage of the sale which provide their main income.

NOBNAV (Cont'd)**(3)(b) Hours of Work**

No Laws or regulation govern these hours; no further information has been obtained.

(c) Annual Holidays

Same as 3(b)

(d) Leave between Voyages

Same as 3(b)

(e) Social Security Legislation

All fishermen, inshore and deep sea fishermen as well, are protected by the Fisherman's Safety Act, the Fishermen's Sickness Act, and the Accident Compensation Act.

(f) Accommodation on Board

The requirements for accommodation on board ship are governed by Royal Decree of Dec 22, 1922 and amendment of Dec 10, 1922.

(4) Official Agencies of the Industry

Certain boards are set up by the Ministry of Fisheries. Both owners and fishermen are represented through their respective organizations.

SWEDEN**(1) Number of People Engaged**

Sweden has about 6,500 fishermen all of whom are deep-sea fishermen. There is no inshore fishing at the commercial level in Sweden. The fishing fleet consists of 1,340 trawlers, ten steam trawlers as against a total of sixty-five fishing vessels twenty years ago.

(2) Organization of fishermen

Only about 100 fishermen employed on steam trawlers are members of the Swedish Seamen's Union. The Västskustfiskarnas Centralförbund (West Coast Fishermen's Central Association) has over 6,000 members, owner fishermen, and employed fishermen, each group numbers about 3,000. The purpose of the latter organization is to further the interests of both groups. It is however reported that the organization is controlled by the owner fishermen.

(3) Agreements and Conditions of Employment

There are no collective agreements in force with one exception. In January 1947 a first collective agreement between owners and fishermen was concluded in one large fishing village.

(a) Fixed Wages and/or Share

No information is available.

(b) Hours of Work

There is no legislation and no information has been obtained.

SWEDEN (Cont'd)**(3)(c) Annual Holidays**

Same as 3(b)

(d) Leave between Voyages

Same as 3(b)

(e) Social Security Legislation

While the general legislation excludes fishermen, the employed fishermen have established an accident insurance scheme of their own. Each fisherman contributes a certain premium while the government contributes 67% to this fund.

(f) Accommodation on Board

Same as 3(b)

(4) Official Agencies of the Industry

No such body exists.

(5) Note: The general Swedish Maritime legislation does not include fishermen.

UNITED STATESPreface

Owing to the fact that this study confines itself to a description of economic problems of the North Atlantic fisheries industry, the report will lend itself to working conditions on the New England coast only.

(1) Number of People Engaged

Fish and Wild Life Service of the United States Department of the Interior estimates that there are 125,000 fishermen in the United States and Alaska. Of these about 90,000 derive over half their income from fishing, and the other 35,000 are part-time fishermen. 29,000 fishermen are employed on sea-going fishing boats; the other 96,000 are reported as fishing inshore.

(2) Organization of Fishermen

The Atlantic Fishermen's Union, affiliated with the Seafarers' International Union of North America (A.F. of L.) acts as bargaining agent for nearly all fishermen fishing out of Boston, New Bedford, Gloucester, and Portland, which are the four main New England fishing ports. There are no other deep sea fishermen organizations on this sector of the coast. has 4,200 members.

(3) Agreements and conditions of employment

The Atlantic Fishermen's Union has secured agreements with the fish companies.

(a) Fixed wages and/or share

According to the agreement, the fishermen are employed under a share basis. The share is 60:40 of the gross stock in favour of the crew. Certain deductions of the gross stock are being made. ~~As per the agreement as at 1/1/1944.~~

However a guaranteed minimum wage has to be paid to the crew in case of "break-down" due to any cause of force majeure and in case that the return from the catch is below a stated minimum. This so-called "breaker" is \$50 for a two day trip.

According to the agreement "all fish landed in Boston shall be sold through the facilities of the New England Fish Exchange by public auction". In another connection this kind of "public auction" will be characterized later.

(b) Hours of work

The crew works on the trip to the fishing grounds as well as the fishing grounds themselves according to a schedule--six hours on, six hours off.

(c) Annual holidays

There are no provisions in the agreement for granting of these vacations.

(d) Leave between Voyages

There is no payment to the crew during the regular interval

3(d) Hours between Voyages (cont'd)

between two voyages, however this interval has been specified to be of no more than two day's duration. Starting with the third day the fisherman is entitled to a "stand-by" pay of a \$1.25 per hour (maximum four hours in any one day).

(e) Social Security Legislation

The fishermen receive the benefits of the United States Social Security Act. They are further eligible for unemployment insurance. In addition the union has arranged for an accident insurance with a private company, ~~which is not covered in the contract.~~

(f) Accreditation and Board

No information has been obtained whether the vessels are open to inspection by governmental authorities, however the owner recognizes the duty and need to make all reasonable provisions for the health and safety of crews during the course of operation.

(4) Official Agencies of the Industry

No such body is in existence in the United States, however the U.S. Congress uses the means of "public hearings" in order to ascertain the opinions of the interests concerned.

CHAPTER III

INSHORE FISHERMEN, A DISCUSSION OF SOME PROBLEMS RELATED TO THEIR SOCIAL AND ECONOMIC POSITION

In contrast to deep-sea fishing operations and its problems with which the paper has dealt so far the study will turn now to a discussion of questions of inshore fishing. Inshore fishing is done in open boats which operate from twelve to eighteen hours a day within a range of a few miles from shore. In contrast to deep-sea fishing vessels which carry a crew from twelve to twenty-two men the inshore boats are manned by one, two, or three fishermen. It is self-evident that the operation of such a boat depends completely on climatic conditions.

Adverse weather, storms and ice conditions, will keep the fishing boats in port. Consequently, Nova Scotia inshore fishermen are unable to pursue their occupation more than eighty to a hundred days a year. 1/

1/ St Nova Scotia Royal Commission on Provincial Development and Rehabilitation, Report on The Canadian Atlantic Sea-Fishery, by Stewart Bates, M.A.

In addition to climatic conditions, the so-called dog-fish interferes during nearly all summer and during early fall with fishing operations by destroying the fishing nets and keeping other fish away. 1/

In general it is very difficult for any wage earner to earn in such a limited period of time sufficient money to maintain a decent standard of living the year round. This applies especially to fishermen since the return for the catch allows only a hand-to-mouth living even during the time of operation.

Consequently the fisherman takes refuge to a credit system in order to obtain supplies to live on during the winter when fishing is impossible and gear in spring when he has to outfit his boat for the new season. The credit is taken with the understanding to be repaid with the return of the expected landings during the new season.

Questions: Norman Sommerville, K.C. Counsel for the Commission

Answers: Leonard Loggie, Vice-President, United Maritime Fishermen's Federation.

Q. Are there a number of these fishermen who

1/ Report of the Royal Commission Investigating the Fisheries of the Maritime Provinces and the Magdalen Islands, Ottawa, 1928, p. 54.

are under obligation to the dealers, in debt to the dealers, or fishing for the dealers?

A. Yes.

Q. Then they have to take their fish to that dealer, have they?

A. The rule up there--I am speaking of the smelt industry now--is that a man will go to one of the companies, W.S. Loggie, for example, in the fall and get so many pounds of smelt web. Then Loggie is supposed to get that man's fish until the web is paid for, and if he cannot get enough fish during the season to pay for that web, all he has to do at the end of the season is to go to the office and he can get carried over until the next season.

Q. He is carried over until the next year?

A. Yes, at a certain rate of interest. 1/

This mode of exchange is called "truck system", the word truck being derived from the French word "troc" meaning exchange in kind.

The "truck system" is defined by the Statute of Colorado as follows:

1. Any agreement, method, means or understanding, used or employed by an employer, directly or indirectly, to require his employee to waive the payment of his wages in lawful money of the United States, and to take the same, or any part thereof, in goods, wares, or merchandise, belonging to the employer or any other person or corporation.
2. Any condition in the contract of employment between employer and employee, direct or indirect, or any understanding whatsoever, expressed or implied, that the wages of the employee, or any part thereof, shall be spent in any particular place or in any particular manner.
3. Any requirement or understanding whatsoever, by the employer with the employee that does not permit the employee to purchase the necessaries of life where and of whom he likes, without interference, coercion, let or hindrance.
4. To charge the employee interest, discount or other thing whatsoever for money advanced on his wages, earned or to be earned, where the pay days of the employer are at unreasonable intervals of time.

~~copy~~

5. Any and all arrangements, means or methods, by which any person, company or corporation, shall issue any truck order, scrip, or other writing whatsoever, by means whereof the maker thereof may charge the amount thereof to the employer of laboring men so receiving such truck order, scrip or other writing, with the understanding that such employer shall charge the same to his employee and deduct the same from his wages. 1/

The truck system was mainly used for centuries by employers to pay workers or servants in kind instead of in legal currency and its disadvantages to the employee were recognized for a very long time. In the middle of the 15th century already the British Government passed the First Truck Act which was amended many times and finalized in the first half of the 19th century. 2/

The detrimental effect of the truck system to workers must have been overwhelming since the tendency of the lawmakers was till the middle of the 19th century to protect the employer against the employee by oppressing

1/ The Economic and Social Implications of the Company, Store and Scrip Systems, U.S. National Recovery Administration, Washington, D.C., 1934. p. 20
2/ Wage Payment Legislation in the United States, U.S. Dept. of Labour, Bureau of Labour Statistics, Misc 229, p. 94ff.

workers' associations. On the other hand especially in the age of laissez-faire, laissez-aller the jurisdiction was based on the principle of the equality of rich and poor before the law not favourizing any party. Yet the enactment of the Truck Act was advocated that it was nothing but a kind of police protection of the weak and not an abolishment of the principle itself.

~~Very little can be found in our customary economic text books of the characteristics of this barter or truck system. The reason for the disappearance of the truck system from the relationship between employer and wage earner is the oppression by law and not as Jevons points out, that it is only in existence as long as:~~ Very little can be found in our customary economic text books of the characteristics of this barter or truck system. The reason for the disappearance of the truck system from the relationship between employer and wage earner is the oppression by law and not as Jevons points out, that it is only in existence as long as:

"....its inconveniences are not experienced." 1/

The establishment of a fair rate of exchange between the goods exchanged is already difficult even in deals between two equal partners. The grave foreign exchange shortage in nearly all countries of the world has lead to experiments of returns to barter deals but actual recent attempts of barter deals between Canada and other countries, equal partners in foreign trade, met with ^{newly} very unsurmountable complications. It is clear that an economically stronger partner will always try

1/ W.S. Jevons: Money and Mechanism of Exchange, New York 1921, p. 6.

to value the goods, supplied by him, in the most advantageous way to him. This applies naturally to a relationship between employer and employee too. Marshall explains the matter in this way:

"The values of their wages to them (to employees, A.S.) is somewhat lower by this compulsion (receiving wages in kind in lieu of money, A.S.). These (goods supplied A.S.) are generally worth less to them (employees A.S.) than they cost him. And on the whole when this so-called truck system is in effect in any trade in the old country, we may fairly well assume that the real rate of wages is lower than the nominal.

Employers whose main business is in a healthy condition are generally too busy to be willing to manage such shops unless there is a strong reason for doing so, and consequently, in the old countries those who have adopted the truck system have more often, than not, done so with the object of getting back by underhand ways part of the wages which they have nominally paid." 1/

Canadian labour legislation striving to establish fair labour relations aims to eliminate such truck system or wage payment in kind from the relationship of wage earner and employer.

1. The Statutes of Nova Scotia Part VI, para 97(1), provide with regard to miners:

"The wages or salaries of every employee in or about any mine shall be paid to such employee in money current in the Dominion of Canada." 2a/

2. The Statutes of British Columbia makes similar provision in the "Truck Act" revised Statutes of 1924, para 3, and in the Truck Act amendment 1941. 2b/

1/ A. Marshall: Principles of Economics, London, 1930, p. 552-3.

2/ Quoted from Labour Legislation in Canada, Ottawa 1938

a/ p. 99
b/ p. 685

3. The Statues of Manitoba, Taxicab Act, Regulations 30-2, enforced by Proclamation of June 1, 1934:

"Require wages to be paid in cash or by cheque." 1/a

4. The Statues of Ontario, Woodman's Lien Act, provide under Article 37(1):

"No payment of wages shall be made or offered to any person for any labour performed upon or in connection with any logs or timber by any cheque, order, I.O.U., Bill of Exchange, Promissary Note, or other undertakings, other than a bank note or a bill drawn upon or payable at or within any place out of Ontario." 1b/

5. Statues of Saskatchewan, the Workman's Wage Act, 1920 provides:

"In every contract for the hiring of a workman in any of the occupations contained in the schedule to this Act the wages of such workman shall be made payable in Canadian currency or in the notes of a chartered bank doing business in Canada or by cheques drawn upon and duly accepted by a chartered bank having a branch or agency at or within five miles of the place where the workman is employed; a contract providing for payment in any other manner shall be illegal and void." 1c/

Labour legislation applies naturally not to inshore fishermen who, like farmers, are ^{/legally/} to be classified as primary producers, small business men. ^{/the prevailing/} Under present economic conditions inshore fishermen could not make use of any corresponding legislation because economically they have no choice and have to rely on the credit system in order to keep alive.

In the fishing village theoretically two people can

1/ Quoted from Labour Legislation in Canada, Ottawa 1938

a/p. 423

b/p. 315

c/p. 485

become partners in such a credit operation: the owner of the general store or the prospective fish buyer, and these two people are identical in many cases.

Questions: Norman Sommerville, K. C.

Captain

Answers: [^] Roland Knickle, of Lunenburg, N. S.

Q. From the people who buy the fish you get your bait, your ice and other supplies?

A. All your provisions and your clothes and your lines, hooks and everything.

Q. And your gear?

A. Everything that goes on board the boat.

Q. And these are supplied to you on credit if you have an arrangement to fish for them?

A. Yes, but they play safe. You have your boat insured in every case, and they want the insurance policy before they take any chance in case of loss.

Q. You get this gear on credit and go out?

A. They have good security for it. 1/

Answers: Mr. Lewis V. Bailey, Westport, Digby Co. N.S.

Q. You get your credit from the store and not from the fish dealer?

A. If he is a grocery merchant, and in the small communities the whole thing often goes together.

Q. But in some instances the man to whom you sell fish is also the man who has given you credit?

1/ Royal Commission on Price Spreads, p. 19
Minutes of Proceedings and Evidence, Ottawa, 1934

Q. (cont'd) That is, in the smaller communities?

A. To a certain extent that is done. 1/

Although in the following case the situation is different insofar that the credit is extended only after the local dealer has already received the fish for curing purposes the example nevertheless shows all peculiarities of the credit system.

Questions: Mr. E.J. Young, M.P.
Answers: Roland Knickle.

Q. Does not your fish have to go to the merchant to the extent of your credit?

A. Yes; but credit is not there before we get the fish. They get the fish before you have the credit. They won't give you any credit before they are sure to have double the amount.

Q. While the boat is out and the fishermen are out fishing you say the merchant has got the fish?

A. Yes.

Q. And they are obliged to deliver the fish to that particular merchant; no competition there?

A. That is the way we do, anyway.

Questions: Mr. Norman Sommerville, K.C.

Q. It is a fact, they are obliged to deliver the fish to the merchant who has given the credit?

A. Yes, and it should not be that way, sir.

Q. Perhaps not, but we are asking for the facts, and the fact is that.

1/ Royal Commission on Price Spreads, p. 71
Minutes of Proceedings and Evidence, Ottawa, 1934

A. That is the fact, but it should not be that way. That is one of the things we are here to see if we cannot adjust, to see if they could not be obligated to the merchant at home and get a decent price for the fish.

Questions: Mr. A.M. Edwards, M.P.

Q. There is no open market?

A. No.

Q. You cannot sell the fish and claim money?

A. No. 1/

From a credit system advancing money for the purchase of food and fuel during the winter time and of fishing supplies for the outfitting of the fishing boats in spring to the elimination of money as a means of exchange and establishment of straight barter is only a very short step.

Questions: Mr. Norman Sommerville

Answers: Mr. Adolph Hache

Q. Well then, is it a fact that these fishermen do not get any cash at all but get it in credit at the store?

A. Since 1932 I say about one man in a hundred gets cash.

Q. Therefore about one to two hundred fishermen in your district get some cash?

A. Yes, I mean the share men.

Q. There are about 1,500 share men?

A. Yes.

Q. And of the 1,500 you say about one hundred or two hundred would get some cash?

A. Yes.

Q. At that rate 1,200 would not get any cash, and they would not handle cash from the beginning of the year till the end of the year?

A. Maybe the captain will give him \$5.

Q. That is living under a barter system, is it not? Then the fish is disposed of to the dealer?

A. To the dealer.

Q. The local merchants?

A. Yes.

Q. Then I suppose the local merchants supply the families with food and clothing that they need during the season?

A. Some, but some the captain has to be responsible for, has to back these men.

Q. The captain has to back some of them?

A. Yes.

Q. How can the men and their families live on that amount of money?

A. They could not live since three years. 1/

A fish buyer who at the same time is the owner of a general store extending credit to the fishermen, has if he so wishes, ~~was~~ almost complete power over their lives. He can make all kinds of little, irritating regulations, and use cheap, dishonest methods, and yet the fisherman will not have the economic strength to demand his rights, even if he knows them. He has to sell his fish. There is probably only one dealer to whom he can sell it. To the dealer, on the other hand, it does not very much matter whether he buys that particular best load of fish or not. He can get plenty of fish somewhere else.

It must not be assumed, of course, that every dealer takes unfair advantage of the fishermen. That would not be true. But it is true that his economic strength is enormous compared to that of the individual fisherman. ^{The dealer} ~~He~~ may own many other businesses in the village, besides the fish plant, and he can make it difficult for undesirable groups to hire halls for public meetings, and he can see that only what "is right and proper" is printed in the local newspaper. Indeed, men have been heard to boast that they "own" nine Nova Scotians.

In an older study, L.W. Jencks mentions the consequences of such a system to fishermen:

"Above all, the vicious supply system, still more or less in force in different provinces, by which advances in food and clothing are made to fishermen at the commencement of each season, is destructive to the industrious efforts of men who are rarely out of debt."

"I certainly do not wish to insinuate that the

conditions of our fishermen is worse than that of fishermen elsewhere; for this 'supply' system is necessary to working of fishing industries in every part of the world." 1/

As Jones mentions such a 'supply system' can be encountered all over the world wherever similar social conditions can be found. It existed in Newfoundland as well as in the United States. L.C. Salter, fishery economist of the U.S. Bureau of Fisheries, describes the kind of ~~truck~~ truck system used in financing Florida fishing by dealers and its consequences as follows:

"The system of dealer-financing is undesirable to both the fishermen and the dealers. As explained to me by wholesalers, fishermen, and officers of fishermen's associations, it appears closely related to the poorest of tenant and sharecropper financing in agriculture. For the construction or purchase of a boat, fishermen in this class, with few exceptions, have to resort to local wholesalers for credit. Although the wholesaler is not primarily in the financing business, he advances the credit in order to control another unit of production, at least so long as the fisherman is indebted to him. As a means of controlling more and more units of production, some wholesalers make overtures to fishermen, offering nets, gear, new motors, and boats, or repairs to old motors and boats. In some sections it is conquest-- a form of competition between dealers to use these methods to line up as many fishermen as possible in order to control a source of supply. They vie with one another in proffered favours, especially to the more productive fishermen.

"This sort of financing continued until the depression, when fishermen found themselves helplessly in debt. The drop in the prices received for fish, according to information received, was not followed by a corresponding decrease in the prices paid for fishery supplies and equipment. The wholesaler found it necessary to deduct a greater proportion of the fishermen's share to apply on accounts. The fishermen found

1/L.2. Jones: The Fisheries of Canada contained in Canadian Economics, Montreal 1885, p.54

"it more and more difficult to make the required payments on the accounts and retain enough to maintain himself and family. Consequently many fishermen lost their boats and equipment to wholesale dealers and began fishing for wholesaler, or went into relief work." 1/

At the discussion of the concentration of economic power in the Nova Scotia fisheries industry the paper will encounter a nearly identical situation.

A good illustration of the point made by Marshall that the value of the goods supplied does not commensurate with the services delivered is given in ^a ~~the~~ Newfoundland report which was condensed in a booklet published by the Extension Dept., of St. Francis Xavier University at Antigonish, N.S.:

"The Royal Commission investigating the fisheries industry in ~~the~~ ^{Newfoundland} found that while the dealers apparently were not making exorbitant profits in the handling of fish there was an extremely wide margin made on the supplies sold to the fishermen. In this connection it is pointed out in the report that the margin on salt was 105%; oil, 46%; lines and twines, 27%; rope, 69%. On thirteen other articles necessary to fishermen the average margin was 51%. In the case of salt the difference between the wholesale price at the vessel side and the retail price to the fisherman was approximately \$1.00 per hogshead. On rope the Commission found that there was a difference of 7½ cents per pound between the wholesaler price and the average retail price paid by the fishermen. A similar spread was found to exist in practically all other commodities including food and clothing. There is reason to suppose that the same practices are in vogue in many of our Nova Scotia fishing villages." 2/

1/ Hearings on HR 6039 and HR 7309, Fishery Credit Act, June 29 and July 16, 1937, before the House Merchant Marine and Fisheries Committee, 75th Cong. First Session, p.56.

2/ Facts for Fishermen issued by Extension Dept., St. Francis Xavier Univ., N.S. 1939, p. 15.

~~39~~

In describing the Nova Scotia situation and delving in the same point the booklet continues:

"Too often fishermen and others do not know what price they are paying for supplies and consumer goods. Usually an account is carried with some merchant under an arrangement whereby goods are given on credit against the season's catch of fish. Seldom if ever is the account balanced. So far as the fisherman is concerned it is a matter of "heads you win; tails I lose". This is the system which the Royal Commission investigating conditions in Newfoundland in 1933 described as "sapping the energy, initiative and moral sense of the people, and instead of building them up into an independent and self-reliant race, is reducing them to a state bordering on servitude." Again, people generally are not well enough informed on prices and values to know exactly when they are overcharged. For years a certain dealer has been selling nets to the fishermen at a lower price than it was possible for the co-operative to sell them. On investigation it was found that the dealer handled a 50 yard net, whereas the co-operative carried a 30 ran net. The ordinary fisherman did not know that a ran is almost twice as long as a yard and a 30 ran net is between 7 and 8 yards longer than a 50 yard net. When these facts became known there was no longer a question as to which was the cheaper net. Many instances of this kind could be pointed out." 1/

It is extremely difficult to render any definite judgment on the merits of the truck system owing to the very limited amount of authentic material. It is therefore to be welcomed that Mr. Louis Berube, Director of Ecole Supérieure des Pêcheries, St. Anne de la Pocatière, Que., "has in preparation a paper which shall give many pages to the truck system". 2/

1/ Facts for Fishermen, issued by Extension Dept., St. Francis Xavier Univ. N.S. 1939, p. 16

2/ Letter from Mr. Louis Berube, dated June 3, 1948

The prevalence of the truck system is decreasing all over the Maritimes. In this connection the Deputy Minister of the Quebec Dept. of Fisheries, Quebec, Que. writes under date of May 26, 1948:

"We wish to inform you that the truck system among the fishermen on the Gaspé Coast has almost disappeared entirely upon the establishment of fishermen co-operatives. The system has been established by the old company, Robin, Jones & Whitman which came to Paspébiac, Bonaventure County in 1765. A few other companies, as Lebouthillier Brothers, Lemarquand & Co., So. G. Briard & Co., and Nyman adopted the same system, supplying food and fishing equipment to fishermen, getting in return their fish in payment. There are still a few companies on the Gaspé Coast doing it nowadays, but on a very small scale. I may add that it is also done on a much higher scale on the North Shore of the St. Lawrence than on the Gaspé Coast, and, apparently, quite a large number of fishermen appreciate this system."

1/

This letter refers to the company of Robin, Jones and Whitman as the company which introduced this system in the Maritimes. It is interesting to obtain a description of the operations of this company through the testimony which Mr. A.H. Whitman, President and Managing Director of this company gave as witness before the Royal Commission of Price spreads on Nov. 8, 1934.

Questions: Mr. Norman Sommerville, K.C.
Answers: Mr. Handfield Whitman, President of Robin, Jones & Whitman, Halifax, N.S.

Q. You operate where chiefly?

A. At the present time we have twenty-two active establishments which we run in connection with the fish business and with which we run general stores. In other words we run one of those awful chain store systems, the second oldest one to the Hudson's Bay Company.

1/ Letter dated May 26, 1948

Q. Do you outfit the fishermen with gear and equipment, Mr. Whitman?

A. Yes.

Q. And extend that to him on credit, and then he goes out and catches the fish and brings in his catch to you?

A. Yes.

Q. Perhaps you will be good enough to describe to the Commission in your own way, Mr. Whitman, what is the general character of your business and the method in which you operate?

A. In the first place I think the Commission should know that this business of ours is very involved in that we run general stores, you see.

Q. Yes?

A. And we trade in nearly all these districts with the fishermen.

Q. Yes?

A. So that our store accounts are involved with our fish transactions.

Q. They are consolidated accounts?

A. No, I would not say they are exactly consolidated, but our fixing of prices of fish has a great deal to do with our store business. For instance, in the last few years we have adopted the policy of paying as high a price as we possibly can to the fisherman because if we do not, he won't pay his account, and we might as well give him a price, looking at it simply from a business point of view. If we do not pay the higher price for his fish--and I am sorry to say that as far as I know we have lost money--he cannot pay his bill, and so we might as well lose it one way as the other. We ~~xxxx~~ are in a different position than we would be if we were not involved in trade, and I just wanted to point out that.

Q. I appreciate that, and the money you pay him for the fish comes back to you in the trading business?
A. Yes.

Q. And the bulk of your trade business is done with the fishing villages? It really means their money is coming back to you in another form?
A. It is a trading situation. 1/

Special reference is made to the excellent descriptions of the workings of this company and its system in Chapter II of "Pêche et Chasse", p. 84 ff.

Through the previous quotations and in general terms by quoting from the Newfoundland Royal Commission Report of 1933, the paper has endeavored to expand on Marshall's point that the truck system is used by employers:

"with the object of getting back by underhand ways part of the wages which they have nominally paid." 2/

Two other examples from the proceedings of the Royal Commission will clarify the matter further.

Questions: W.W. Kennedy, K.C., Chairman.

Answers: A.H. Whitman, Pres. of Robin, Jones & Whitman, Halifax, N.S.

Q. What you lost on the fishing operations you made up in your own stores, is that it?
A. Yes. ~~xx~~

Q. While these figures are the result of your joint operations of the fishing industry and the store business, could you indicate to the Commission which branch of that business was the more profitable or the more expensive?

A. This would give an indication, according to your auditor's figures in 1933 the gross profits on the fishing operations--there are gross profits--were \$29,376 and on our trading \$143,650.

Questions: Mr. Norman Sommerville:

Q. \$147,000 on the trading as against \$29,000 on the fishing?
A. Yes.

Q. In that Paspebiac division?
A. That is ~~gross~~ gross.

1/ Minutes of Proceedings and Evidence before the Royal Commission on Price Spreads, Ottawa, 1934. p. 471.

2/ A. Marshall: Principles of Economics, London, 1930, p.552/3

Q. That gives an idea of the relative profits on these two branches?

A. We have been depending on our trade to try and pull us through. 1/

In order to understand the fisherman, his reactions, his way of thinking, and in order to obtain an objective picture of the fisherman's attitude towards the fish companies, it is necessary to know something about his economic experience and past. The paper endeavours not to give a black and white story, but to show how much alive the dark shadows of the past are even today in the life of the fisherman. Whoever goes talking through the fishing villages of the Atlantic Coast will always encounter the same fear and anxious apprehension of evil and danger.

The British White Paper dealing with the work stoppage in Hull in 1946 reiterates this point in pointing out that the fishermen fearful that a drop in prices which took place in 1946 could be a forerunner of a price slump which they had experienced in the thirties, quit working without hesitation although the price drop proved to be only temporary.

This terrible anxiety is understandable if one considers that the truck system just described in the preceding quotation from the testimony of Mr. A.H. Whitman, President of Robin, Jones & Whitman, Halifax, as still being in use in 1934 after 150 years of existence is characterized in the literature as follows.

Dr. J.M. Clark^e speaking of one of the predecessors of

Mr. Whitman, a certain Mr. Robin, said that in 1783:

1/ Minutes of Proceedings and Evidence before the Royal Commission on Price Spreads, Ottawa, 1934, p. 481

~~"Le comte de Dr. J.M. Clarke dit de Robin~~
 qu'en 1783 "il inaugura le system du troc,
 alors en vogue a Terre-Neuve et qui consis-
 tait a payer les pecheurs moitie en argent
 et moitie en marchandises provenant des
 magasins de la compagnie." "Ce sont sans
 doute la pratique et les abus de ce systeme
 qui servirent de base aux commentaires tres
 severes faits periodiquement sur les rapports
 des patrons et des pecheurs, car l'argent
 devait de toute necessite etre depense dans
 le magasin de la compagnie et celle-ci trou-
 vait a la ravoir avec usure. Le credit en
 marchandises donna lieu a des avances aux
 pecheurs qui, en bien des cas, devinrent
 a peu pres esclaves de l'etablissement, bien
 que la compagnie, avec le systeme d'avances,
 fut certainement perdante. Le troc fut main-
 tenu pendant 99 ans dans les etablissements
 Robin, et encore plus tard dans quelques
 autres" 1/

1/ Dr. J.M. Clarke: Sketches of Gaspe, quoted in L'industrie
 de la peche en Gaspesie et ses possibilites de developpement
 par Pierre Asselin in Etudes Economiques, Volume IV, Publications
 de l'Ecole des Hautes Etudes Commerciales de Montreal, Montreal
 1934, p. 108

In connection with the profitable operation of the company owned stores operated by Robin, Jones, and Whitman of Halifax a similar example could be cited from the operation of Connors Brothers Ltd. of Black's Harbour, N.B., the largest sardine packer in Canada. Mr. Alexander Neil McLean, the latest later Senator and President of this company, explained that in 1933 the company books showed a loss of 0.39 cents per case.

Questions: Mr. Norman Sommerville, K.C.

Answers: Mr. Alexander Neil McLean, St. John, N.B.

A. We had 0.39 cent of a loss.

Q. 0.39 cent per case loss?

A. Yes, sir.

Q. And you show a net profit of \$17,541.41?

A. Yes, sir.

Q. How does that come about?

A. We do a small lumber business, and we do a small general store business.

Q. For your village?

A. The store business has made a small profit. 1/

Keeping in mind Mr. H. Whitman's remarks that he has been depending on his trade to pull him through and Mr. Neil McLean's testimony that the store business has made a small profit, the following quotation seems to be on the right place:

"But the company store is a dangerous thing unless the employer is an angel. The tendency is to stock such stores with cheap goods and to maintain high prices. Often the owners of these stores, by recouping their losses in production

1/ Minutes and Evidence before the Royal Commission on Price Spreads, 1934, Ottawa, 1934. p.492

"through profits on goods, can compete unfairly against other producers. The worst fault in the system is the unwritten threat to discharge the employee who fails to trade at the company store." 1/

The main disadvantages of the truck system to the fishermen could be summarized in the following way. It leaves the fishermen no opportunity to price control or resistance to higher prices in the company store and deprives him of any bargaining power with regard to the sale of the products of his labour. Instead of obtaining cash with which he could buy his supplies elsewhere at a competitive store at a cheaper price, the fisherman has to accept credit at the company store owing to his financial dependence on the fish dealer for the supplies during the winter season and owing to the monopolistic position of the fish dealer in the fishing village. Yet of equal importance as these economic reasons is the psychological impact which this credit system makes on the mind of the fishermen's families. Instead of planning carefully and watching thriftily the house-hold budget, instead of checking and comparing prices and considering whether specific goods could be bought within the means of the fishermen, the fishermen's wives send out the children to get the groceries thus giving up and losing the control over the house-hold budget. If no sales slips are used--and there is no reason to believe that they are used by the store-keeper or even understood by the fisherman's wife, no possibility of balancing the house-hold expenses are available. Consequently no idea of the amount of the total

1/ U.S. Industrial Commission; A report on Capital and Labor Employed in the Mining Industry quoted in U.S. National Recovery Administration, The Economic and Social Implications of the Company, Store and Scrip Systems, Washington, D.C. 1934. p.24

expenditure and standing of the account exists in the fishermen's houses. The temptation to purchase supplies which have to be considered beyond the fishermen's means is great and a state of a lasting indebtedness is reached pretty soon since the sense of individual responsibility is lost; a system of economic peonage is very ^{easily} soon established. This is the reason that the inshore fisherman is called the sharecropper of the sea.

It would be a fallacy to blame the bad economic condition of inshore fishermen only on the price which they receive for the fish. The Nova Scotia fishermen's income is to a great extent derived from the catch of lobster which he mainly markets in a co-operative way and secondly even if these lobsters are sold to dealers it is not maintained that the present price spread between landing and export price is exorbitant. An improvement of the return of the lobster catch should, however, be possible if the fishermen would show more spirit of enterprise, ^{owing to the great impact which the mere existence of the fishermen's cooperatives make on the general business methods of the lobster trade.}

One example could illustrate this point. Fishermen in Digby County have been shown in December 1946 an immediate and initial increase of 30% of the return of their lobster catch by use of air transportation which would have not included any additional risk. Nevertheless the fishermen refused to co-operate and this slow moving could be observed all along the coast line.

Another point is that owing to the climatic adverse conditions the fisherman is able only to operate a very limited time during the year. Very seldom is any worker in any industry all over Canada in a position to earn enough within a period of a hundred days to see him through the whole year.

Furthermore, the production methods of an inshore fisherman fishing for ground fish are absolutely inefficient and antiquated.

"...the shore fisherman is on the average less than one-tenth as efficient man for man in the production of ground fish as the deep sea fisherman." 1/

1/ Problems of Nova Scotian Fisheries, by S.A. Beatty, contained in Public Affairs, June 1946, p. 164

Owing to the trend to the consumption of fresh-frozen fish in fillet form which allows for greatly increased returns to the fishermen fish has to be processed at a plant. A few fishermen, landing their fish at some remote spot along the coast can not furnish a sufficient supply of fish for the profitable operation of a fresh and frozen fish processing plant. Therefore, they have to market their fish in a dry and salted form for which smaller returns are only obtainable. In addition to the lack of a sufficient supply for the fish processing plant the fishermen are excluded from marketing their product in a fresh or frozen form owing to the lack of railway connections.

An increase of the income of inshore fishermen can only take place if they find supplementary sources of income.

The marketing disadvantages coupled with the fact that the inshore fishing season is not more than a hundred days leaves two avenues open to the inshore fishermen to obtain an income which will allow a fair standard of living. The first and the basic one is the general organization of all inshore fishermen into fishermen's co-operatives in order to obtain a greater and fairer share of the returns of their products. Secondly a greater diversity in the field of their operations is necessary. Seaweed, oyster, and clam farming, smelt fishing, and new and different kinds of herring processing should offer some opportunities. However it is doubtful whether these fishermen ^{are able to embark on these ventures} ~~could take advantage of these opportunities~~ at their present level of education. It is a psychological fact that people

^{who}
~~that~~ have lived too long under depressed conditions lose initiative, spirit of enterprise, and lack ability and the desire to help themselves out of their misery.

Energetic and commercially trained leadership has to be provided for by the Government. The purely educational assistance through the Extension Dept of St Francis Xavier University is not considered to be sufficient.

CHAPTER IV

THE OFFSHORE AND INSHORE FISHERMEN'S CONTENTION THAT THE LOW LANDING PRICE OF FISH IS CAUSED BY CONDITIONS PRE- VAILING IN THE INDUSTRY AND NOT BY THE GENERAL ECONOMIC TRENDS

In order to prove the general economic situation in Canada the national income in Canada as an indication of national prosperity is shown in the following table. The reason for giving the income is that:

"No other statistical approach is so fruitful in portraying the workings of the national economy. Formerly used as a general yardstick of economic welfare, national income statistics now developed, and with several breakdowns, afford an excellent analysis of the economic position. " 1/.

XXXXXXXXXX

1/ The Canada Year Book, 1943-44, p.797, Ottawa 1944

TABLE NO. 9.

TOTAL NATIONAL INCOME OF CANADA ORIGINATED FROM ALL SOURCES
AND NATIONAL INCOME ORIGINATED FROM PRIMARY PRODUCTION
FOR THE YEARS 1919 to 1939

(Figures in million dollars)

<u>Year</u>	<u>Income, all Sources</u>	<u>Income, Primary Production</u>
1919	\$ 3,816.	\$ 1,260.
1920	4,597.	1,419.
1921	3,507.	877.
1922	3,670.	954.
1923	3,847.	1,020.
1924	3,865.	1,084.
1925	4,238.	1,304.
1926	4,507.	1,281.
1927	4,738.	1,336.
1928	5,269.	1,503.
1929	5,272.	1,404.
1930	4,452.	1,632.
1931	3,579.	0,729.
1932	2,812.	568.
1933	2,722.	599.
1934	3,147.	782.
1935	3,371.	863.
1936	3,827.	996.
1937	4,367.	1,180.
1938	4,291.	1,117.
1939	4,553.	1,271.

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Source: The Canada Year Book, 1934-44, p. 797, Ottawa 1944

In contrast to the relative prosperity of the whole nation and even of the primary producers in general, the Nova Scotia fishermen were in the late twenties in a dreadful economic state. The value of their products had decreased tremendously and consequently their income was on a never-experienced low and no improvement could be seen on the horizon. The following table no. shows the decline of the landing and market value of all fish landings in the three Maritime Provinces for selected years between 1914 and 1933. It is especially significant that the marketed value of the products,

the price which the dealer receives for the fishery products declined to a far lesser degree than the landing value the price which the primary producer, the fisherman, obtains. While in 1926 the total landing value of all fish landed in Nova Scotia amounted to 77.70% of the marketed value this percentage declined in 1933 to 56.6%. The corresponding figures for New Brunswick are 70.20% in 1924 and 53.50% in 1933, for Prince Edward Island 63.42% in 1924 and 41.42% in 1933.

The situation was grave all over Nova Scotia but especially in the fishing districts north of Halifax and in Cape Breton. The contemporary reports of this period show the despair of the people, but especially well has Msgr., The Right Rev. M.M. Coady described the feelings of the people:

"On July 1, 1927 when all Canada was carrying out a great program of rejoicing and thanksgiving at the 50th anniversary of Canadian confederation, the Canso people had a mass meeting in the town square. The theme of the meeting was the ancient question heard in Rome in the days of Julius Caesar: 'wherefore rejoice'. What had Confederation done for them, they asked. This was the signal for action. The plight of the Canso coast fishermen was widely publicized in the press." 1/

own
1/ Dr. M.M.Coady: Masters of their ^{own} Destiny, New York 1939, p. 11.

It was not by accident that the movement of organized resistance against the conditions in the fisheries industry and the idea of self-aid originated in Canso, N.S. It was in this place that the Rev. Dr. J.J. Tomkins had started to spread the gospel of co-operation among his parishioners through a program of adult education for years. 1/

The Halifax Chronicle^D describing the mass-meeting in Canso mentioned above, reported:

"The fishermen say they feel they have been disregarded and trifled with in the past, and that it rests with the government--provincial and federal--to take the situation in hand and check conditions which they say are fast reducing the fishermen and their families to starvation.

"The fishermen see no reason why the government should not use some of the money now expended on immigration to provide means of subsistence for Canadians who are already in the country.

1/ Ronald J. MacNeil: The Origin and Development of the United Maritime Fishermen, St. Francis Xavier University, Antigonish, N.S., Oct 1945. p.13

"One fisherman taking part in the discussion, stated that his returns from employment with one of the large local fisheries allowed him only 10 cents for meals for each member of his family with no allowance for clothing and other expenses in connection with the household. His conditions are said to be in a measure, illustrative of what is general among the fishermen in the vicinity." la/

The Nova Scotia Catholic clergy, being acquainted with this state of affairs was the first public body to draw the attention of the Canadian government and the public to the situation in the fishing industry. At a meeting of the clergy of the diocese of Antigonish in July 1927 they asked for investigation of the fisheries industry because it was clear to everybody that the fishermen did not get any^{fair} return for their work although fish retail prices were high enough to allow a decent standard of living to the fishermen. In addition the clergymen asked for educational aid regarding handling and marketing of fish and help and encouragement for formation of a province-wide union of fishermen. lb/

In consequence of this request ^athe Royal Commission for the purpose of investigating the fisheries of the Maritime Provinces and the Magdalen Islands was appointed under the chairmanship of the Hon. Mr. Justice E.K. MacLean. The terms of reference contained the request among other things to:

"inquire into whether the spread in the price of fish between the producer and the consumer^{is excessive}, and, if so, what should be done to remedy the condition."

1/ Halifax Chronicle, quoted in United Maritime Fishermen by Donald J. MacNeil, Antigonish, 1935.

~~1/2~~

The terms of reference contained the observation that:

"by reason of the low level of prices paid to fishermen in the spring and summer of 1927, particularly in eastern Nova Scotia, the fisherman was not receiving a reasonable return for his labour."

It is very unfortunate that the report of the Royal Commission does not go into detail concerning the social conditions in the Maritimes fishery industries in 1927. The only references to fishermen's and fish companies' economic situation is found in the sentence:

"whatever may have been the causes contributing to this situation, and they were many, they resulted in price cutting, unprofitable alike to shippers and fishermen." 1/

It was only in 1934 and 1935 when the situation became even more accentuated that the Stevens & Kennedy Commissions went into an examination of these conditions. Dr. M.M. Coady of St. Francis Xavier University, Antigonish, gave as witness before the Royal Commission on Price Spreads (Kennedy Commission) in 1935 a very good description in his testimony:

"To begin with, Mr. Chairman, the fishing industry, as you already know, and there is no need to elaborate this, is in a very bad way. The men in the fishing industry in the Maritime Provinces are suffering from two kinds of ills. First is the ill that the primary producer in other fields is suffering, only in the fishing industry the primary producer is probably suffering much more than say the farmer. As a matter of fact we do not have to go to the depression to find a sad situation in the fishing industry, and on top of the conditions present in brighter days today, we have the ills of the present economic condition.

"For proof that the fishing industry did not need the depression to depress it, all you have to do is go back to the year 1927, when a royal commission reported on the fishing industry in the Maritime Provinces. You have a sad story there of tens of thousands of people who in '27 and '28 were living in a way that is not consistent with our idea of good citizenship. Then on top of that we have the depression which makes the whole thing much worse, so that today you have the sad spectacle which we delegates from the Maritimes have been putting to you yesterday and today." 2/

1/ Royal Commission on Fisheries, 1927, p. 9

2/ Royal Commission on Price Spreads, 1934, p. 119

~~43~~

Since the annual income reflects in the most accentuated way the economic status of a person, figures on the annual income of Nova Scotia and New England fishermen will be given ^{later} ~~in the appendixes~~

The income of the Nova Scotia fishermen was estimated to range from ^{in 1933} \$75 to \$350 per annum, while the situation in New England was not much different. Annual settlement sheets of schooners fishing out of Gloucester from 1932-3 show annual earnings from \$47 to \$132.

The similarity of the earnings in Nova Scotia and New England is, as was pointed out in the introduction, no coincidence, and a low standard of living or low prices of fishing products in Nova Scotia

and Newfoundland make always a grave impact on the life of fishermen fishing out of New England ports. ^{L.W. Frazer of Halifax summarized his findings as investigator for the House of Commons Special Committee in Price Spreads and Mass Buying}
as follows:

" Existing conditions within the fishing industry have given rise to a situation in Eastern Nova Scotia where at many points fishermen have found it impossible to dispose of their catch at any price, and evidence will be submitted to the Committee that in numerous instances fish has been sold by the fishermen at a price that did not cover the cost of gasoline and bait.

A survey by the Committee on the income of fishermen at different points in Nova Scotia and New Brunswick will disclose that in most localities the primary producer has not been earning sufficient to provide adequately for food and clothing for himself and his family. In only a few communities has the revenue of the average fisherman been sufficient to allow any provision for the renewal of fishing gear and boats, etc.

Information to be submitted to the Committee will disclose that the net income of the average shore fisherman in 1933, being what was left to him after deducting cost of gasoline and bait was as follows:

ff

At-

Shelburne	\$300.00
Lockeport	300.00
Liverpool	275.00
Lunenburg	300.00
Canso	160.00
Queensport	200.00
Arichat	100.00
Petit de Grat	100.00
St Peters	100.00
L'Archeveque.....	100.00
North Sydney.....	100.00
Glace Bay	75.00
Louisburg	175.00
St John (short season)..	75.00
Wilson's Beach.....	200.00
Grand Manan.....	300.00
Lords Cove	150.00
Leggsville.....	350.00

It is again recalled that out of the above income fishermen must provide for themselves and families and maintain their fishing gear—obviously a task impossible of accomplishment. To secure this inadequate return the fishermen had to work long hours during the fishing seasons, in many cases 18 to 20 hours per day, and expose himself to the perils associated with his hazardous calling.

Session 1934, House of Commons; Special Committee Report on Price Spreads and Mass Buying; Minutes of Proceedings and Evidence, No 58 with appendices "A" "B" and "C", Friday, June 22, 1934, p. 3910.

"It will be submitted that the lack of reasonably sufficient financial return for their catch has led to a position whereby many fishermen are unable to operate due to lack of boats and fishing gear." 1/

The consequences of these two decades, to which the late President Roosevelt referred when he coined the phrase:

"I see one-third of the nation ill-housed, ill-clad, ill-nourished" 2/

are most seriously seen and felt in the state of health of the population for many years.

The health level among Nova Scotians is one of the lowest in Canada as far as diseases are concerned which are related to malnutrition. All health surveys indicate a high correlation between sub-existence income and the incidence of tuberculosis and other malnutrition diseases.

The crude death rate per 100,000 population from tuberculosis of all forms was in 1926 32.8% higher in Nova Scotia than in Canada in general. Although it declined absolutely till 1946 corresponding to the increase of income it was still 24.1% higher in Nova Scotia than in the Dominion in general. The following table no.!! shows the crude death rate per 100,000 population from tuberculosis of all forms and tuberculosis of the respiratory system for Canada and Nova Scotia for the years 1926 to 1946.

1/ House of Commons, Special Committee on Price Spreads and Mass Buying, Minutes of Proceedings and Evidence, Ottawa 1934, p.3910.

2/ Speech by F.D. Roosevelt, January 20, 1937.

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TABLE NO. 11

**CRUDE DEATH RATE PER 100,000 POPULATION FROM
TUBERCULOSIS IN CANADA AND NOVA SCOTIA, 1926 to 1946**

	<u>Tuberculosis all forms</u>		<u>Tuberculosis of the respiratory system</u>	
	<u>Canada</u>	<u>N.S.</u>	<u>Canada</u>	<u>N.S.</u>
1926	84.0	125.0	68.7	98.6
1927	80.9	124.9	67.0	107.6
1928	80.0	110.9	66.1	92.8
1929	77.6	101.4	64.3	88.0
1930	79.2	106.6	64.6	91.4
1931	73.5	102.2	59.9	82.9
1932	68.3	100.0	55.9	84.2
1933	65.3	91.0	53.3	75.8
1934	60.0	87.9	49.3	72.7
1935	60.9	91.0	50.5	77.6
1936	61.9	89.3	50.6	73.8
1937	60.5	84.0	49.8	69.2
1938	55.0	74.8	45.4	62.7
1939	53.1	76.3	43.9	66.7
1940	50.9	72.9	40.9	59.1
1941	52.8	74.2	43.5	63.3
1942	51.4	64.1	42.5	53.3
1943	52.3	68.7	43.1	54.0
1944	47.9	58.3	39.3	49.8
1945	45.8	54.4	37.7	44.9
1946	47.4	62.4	39.2	50.3

Source: Vital Statistics of Canada, Dominion Bureau of Statistics, Ottawa, 1948.

The effect of sub-existence income of parents is often a lower chance for life to the new born:

"Infant mortality is very definitely one instance where money may purchase health and even life. General speaking there is a marked contrast between the death rate among children born to poor parents and those born to the rich." 1/

Infant mortality in Nova Scotia was in 1926 27.5% higher than in British Columbia; despite absolute decline till 1946 it remained constant at 27.4% in relation to British Columbia.

1/ A Statistical Survey of Public Health in Canada, Dept of Health and Welfare, Ottawa, 1945, p.232.

The following table no. 12 shows the occurrence of infant mortality in Nova Scotia and British Columbia for the years 1926 to 1946.

TABLE NO 12.

INFANT MORTALITY IN NOVA SCOTIA
AND BRITISH COLUMBIA, 1926 to 1946

(Rates per 1,000 live bⁱrths)

	<u>Nova Scotia</u>	<u>British Columbia</u>
1926	80	58
1927	92	60
1928	79	50
1929	90	55
1930	83	52
1931	79	49
1932	73	47
1933	71	46
1934	71	43
1935	72	46
1936	66	44
1937	70	56
1938	62	45
1939	64	39
1940	62	38
1941	65	37
1942	58	35
1943	58	38
1944	54	40
1945	53	42
1946	46	38

Source: Vital Statistics of Canada, Dominion Bureau of Statistics
Ottawa, 1948.

~~It was even 5% higher in Nova Scotia than in British Columbia.~~

An attempt has been made to trace the consequences of mal-nutrition among the rejections for medical reasons by the Armed Forces during World War II. Unfortunately, the Army is not in a position to publish any figures previous to 1944. The Army explains that:

"the lack of data prior to 1944 is due to the fact that the Catalogue Reception Centre procedure had not been initiated and there was considerable duplications, differences in standards, etc. from one place to another and from time to time." 1/

Certain army rejection figures for the years 1939 to 1942, however, were tabled in the House of Commons in 1945. It was not possible to examine these records. Yet, the Navy did publish its figures and these show the traces which a low income leaves among the population. The following table shows the percentage of tuberculosis rejections among Navy volunteers. It has to be kept in mind, of course, that only people who consider themselves completely fit volunteer for the Navy. The absolute percentage appears very small; however the comparison between British Columbia and Nova Scotia figures proves the point.

SUMMARY OF RECRUIT MEDICAL EXAMINATIONS AND REJECTIONS BY THE ROYAL CANADIAN NAVY BETWEEN MAY 1st, 1941 and DECEMBER 31st, 1945

	Total Examined	T.B. Reject	%
Halifax Division	6,591	63	1.04
Vancouver "	10,222	17	0.06
Total	107,081	507	0.46

1/ Excerpt excerpt from a letter by C.S. Thompson, Director General, Medical Services.

Figures supplied by 2/Royal Canadian Navy, Medical Dept. Headquarters, Ottawa

It is unnecessary here to quote the testimony of all the fishermen who appeared as witnesses before this ^{Kennedy} commission. It is considered to be more than sufficient to ^{have} give ~~later~~ ^{over} the official report on the income of fishermen during this period. ~~But~~ These figures speak a better and even more eloquent language. But it is necessary to say that the Kennedy Commission came to the conclusion in its report that:

"It is unfortunately true that general conditions in the fishing industry have not improved since 1927, with the result that the present situation, and certainly the position of the individual fisherman, is less favourable than it was in 1927, when the report of the Royal Commission investigating the seriousness of the Maritime Provinces and Magdalen Is. revealed the existence of conditions in the whole industry which were not warranted by the economic conditions then prevailing in Canada and in the whole world (my italics). It is worthy to note in this connection that our investigation has found a continuation of these conditions, though perhaps in a more accentuated form. The findings of the 1927 Commission however clearly indicate that the condition of the industry today is not the direct result of the depression alone. Its problems, therefore, will not be solved merely by a general improvement of economic conditions." la/

The Commission made it very clear that the causes of these conditions could not be found at the fishermen's side but were the fault of the trade:

"The evidence submitted to us however clearly indicates that ~~that~~ ^{there} are few, if any, problems in connection with actual production. The catch of fish in eastern Canada is ample and, in some seasons, more than ample, to meet the demands of Canadian and export markets. The difficulties which do arise are principally associated with the processing, handling, distributing, and marketing of the catch, and it would appear that in this field, reform is urgently needed." lb/

1/ Report of the Royal Commission on Price Spreads (Kennedy Commission)

a/ p. 175
 b/ p. 176

"Insofar as the larger firms purchasing fish from the primary producers are concerned, it appears that some of these companies have endeavoured to assist the fishermen and have dealt with the situation in as broad a light as might be expected. It is undoubtedly true, however, that the companies and dealers have passed on the individual fisherman by far the greater part of any losses sustained by their operations, and the effect of adverse conditions have been borne by the primary producer to a much greater extent than they have been borne by the companies. This, as we have seen, is inherent in the present set-up of the industry. It should not be forgotten also that these same companies did not permit the primary producer to benefit in proportion during the periods when operations were more favourable.

view

"It seems to be the uniform view of the larger distributing companies that the problems now facing the industry can and will ultimately be solved by these companies and that it is unnecessary to apply remedial measures at the instance of outside authorities. If this is so, and it has been urgently represented that it is, the natural question that arises is why these companies have not already taken steps to remedy these conditions, as they allege they are capable of doing. It appears that they have failed to meet or solve these problems of distributing and marketing, although they have had ample opportunity of doing so. Therefore it is unlikely that these companies, if given more time, will do what they have already failed to accomplish. It may for that reason be argued that some assistance must be given the industry--some leadership other than that of existing companies must be provided if the problems are to be solved and the position of the industry as a whole, and especially of the primary producer, improved." 1/

However the recommendations of this commission were not heeded and the situation did not change during the years between 1935 and 1945 when Professor Stewart Bates reviewed these conditions again. The remark of the Kennedy Commission that:

"It is unlikely that the fish companies will solve the problems of distribution and marketing if given more time since they have failed to do so in the past." //

has been prophetic. The spirit of "innovation" is foreign to this industry. Why should it be? The industry has ^{been richly} always understood.

to complain and to offer proof of its precarious situation, but nevertheless, the financial position of the owners of these fish companies does not appear to have been unhealthy.

Questions: Mr. Norman Semmerville, K.C.

Answers: Capt. Roland Krickle, Lunenburg, N.S.

Q. Can you tell us if these merchants are prosperous?

A. Yes, they are very.

Q. Well, will you dwell on that a bit and give us an idea; because if the fishermen get no profit, and the fish merchant get no profit--?

A. Well we know they are ~~not~~ prosperous. For instance: we had one of our merchants die a few years ago, one of the Zwicker Company firm. He was a man about 60 odd years old. I fished out of his firm one time and he often told me he had never made a dollar in his life, that he always lost out of fishing. When he died he was worth \$900,000. I guess the government knows that. 1/

It would be a most interesting task to examine probations of some more wills of late fish company owners in order to clarify this point.

Nevertheless it seems strange that such an industry could exist and the owners be even prosperous when the whole outside appears to indicate the contrary. It is necessary to go into other economic fields in order to find a clue. Canadian grain farmers had similar complaints as fishermen before they build an organization of their own, the wheat pools, and other farmer's organizations, for marketing of their products. Labour in general has achieved the improvement of its position by organization.

1/ Royal Commission on Price Spreads, p. 42.
Minutes of Proceedings and Evidence, Ottawa 1939

~~16~~

Wages of workers and price returns to primary producers have remained low only in fields where the people concerned have not brought about organization in one form or another. Yet, not all these people could be blamed for such a failure because it has to be considered that it is more than an arduous task to carry out such an accomplishment in the fishing industry. Dispersed all over the coast, being on the high seas during working hours, working in the highest individualistic way, the fishermen are unable to exchange views and to communicate with each other.

In nature progress is caused by the struggle for survival and stagnation remains when no necessity for adjustment exists. Stewart Bates refers to such a background in the Nova Scotia fishing industry:

"....Innovation was rare partly because the social milieu of the industry was not the kind that encouraged the search for modernization; nor was it the kind that produced social convulsion when the failure to modernize depressed the standard of living of those dependent on this industry." 17

Mr. Bates extends this statement:

"The price reductions that had to be made to widen the American market reflected themselves in the low standard of living to which the Canadian fishermen became increasingly subject. In other words the usual method adopted by the industry in trying to widen its market was to cut the export price. Practically no attention was given to any other possible way of achieving the same end—the power of organization among processors and exporters that might have prevented panic price-slashing, or the search for cost reducing innovations in the industry itself. The labour of fishermen and plant workers was too cheap to force the industry to such alternatives, and in the milieu that existed, labour could be made to bear the incidence of low prices." 18

19 Stewart Bates: Report on the Canadian Atlantic Sea Fishery, Halifax, 1944. p. 61

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The point made in the Report of the Royal Commission on Price Spreads that there are:

"conditions in the whole industry which were not warranted by the economic conditions which prevailed in Canada and the world." 1/a

~~That~~ was true in the thirties; it was still true in 1947.

This will be proven statistically for the United States since not sufficient statistical material is available in Canada. The following compilation has purposely not taken pre-war years as basis of the index because the 1939 income of fishermen is considered as sub-standard even for the year 1939 as it still shows all signs of the depression.

In the report on the Canadian Atlantic sea fishery Stewart Bates estimates the general gross income of Nova Scotia fishermen between \$38 and \$1538 for the year 1939. In trying to determine the average gross income of fishermen Stewart Bates points out:

"It is probably nearer to truth to say that the average income of the true fisherman is around \$450. But in most districts it would be less, even for true fishermen. The relatively big incomes were made in Halifax, Lunenburg, Shelburne, and North Sydney, and these raised the overall average. (The Halifax income is overstated and the Lunenburg understated, by reason of the number of times in the year Lunenburg fishermen land their fish in Halifax.) These income figures reflect gross incomes, there being no available statistical material on shore fishermen's costs of operation which could be used to reach a net income figure." 2a/

It is self-evident that a \$450 gross income is insufficient or:

"low compared to other trades of comparable skill, risk and hardship." 2b/

It was assumed that the fish prices in January 1943 had reached

1/ Report of the Royal Commission on Price Spreads, p. 175
2a Stewart Bates: Report on the Canadian Atlantic Sea Fishery, Halifax
2b p. 86
2c p. 48.

a level which could be looked upon as reasonable and adequate. Stewart Bates points out that fish prices in 1942 were so satisfactory that:

"the returns from the spring and summer fishing in 1942 may have been so high as to permit some fishermen to rest themselves from the cold fishing in the 1942-3 season." 1/

This date has consequently been taken as basis of the compilation.

The tables no. 13/18 and graphs no... show the average monthly landing prices of cod, haddock, and pollock in the Boston and Chicago wholesale prices for beef, steers, hogs, butter, hides and leather products, textile products, metal and metal products, building materials, chemical products, for all foods and for all farm products and all commodities for the periods of January to March to each year between 1943 and 1947. In order to prove the point made in the report of the Kennedy Commission that the economic conditions prevailing in the fisheries industry are not warranted by the economic conditions in general, all figures have been adjusted to January 1943 equal to 100. The difference in trend is striking; fish prices have declined and prices of all other products have risen.

In addition it has been attempted to show that mainly the fishermen's price is unrelated to the general economic conditions by relating for the same period the landing price, the price which the fisherman receives, to the retail

1/ Nova Scotia Royal Commission on Provincial Development on Rehabilitation, Report on the Canadian Atlantic Sea Fisheries, by Stewart Bates, Halifax, 1944. p.91.

price, the price which the consumer has to pay. Unfortunately, no statistics on retail prices for the species of fish under discussion are available although it has been very seriously tried to obtain these prices. The method of using prices of newspaper advertisements has been rejected as not reliable enough. Consequently the Boston groundfish landing prices have been related to U.S. retail prices of fresh and frozen fish in general, the only prices available for this period. The results are shown in a separate graph. It has been thought advisable to insert local retail prices for groundfish in Boston as published by the Mass. Department of Agriculture, Boston. Yet, the validity of the application of the Boston retail prices as an indication of retail prices as paid by the U.S. consumer in general is limited to the extent of fish consumption in Boston. Greater Boston, having a population of about one million with an estimated per capita consumption of thirty pounds per year, consumes only about thirty million pounds of fish out of the total Massachusetts fish landings of five hundred million pounds, or only six per cent of the total landings. The trend of the U.S. retail prices has consequently to be taken into consideration as an approximate basis of a comparison between landing and retail prices.

~~110~~ Chapter V

Perhaps one of the most important criteria of the economic ^{position} condition of the primary producer within the economy of a country is the relationship of the prices which he obtains ^{for} ~~his~~ his products ^{to} ~~and~~ the price which the consumer has to pay or in other words the percentage of the primary producer's share of the consumer's dollar.

~~However~~ It is impossible to draw any conclusions regarding the market margin by simply putting opposite and relating ^{unadjusted} primary producer and consumer prices. The establishment of the contract between the two parties, producer and consumer, requires certain very important marketing and distribution services. These services include all operations necessary to bring the farm product in one form or another to the consumer. It has been estimated in the U.S. that:

farm

"The marketing of ~~some~~ farm food products ranks on par with the production for sale on farms both in terms of man power and natural resources used and in terms of aggregate costs and charges for performing these functions. During all the years from 1913 through 1932 excepting 1918, total charges for marketing farm food products to the level of retail sales have exceeded income received by producers from their sale. It has been estimated that in 1939 full time equivalent persons producing farm food products for sale into domestic consumption numbered about six and a half million whereas full time equivalent persons engaged in marketing these products numbered about four million." 1/

Such an analysis of the cost of distribution or the price spread ^{an additional} is necessary from ~~another~~ point of view.

"Food products occupy a dominant place in the pattern of consumer purchases, particularly is this true of consumers having incomes below average. The place of foods in the pattern of consumer purchases is illustrated forcefully in figure... This chart is based upon estimates prepared by the National Resources Planning Board, in turn derived from the National Consumer Purchases Survey of 1935-6. The figure represents an accounting for national consumer income in 1935-6 by income classes, classified into expenditures for goods derived chiefly from farm produce, expenditures for other goods, and savings, gifts, and taxes. The width of the bar representing each income class indicates

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the importance of aggregate income for that class in the total national consumer income. The vertical division of each bar measures the division of income into various types of expenditures. Comparisons of dollar aggregates can be made in this part simply by comparing areas." 1/

Graph

Figure shows U.S. farm food products with regard to the farmer's share of retail costs, 1935-9 average and 1943.^{2/} The U.S. farmer's share of the consumer's dollar spent for farm food products averaged 41 cents during 1935-9, and increased to 52 cents in 1943. During the pre-war period the farmer's share averaged highest for the poultry and egg group at 66 cents and averaged lowest for grain content of bakery products at 9 cents. By 1943, shares for all groups had increased substantially. The farmer's share was highest for meat, dairy and poultry, and lowest for highly processed bakery and cereal products and canned fruits and vegetables. Analogical figures are not available for Canada.

requirement for a comparison between
The main necessity¹ in comparing primary producer and retail prices is, however, to define qualities and products on both ends in a very definite manner and have them correspond in every way; otherwise completely misleading results would be obtained.

The price of first quality strawberries cannot be related to or compared with the farm price of average sized strawberries since only a very small proportion of the total crop consists of this large size. Similarly, the price of a choice cut of beef in a butcher shop cannot be compared with the average wholesale price of

1/ see page 60

2/ Graph No. 3 from Bureau of Agricultural Economics No. 42744
U.S. Dept. of Agriculture, Washington D. C.

th

grain and beef in Toronto, Certain adjustments have to be made in case of marketing of strawberries, not only for loss of small ones, but also for wastage and ^{if}spillage owing to the perishability of the product. On the other hand it is ~~more~~ important to keep in mind that in ^{if}case of processed food, allowances have to be made for by-products obtained ~~during~~ food processing. The returns of these by-products have to be credited to or deducted from the cost of the raw material if a price spread is to be established.

Another point is that the grading given to the products of the primary producer does not always correspond to the grading of the same products when offered to the consumer. An illustrative example could be given. Before the regulation^s of the Board of Grain Commission gave to the grain producing farmer the opportunity to have, in case of disagreement on the grade of any grain offered for sale at a grain elevator, the possibility to apply for a regrading of the sold grain at the Board of Grain Commission ^{ers} the farmers complained very often that wheat which was according to their opinion to be classified as grade I was bought only as number II wheat. ^{by the Grain Elevator}

Now, since this ^{unfair} possibility of ~~wrong~~ grading ^{is eliminated} ~~does not an-~~ ~~swer~~ in the Western Provinces of Canada another way of withholding from the farmer the fair returns for his products is used. If a farmer having a load of number II barley or oats arrives at a grain elevator he is sometimes told, rightly or wrongly, that there is no space for number II of the particular kind of grain but that the elevator has space only for number III. Since the elevator may be miles from

another elevator and the farmer during harvest time^{is} very much pressed with work, he has to accept the price of number III for number II grain. Afterwards the grain elevator may sell the grain, bought as number III, according to its true grade, number II. The writer can vouch for the truth of this statement which was repeated to him again and again by western farmers.

A similar incident could be mentioned from the fishery industry in Boston. The Boston Fish Pier has a system of first and second sales. If the quality of a fish sold at public auction is not satisfactory the buyer has the right to demand a second sale after having taken out of the vessel the minimum quantity of ^{U.S.} thousand pounds. This custom is described in a report of the ^{U.S.} Federal Trade Commission as follows:

"The rules of the exchange provide for the sale of all trips to the highest bidder of the exchange with further provisions that any purchaser of a trip, or of a part of the trip, may stop taking fish at the first sale price if any part of the catch falls below standard as to quality." 1/

/ Report of the Federal Trade Commission on Distribution Methods and Costs, Part VIII, Cost of Production and Distribution of Fish in New England, p. 46, Washington, D.C. 1946.

It is a peculiar coincidence which can be statistically quite easily proven that the quality of fish worsens immediately and an increased amount of second sales takes place when fish prices are high.

A condition of the second sale is that:

"A whistle shall be blown and five minutes allowed before the fish are offered."1/

Typically the fishermen call blowing of this whistle the "burglar alarm". The consumer does not know any second quality of fish or fish fillet. In the retail stores the public is offered only one quality. This is the reason that the fishermen feel that the fish buyers take unfair advantage out of the objection as to quality; either fish is fit for human consumption or it is not; consequently the whistle is called "burglar alarm".

Summing up this point it could be said that a determination of the primary producer's share of the consumer's dollar or his position within the distribution process could be made in two ways:

1/ Boston Fish Exchange, Rules and Regulations, Article VII, P. 12, Boston, Mass. 1935.

- (a) By comparing the total price of the adjusted volume and cost of the raw material with the retail price as charged to the consumer. The difference between these two prices is the price spread or the cost of ~~the~~ distribution.
- (b) By relating the trend of the raw material prices to the trend of retail prices within a given period.

In contradiction to the opinion of A.E. Richards, Ph.D., Economics Division, Dept. of Agriculture, Ottawa that:

"it is the important thing how much he (the farmer~~f~~ A.S.) receives per unit and not his share of the consumer's dollar." 1/

this paper maintains that it would be a very short-sighted policy of the farmer to look only after the absolute price of his products and not after his share of the consumer's dollar for the following reasons:

- (a) The farmer has to consider whether his products are at the price charged by the distribution trade to the public saleable and marketable and will not cause the consumer's resistance to the purchase of his product. Consumer tastes and wants are definitely influenced or even determined by price setting. If the farm price is cheap the farmer has to endeavour to have the consumer benefit from his cheap production. Only in this way the farmer can provide for and assure a permanent market for his crop.
- (b) The expenses of the farmer in his own capacity as consumer and for all goods not produced at the farm for general farm maintenance and for machinery, and as entrepreneur for wages are determined by the general retail price level. If this retail price level rises without an equal rise in the price of the farm product the farmer's purchasing power is decreased. Therefore, the farmer's returns for his products have to correspond to the profits of the distribution trade which are included in the general retail prices.

1/16

1/ A.E. Richards, Ph.D.: Marketing Margins on B.C. Apples, Dept. of Agriculture, Ottawa, June 21, 1942

Consequently the validity of Dr. A.E. Richard's contention as quoted above is limited to the circumstances and time during which it was expressed: to a period of stabilized prices and to a system of price ceilings. In 1948, however, the primary producer as everybody else, is confronted with a sharp decline of the value of the monetary unit. If the price of a unit of an agricultural product was considered to be satisfactory one, or two years ago or has remained constant since 1943 or 1944 the trading value of the product has changed in relation to other commodities. The fishermen's cost of living and expenses for industrial products have increased about 50% since 1943 but the price and returns of his products have remained unchanged.

The average landing price for cod in Nova Scotia for the year 1943 was 3.43 cents per pound and had decreased to 3.36 cents in August 1948, while the average N.S. landing price for haddock was 4.15 cents in 1943 and had increased to 4.25 in 1948. The corresponding figures for pollock are 2.01 cents in 1943 and 1.88 for August 1948.

Consequently the fishermen are confronted with a fifty per cent ^{decrease} of their real income. Since within the same period of time the retail price of the fishery product has increased about fifty per cent the fishermen's economic position has been lowered two-fold. He has been squeezed out of his share of the retail dollar and the absolute price spread has increased and the fisherman's purchasing power decreased.

A similar observation could be made in the United States.

(Graph No 4)
The question of the so-called price spread in the fisheries industries has been the subject of many investigations.

- (1) A Royal Commission under the chairmanship of the Hon. Mr. Justice A.K. MacLean was appointed on Oct 7, 1927 to inquire:

"whether the spread in the price of fish between the producer and the consumer is excessive and if so, what should be done to remedy the condition." 1/

- (2) A Royal Commission on Price Spreads under the chairmanship of the Hon. W.W. Kennedy was appointed to inquire into and investigate among other things:

"the methods and system prevailing in the marketing of live-stock and animal products for domestic consumption and export and the extent to which the present system affords or restricts the opportunity for fair returns to producers," and-the-terms 2/
give

- (3) The Nova Scotia Royal Commission report by Prof. Stewart Bates contained the following terms of reference:

"to report on the economic status of the Maritime Fishing Industry indicating the conditions that determined the level of income, employment and prices in the industry before the war, and showing the changes in conditions arising from the impact of the war." 3/

The three Royal Commissions of 1928, 1934, and 1944 examined the landing price of cod or haddock and the retail price of fish fillets as the basis of their price spread investigations.

1/ Report of the Royal Commission Investigating the Fisheries, Ottawa, 1928. p.5.

2/ Report of the Royal Commission on Price Spreads, Ottawa 1935, p. XXVIII.

3/ Stewart Bates: Report on the Canadian Atlantic Sea Fisheries, Halifax 1944, p. 3.

Independent and other studies on cost of production of the Canadian Atlantic fisheries industry have not been made in Canada or are not published. It was even impossible to trace any critical evaluation of the findings of these three commissions. However, it should be added that Mr. Stewart Bates who wrote the latest Royal Commission Report in 1944 had unfortunately to refrain from a thorough investigation of the cost of production question. Mr. Bates had:

"neither the resources nor the investigational power possessed by that commission."
 (Price Spread Commission, 1934-1935, A.S.)
 "and had therefore to depend entirely on the examination ten years earlier." 1/

Nevertheless Mr. Bates gives the cost of production of a pound of fish fillets as amounting to 6.4 cents per pound while the Kennedy Commission reported these costs as amounting to only 4.8 cents.

It will be tried to evaluate ex posteriori the 1928, 1934 and 1944 Royal Commission findings with regard to the price spread in the fish filleting field.

The findings of the present study even by using identical cost of production figures as used by Stewart Bates will in the final analysis show completely different results. The final conclusions of this paper about the economic conditions prevailing in the industry, its relative prosperity and its outlook for the future will be based on the different findings in the field of filleting.

1/ Stewart Bates: Report on the Canadian Atlantic Sea Fisheries, Halifax 1944, p.56

During the last decade, the Canadian Atlantic Fisheries Industry experienced a complete change in its character, with consequences affecting volume and value of the industry. The industry made:

"a decided shift away from the pickled and salted fish trade, and a movement into the fresh and frozen trade." 1/

The best example of this change in marketing conditions is the increase in the production of fish fillets. The manufacture of fish fillets was virtually unknown up to the twenties, when a Boston captain, caught by a glut in the Boston market, decided to reduce the volume of cold storage space required to the net amount of fish suitable for human consumption in order to save cold storage space and transportation costs. From this time, fillets have conquered the consumers' market.

Nova Scotia, as the main fish producing provinces on the Atlantic Coast, enjoys the greatest advantage of the increased fish fillet consumption. The following table shows the increase of fish fillet production between 1925 and 1946.

TABLE NO 19

NOVA SCOTIA FRESH AND FROZEN GROUND FISH
FILLET PRODUCTION FOR THE YEARS 1925-46

1925	4,551	cwt	1936	160,197	cwt
1926	6,645	"	1937	162,614	"
1927	33,211	"	1938	153,371	"
1928	59,269	"	1939	166,306	"
1929			1940	244,618	"
1930	93,674	"	1941	233,132	"
1931	69,309	"	1942	258,356	"
1932			1943	303,477	"
1933	86,455	"	1944	366,301	"
1934	97,119	"	1945	500,874	"
1935	105,041	"	1946	509,318	"

Source: Fisheries Statistics of Canada

1/ L.M. Read: Trends in the Production and Marketing of Atlantic Fish, Ottawa, 1944, p. 7.

In order to arrive at an estimate of the cost of production of fish filleting and the general economic situation of the Nova Scotia Fisheries Industry, it is necessary to determine :

- (1) The cost of raw material,
- (2) The overhead and other production expenses
- (3) The cost of labour
- (4) The return for the finished product.

The following compilation will proceed differently from the previous Royal Commission examination. It will determine the weighted average cost and weighted marketed value of all fresh and frozen ground fish, fillets, processed in Nova Scotia instead of singling out one species at a seasonal price, a method used by ^{the Royal Commission on Price Spreads and by} Stewart Bates in 1944, which is considered to be misleading.

In using the cost of production figures established by these different Royal Commissions, the study will determine the profit and losses in Nova Scotia fillet production. However, it should be pointed out in advance that this paper does not assume that the given figures reflect a true picture of the ~~xxx~~ situation. The profits made are much higher, as indicated in the compilation for the following reasons:

- (1) The landing price is in general not identical with the cost of the raw material to the fish companies,
- (2) The cost of production figures to be used are too high, and not representative,
- (3) Deductions from cost of production for offals ^{and losses} have to be made.

In addition, the possibility may exist that some fillets may be exported to the United States at cost, and consequently the marketed value will not include the regular profit margin in these cases.

The following tables, ^(1/20) will give in detail the cost of raw material used in the production of fillets between the years 1939 and 1946, and the weighted average price per pound. Prices used in the tables are the yearly average landing prices of fish during the corresponding years, as indicated in the Fisheries statistics.

TABLE NO. 20

COST OF RAW MATERIAL USED IN FRESH AND FROZEN NOVA SCOTIA
GROUND FISH FILLET PRODUCTION, 1939 to 1946

(Prices: Average annual N.S. landing price)
Compilation based on 40% output)

Species	1939				
	WEIGHT OF FILLETS	CONVERTING FACTOR	WEIGHT OF FRESH FISH	PRICE OF FISH PER POUND	TOTAL PRICE OF RAW MATERIAL
Cusk	5,232 cwt.	2.5	13,080 cwt.	0.52 cts	\$ 6,801.--
Sk	174 "	2.5	435 "	0.55 "	" 239.--
	89,978 "	2.5	224,945 "	1.28 "	" 287,929.--
	70,922 "	2.5	177,305 "	1.7 "	" 301,418.--
	<u>166,306 cwt.</u>		<u>415,765 cwt.</u>		<u>\$ 596,387.--</u>

AVERAGE PRICE PER POUND OF RAW MATERIAL: 1.43 cts.

Species	1940				
	WEIGHT OF FILLETS	CONVERTING FACTOR	WEIGHT OF FRESH FISH	PRICE OF FISH PER POUND	TOTAL PRICE OF RAW MATERIAL
Cusk	5,598 cwt.	2.5	13,995 cwt.	0.76 cts	\$ 10,636.--
Sk	1,243 "	2.5	3,107 "	0.80 "	" 2,485.--
	176,778 "	2.5	441,945 "	1.60 "	" 707,112.--
	60,999 "	2.5	152,497 "	2.15 "	" 327,868.--
	<u>244,618 cwt.</u>		<u>611,545 cwt.</u>		<u>\$1048,101.--</u>

AVERAGE PRICE PER POUND OF RAW MATERIAL: 1.71 cts.

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TABLE NO. 20 (continued)

COST OF RAW MATERIAL USED IN FRESH AND FROZEN NOVA SCOTIA
GROUND FISH FILLET PRODUCTION, 1939-46

(Prices: Average annual N.S. landing price)
(Compilation based on 40% output)

<u>1941</u>					
<u>Fish Species</u>	<u>Weight of Fillets</u>	<u>Converting Factor</u>	<u>Weight of Fresh Fish</u>	<u>Price of Fish per Pound</u>	<u>Total Price of Raw Material</u>
Hake	2,342 cwt	2.5 lbs	5,855 cwt	1.04 cts	\$ 6,089.00
Pollock	1,006 "	2.5 "	2,515 "	1.34 "	3,370.00
Cusk	2,217 "	2.5 "	5,543 "	1.00 "	5,543.00
Cod	181,216 "	2.5 "	453,040 "	2.03 "	919,671.00
Haddock	46,351 "	2.5 "	115,877 "	2.57 "	297,803.00
	<u>233,132 cwt</u>		<u>582,830 cwt</u>		<u>1232,476.00</u>

Weighted Average Price per Pound of Raw Material: 2.11 cts.

<u>1942</u>					
Hake	8,971 cwt	2.5 lbs	22,427 cwt	1.7 cts	\$ 38,125.00
Pollock	3,164 "	2.5 "	7,910 "	1.7 "	13,447.00
Cusk	1,554 "	2.5 "	3,885 "	1.75 "	6,798.00
Cod	194,547 "	2.5 "	486,367 "	2.91 "	1415,327.00
Haddock	50,120 "	2.5 "	125,300 "	3.61 "	452,333.00
	<u>258,356 cwt</u>		<u>645,890 cwt</u>		<u>\$1,926,030.00</u>

Weighted Average Price Per pound of Raw Material: 2.97 cts.

<u>1943</u>					
Hake	5,472 cwt	2.5 lbs	13,680 cwt	2.17 cts	\$ 29,685.00
Pollock	8,783 "	2.5 "	21,957 "	2.1 "	46,109.00
Cusk	450 "	2.5 "	1,125 "	2.2 "	2,475.00
Cod	224,364 "	2.5 "	560,910 "	3.4 "	1907,094.00
Haddock	64,408 "	2.5 "	161,020 "	4.1 "	660,182.00
	<u>303,477 cwt</u>		<u>758,242 cwt</u>		<u>2,645,545.00</u>

Weighted Average Price of Raw Material per pound: 3.48 cts.

<u>1944</u>					
Hake	4,274 cwt	2.5 lbs	10,785 cwt	2.0 cts	\$ 21,370.
Pollock	16,621 "	2.5 "	41,552 "	2.0 "	83,104.
Cusk	398 "	2.5 "	995 "	2.0 "	1,990.
Cod	289,352 "	2.5 "	723,380 "	3.5 "	2531,830.
Haddock	55,656 "	2.5 "	139,140 "	4.3 "	598,312.
	<u>366,301 cwt</u>		<u>915,852 cwt</u>		<u>\$3,236,596.</u>

Weighted Average Price Per Pound of Raw Material: 3.53 cts.

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TABLE NO. 20 (continued)

COST OF RAW MATERIAL USED IN FRESH AND FROZEN NOVA SCOTIA

GROUND FISH FILLET PRODUCTION, 1939-46

(Prices: Average annual N.S. landing price)
(Compilation based on 40% output)

1945

<u>Fish Species</u>	<u>Weight of Fillets</u>	<u>Converting Factor</u>	<u>Weight of Fresh Fish</u>	<u>Price of Fish per Pound</u>	<u>Total Price of Raw Material</u>
Hake	8,153 cwt	2.5	20,382 cwt	2.13 cts	43,413
Pollock	25,040 "	2.5	62,600 "	1.97 "	2,421 123,948
Cusk	475 "	2.5	1,187 "	2.04 "	123,948 2,421
Cod	397,049 "	2.5	992,622 "	3.51 "	3,484,103
Haddock	70,157 "	2.5	175,392 "	4.52 "	438,480
	<u>500,874 cwt</u>		<u>1,252,183 cwt</u>		<u>\$4,092,365</u>

Weighted Average cost of raw material per pound: 3.268 cts

1946

Hake	7,848 cwt	2.5	19,620 cwt	2.03	39,828
Cusk	451 "	2.5	1,127 "	1.94	2,186
Pollock	18,972 "	2.5	47,430 "	1.78	84,425
Cod	398,961 "	2.5	997,402 "	3.51	3,500,881
Haddock	83,086 "	2.5	207,715 "	4.53	940,948
	<u>509,318 cwt</u>		<u>1,273,294 cwt</u>		<u>\$4,568,268</u>

Weighted Average cost of raw material per Pound: 3.58 cts.

(No 21)

The following table shows a summary of the preceding cost of raw material tables.

TABLE NO. 21
SUMMARY OF WEIGHTED AVERAGE COST OF RAW MATERIAL PER POUND
OF FISH FILLET USED IN NOVA SCOTIA FRESH AND FROZEN GROUND FISH
PRODUCTION FOR THE YEARS 1939 - 1946.
(compilation based on 40% output)

<u>Year</u>	<u>Total Fillet Production</u>	<u>Weighted Average Price of Raw Material per pound of Fish Fillet</u>
1939	166,306 cwt.	1.43 cts.
1940	244,618 "	1.71 "
1941	233,132 "	2.11 "
1942	258,356 "	2.97 "
1943	303,477 "	3.48 "
1944	366,301 "	3.53 "
1945	500,874 "	3.27 "
1946	509,318 "	3.58 "

(Source: Fisheries Statistics of Canada)

The following tables, No. 22, show the marketed value of fillets for the years 1939-46. The figures are taken again from the Fisheries Statistics. These figures are supplied to the Dominion Bureau of Statistics by the processing plants and, therefore, indicate a true picture of the returns.

TABLE NO. 22
MARKETED VALUE OF NOVA SCOTIA FISH FILLETS

<u>KIND OF FILLETS</u>	<u>WEIGHT</u>	<u>VALUE</u>
	<u>1939</u>	
Hake and Cusk	5,232 cwt	\$ 23,109
Pollock	174 "	894
Cod	89,978 "	729,662
Haddock	70,922 "	636,945
	<u>166,306 cwt</u>	<u>\$1,390,610</u>

Weighted Average return of Pound of Fillet: 8.36 cts.

	<u>1940</u>	
Hake and Cusk	5,598 cwt	\$ 36,417
Pollock	1,243 "	8,101
Cod	176,778 "	1,710,965
Haddock	60,999 "	655,082
	<u>244,618 cwt</u>	<u>\$2,410,565</u>

Weighted Average return of Pound of Fillets: 9.85 cts.

	<u>1941</u>	
Hake	2,342 cwt	\$ 18,482
Pollock	1,006 "	8,341
Cusk	2,217 "	17,963
Cod	181,216 "	2,070,189
Haddock	46,351 "	639,685
	<u>233,132 cwt</u>	<u>\$2,754,660</u>

Weighted Average return of Pound of Fillets: 11.81 cts.

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TABLE NO 22 (continued)

MARKETED VALUE OF NOVA SCOTIA
FISH FILLETS

<u>KIND OF FILLETS</u>	<u>WEIGHT</u>	<u>VALUE</u>
	<u>1942</u>	
Hake	8,971 cwt	\$ 86,329
Pollock	8,164 "	42,803
Cusk	1,554 "	11,569
Cod	194,547 "	2,960,582
Haddock	50,120 "	890,430
	<u>258,356 cwt</u>	<u>\$5,991,713</u>

Weighted Average Return of Pound of Fillets: 15.45 cts.

	<u>1943</u>	
Hake	5,472 cwt	\$ 81,198
Pollock	8,783 "	146,075
Cusk	450 "	8,068
Cod	224,364 "	3,812,368
Haddock	64,408 "	1,279,248
	<u>303,477 cwt</u>	<u>\$5,326,958</u>

Weighted Average Return of Pound of Fillets: 17.55 cts.

	<u>1944</u>	
Hake	4,274 cwt	\$ 64,618
Pollock	16,621 "	228,250
Cusk	398 "	5,526
Cod	289,352 "	5,344,180
Haddock	55,656 "	1,164,046
	<u>366,301 cwt</u>	<u>\$6,806,620</u>

Weighted Average Return of Pound of Fillets: 18.58 cts.

	<u>1945</u>	
Hake	8,153 cwt	\$ 127,442
Cusk, fresh	370 cwt	\$4,936
frozen	105 "	1,932
Pollock, fresh	23,928 cwt	288,882
frozen	2,112 " 25,040 "	<u>28,408</u>
		317,290
Cod, fresh	258,240 "	4,631,249
frozen	<u>138,809 " 397,049 "</u>	<u>2,563,887</u>
		7,195,136
Haddock, fresh	55,178 "	1,129,094
frozen	<u>14,979 " 70,157 "</u>	<u>311,255</u>
		1,440,349
	<u>500,874 cwt</u>	<u>\$9,087,085</u>

Weighted Average Return of Pound of Fillets: 18.15 cts.

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TABLE NO 22 (continued)

MARKETED VALUE OF NOVA SCOTIA Fresh and Frozen
Ground-FISH FILLETS

<u>KIND OF FILLETS</u>		<u>WEIGHT</u>		<u>VALUE</u>	
		<u>1946</u>			
Hake, fresh	5,883 cwt			\$ 80,860	
frozen	<u>1,965 "</u>	7,848 cwt		<u>25,176</u>	\$ 113,036
Cusk, fresh	410 cwt			5,577	
frozen	<u>41 "</u>	451 "		<u>674</u>	6,251
Pollock, fresh	5,705 "			101,818	
frozen	<u>13,269 "</u>	18,972 "		<u>180,631</u>	282,449
Cod, fresh	185,088 "			3,418,060	
frozen	<u>213,865 "</u>	398,961 "		<u>3,809,750</u>	7,227,810
Haddock, fresh	51,246 "			1,105,279	
frozen	<u>31,840 "</u>	83,086m "		<u>618,042</u>	1,723,921
		509,318 cwt		\$ 9,353,567	

Weighted Average Return of Pound of Fillets: 18.63 cts

No 23

The following table gives a summary of the preceding tables for the years 1939 to 1946.

TABLE NO. 23

SUMMARY OF THE MARKETED VALUE OF FRESH AND FROZEN
GROUND-FISH FILLETS IN N.S. PER POUND OF FILLET AND
WEIGHTED AVERAGE RETURN PER POUND OF FILLET FOR
THE YEARS 1939/46

<u>Year</u>	<u>Total Fillet Production</u>	<u>Marketed Value</u>	<u>Weighted Average Return per lb of fillet</u>
1939	166,306 cwt	\$1,390,610	8.36 cts
1940	244,618 "	2,410,565	9.85 "
1941	233,132 "	2,754,660	11.81 "
1942	258,256 "	3,991,713	15.45 "
1943	303,477 "	5,326,958	17.55 "
1944	366,301 "	6,806,620	18.58 "
1945	500,874 "	9,087,085	18.15 "
1946	509,318 "	9,353,567	18.36 "

Source: Compilation from Fisheries Statistics of Canada

Several surveys of fish fillet production costs have been made. The figures were supplied by the main fish companies. Mr. Stewart Bates, M.A., received his information, published in his report, from Maritime National Fish Company Ltd., Halifax; General Seafoods Ltd., Halifax; Lunenburg Sea Products Ltd., Lunenburg; and Lockeport Company, Lockeport. His figures are identical with those which the W.P.T.B. under the directorship of Mr. C.J. Morrow, Vice-President of National Sea Products Ltd., Halifax, and President of Lunenburg Sea Products Ltd., Lunenburg, used in setting the ceiling prices. For the purpose of this survey these figures will be used although it is ~~stated~~ ^{repeated} ~~that~~ ^{do not} that they reflect a true picture of the expenses. The cost of production figures published by Dr. R.A. Kahn are very different and this paper, in agreement with other sources quoted in other places of this study, maintains that the bookkeeping methods as used in Nova Scotia are useless for an economist interested in determining the economic situation of the industry.

FISH FILLETING COSTS IN NOVA SCOTIA

- (1) as reported by the Royal Commission investigating the fisheries of the Maritime Provinces and the Magdalen Islands. ~~1928~~ ^{1/}

Cost of handling, filleting, boxing, icing, loading, overhead expenses 5.00 cts

- (2) as reported by the Royal Commission on Price Spreads: 2/
OVERHEAD ^{1934/35}

Ice, salt, packages, parchment, preservations		1.41 cts
Labour		1.03 "
Factory Expenses:	.34	
Truckage	.10	
Administration:	.78	
Selling Expenses:	.78	
Depreciation	<u>.39</u>	
		2.35 "
		<u>4.80</u> "

Arbitrary amount added for >

1/ Report by the Royal Commission... p.36
Royal Commission on Price Spreads

2/ Minutes and Proceedings, p. 378, 1934/5

(3) U.S. Royal Commission on Provincial Development and Rehabilitation. Report on the Canadian Atlantic Sea-Fishery by Stewart Bates, M.A. 1/

Package, Ice, Wrappers	1.7 cts
Labour	1.5 "
Freezing, Storage, Leading	.6 "
Overhead	2.6 "
	<u>6.4 cts</u>

Dr. Richard A. Kahn, Chief, Economic & Co-Operative Marketing Branch, Fish and Wildlife Service, U.S. Dept of the Interior, Washington, D.C. made an examination of the costs of fish filleting for the year ended March 31, 1946. 2/ Special attention should be paid to the date because of the general increase in all costs which took place since 1927, the time of the MacLean Commission, since 1934-5, the time of the Kennedy Commission, and since 1944, the time of the Canadian price ceilings, which was used by Mr. Stewart Bates. The difference lies especially in the figures which were characterized as "arbitrary" figures in the 1935 report. The figures used by Dr. Kahn were supplied to him voluntarily as an act of co-operation by "Representative Firm B", operating in Gloucester and in Canada and are 35% lower than the figures mentioned by Mr. Bates and only a few per cent. higher than the cost given in 1927 or 1935.

Cost of Cod Fillets of Representative Firm B
 Operating at Gloucester, Mass. and in Canada for year ended Mar. 31, 1946. (10 pound cartons, cellophane wrapped)

Labour	1.26 cts
Overhead	2.75 "
Packing materials	1.14 "
Total Costs	5.15
Received for Gurry	<u>- .34</u> 5.15
	4.81 cts

1/ U.S. Royal Commission on Provincial Development and Rehabilitation Part II, Report on the Canadian Atlantic Sea-Fishery by Stewart Bates, M.A. p. 51, Halifax 1944.
 2/ Table from a Confidential Study by Dr. Richard A. Kahn for the use of the U.S. Government (The study itself has not been used and its content is not known to the writer.)

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No 24,

The following table, using the cost of production figures for the years 1939-42 as reported by the Kennedy Commission in 1935, and the figures as reported by Stewart Bates in 1944 for the years 1943-46, shows the gross loss and profit in Nova Scotia fresh and frozen Groundfish Fillet Production per pound of fish fillet for the years 1939-46.

TABLE NO 24

COMPILATION OF COST OF RAW MATERIAL, OF COST OF PRODUCTION AND OF THE RETURN FOR THE FINISHED PRODUCT IN ORDER TO DETERMINE LOSS AND PROFIT PER POUND OF FILLET FOR THE YEARS 1939-46

Year	(Prices in Cents)		(Prices: Weighted average landing price)			
	Raw Material Price per lb	Raw Material Pr. per 2.5 lbs	Production Cost	Total Cost	Return Price	Profit per lb
1939	1.43 cts	3.57 cts	4.80	8.37	8.36	0.01 Lc
1940	1.71	4.27	4.80	9.07	9.85	0.78
1941	2.11	5.27	4.80	10.07	11.81	1.74
1942	2.97	7.42	4.80	12.22	15.45	3.23
1943	3.48	8.70	6.40	15.10	17.55	2.45
1944	3.53	8.82	6.40	15.22	18.58	3.36
1945	3.27	8.17	6.40	14.57	18.15	3.58
1946	3.58	8.95	6.40	15.55	18.36	3.01

In order to obtain a picture of the general economic situation of the industry the following table, ^{No 25,} relates the gross profits per pound of fillets to the total fresh and frozen groundfish fillet production in Nova Scotia.

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TABLE NO 26

GROSS PROFITS AND LOSSES IN
NOVA SCOTIA FRESH AND FROZEN GROUND FISH FILLETING
PRODUCTION FOR THE YEARS 1939-1946.

<u>Year</u>	<u>Gross Profit per Pound</u>	<u>Total Fillet Production</u>	<u>Total Gross Profits</u>
1939	less 0.01 cts	166,306 cwts	less\$ 16,630
1940	profit 0.78 "	244,618 "	profit 190,802
1941	1.74 "	233,132 "	405,649
1942	3.23 "	258,356 "	834,489
1943	2.45 "	303,477 "	743,518
1944	3.36 "	366,301 "	1,230,771
1945	3.58 "	500,874 "	1,793,128
1946	3.01 "	509,318 "	1,533,047

(own compilation)

As to be seen from the preceding table, the profits of fish fillet production have considerably increased since 1944. The decisive factor is the increase of fillet export to the United States. The drop in the return per pound in 1947 is caused by the temporary drop of fish prices in Boston in spring 1947. The decrease of exports in 1947 was caused by the fact that the Nova Scotia fishing fleet was tied up from January to April 1947. The greatest increase however, giving a good promise for the future development ^{of} the fillet exports to the United States is to be observed in 1948. The following table, ^{No 26,} shows the export of fresh and frozen groundfish fillets to the United States for the year 1941 to 1947 and for seven months 1947 and 1948.

TABLE NO 26

EXPORT OF COD, HADDOCK, HAKE, POLLOCK,
MUSKEL, AND ROSEFISH FRESH AND FROZEN FILLETED, TO THE
UNITED STATES FOR THE YEAR 1941 to 1947 AND SEVEN MONTHS
1947 and 1948 AND AVERAGE RETURN PER POUND OF FILLETS FOR
CORRESPONDING YEARS

<u>Year</u>	<u>Quantity</u>	<u>Total Value</u>	<u>Average Return per Pound</u>
1941	89,809 cwt	\$ 945,932	10.53 cts
1942	149,475 "	2,311,628	15.46 "
1943	136,450 "	2,452,764	17.97 "
1944	184,239 "	3,876,222	21.03 "
1945	322,489 "	6,665,843	20.64 "
1946	296,666 "	5,808,769	19.58 "
1947	190,868 "	3,288,210	17.22 "
1947, 7 mos	82,463 "	1,380,285	16.73 "
1948,	" 144,629 "	2,947,927	20.38 "

(Source: Trade of Canada, Exports)

In estimating the cost of production in the compilation it was assumed for the sake of expediency that the cost of fresh fish, the raw material used in fish filleting, was to the companies identical with the landing price, the price which the inshore fishermen and crew members receive for their catch. However the cost of production per pound of fish caught by schooners and trawlers is considerably lower than the landing price. Consequently, the assumed price of the raw material included an additional profit in case these vessels are fully or partially owned by a company which at the same time is owner of a fish processing plant. The growing importance of this point becomes clear by the increase of landings by trawlers

which are owned by companies operating on these two stages of production. Table No. 27 shows this increase between 1935 and 1946.

TABLE NO 27

STEAMTRAWLER LANDINGS ON THE ATLANTIC
COAST, 1935-1946

(Figures in ,000 pounds)

1935	19,884	1941	5,919
1936	18,866	1942	12,101
1937	18,057	1943	19,142
1938	21,038	1944	19,482
1939	15,293	1945	32,840
1940	7,437	1946	48,347

(Source: Fisheries Statistics of Canada)

This matter will be dealt with later on in more detail.

In addition the amount of profits made in fish fillet production is increased by the returns of by-products. Since the MacLean Commission in 1928 and the Kennedy Commission in 1935 investigated the Atlantic fishery industries the importance of the use of offals, i.e. of the 1.5 lb of waste in the production of 1 lb of fillets and of cod livers has greatly increased and the returns of these by-products have to be deducted from the cost of fillet production. The following table no. 28 shows the increase in volume and value of fish meal production for the years 1939 to 1946. Although these figures are given in the fisheries statistics of Canada under the listing "Canada", they refer nevertheless, according

to information received to Nova Scotia and New Brunswick only. 1/
It may be added that the value of this by-product should have
become considerably higher after the liftings of the price ceilings
in 1947.

TABLE NO 28

PRODUCTION OF FISH MEAL, N.E.S. CANADA
1939-1946

1939	7,443 tons	\$ 369,451
1940	6,193 "	346,194
1941	5,615 "	284,215
1942	8,651 "	452,160
1943	7,843 "	475,436
1944	8,392 "	526,543
1945	9,940 "	561,962
1946	11,334 "	624,178

(Source: Fisheries Statistics of Canada)

In order to illustrate the importance of the fish reduction
plants in Nova Scotia and the profits made in the operations
table no. 28 shows the total value of production and gross pro-
fits for the years 1939 to 1945.

TABLE NO 29

NUMBER OF NOVA SCOTIA FISH REDUCTION PLANTS,
VALUE OF PRODUCTION AND GROSS PROFITS
1939-1945

<u>Year</u>	<u>No. of Plants</u>	<u>Value of Production</u>	<u>Gross Profits</u>
1939	5	\$166,539	\$ 97,291
1940	7	207,737	101,920
1941	6	361,065	163,629
1942 x	7	380,225	139,212
1943	8	595,346	188,038
1944	8	746,640	253,153
1945	8	781,251	295,662

(Source: Fisheries Statistics of Canada, Profits,
own compilation)

Only the totalling of the profits made in the production of
fish fillets and by-products (meal and cod-liver products) will

will give an indication of the economic situation of the industry. It is therefore considered advisable to give a summary of the general economic picture of all Nova Scotia fish processing plants. The summary will include figures on lobster, salmon, clam, and other fish canneries, fish curing establishments, fresh fish and freezing plants, and reduction plants. Table no. 29 shows the number of all these establishments, the number of employees, the value of production and the total gross profits made in the operations of all these plants. As an interesting side light, column 6 of this table shows the productivity of the individual worker or employee in terms of dollars. The amount of gross profits is arrived at in deducting from the value of production the totals of:

- (1) the totals of material used,
- (2) the fuel and electricity used,
- (3) the total of salaries and wages paid.

It should be added that the study does not stress the figures as absolute but uses rather the trend as indicated in these figures as a determining guide to the formation of an opinion on the general aspects of the industry.

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TABLE NO 30

NUMBER OF NOVA SCOTIA FISH PROCESSING ESTABLISHMENTS, NUMBER OF EMPLOYEES, VALUE OF PRODUCTION, GROSS PROFITS, INDIVIDUAL WORKERS SHARE OF TOTAL PRODUCTION, 1939-46.					
1	2	3	4	5	6
<u>Year</u>	<u>No of Plts</u>	<u>No of Employees</u>	<u>Value of Product.</u>	<u>Gross Prof</u>	<u>Per Capit. Production</u>
1939	154	3,258	\$ 6,531,571	\$1,263,598	\$ 2,004
1940	149	3,129	8,393,668	1,811,203	2,682
1941	152	3,350	10,075,085	2,145,094	3,007
1942	155	3,652	13,076,205	2,324,165	3,585
1943	167	3,905	17,880,481	2,750,653	4,758
1944	168	4,115	20,123,224	3,060,182	4,890
1945	172	4,241	27,791,625	4,855,773	6,553
1946	192	4,962	32,254,050	4,416,280	6,500

(Source: Fisheries Statistics of Canada, Column 5 and 6: own compilation)

The industries' outlook for 1948 and for the future in general should be very good. The price of all fillets increased on the average about three cents per pound and as long as meat and egg prices are soaring the prospects for an increased export of fillets are good. It is not assumed that a drop in these prices could be expected. Yet, the long range outlook of the industry is only promising if the industry will finally show the spirit of innovation which it has not shown in the past. The first requirements for a prosperous future will be a continuous adjustment of production to changing needs of the markets and a continuous modernization of operations. Reliance on cheap labour and depressing the fish price can even from the point of view of the industry be only looked upon as a partial solution of the problem.

The figures shown earlier lead to quite different results from previous Royal Commission Reports. The question has to be scrutinized as to why the former Royal Commissions arrived at different conclusions in relation to the price spread question. The paper will deal first with the most recent report of Professor Stewart Bates.

1. Stewart Bates maintains that at the wartime 17¢ price ceiling for fish fillets the profit margin was limited to just over half a cent in 1944. Mr. Bates points out:

"At the present winter price paid to fishermen of 4 cents per pound (heads on, gutted), and taking yield at 40% fillets, skin on:

Fish costs	10.0 cents per lb. fillet
Labour	1.5 " "
Package, ice, and wrappers	1.7 " "
Freezing, storage, and loading	.6 " "
	<u>13.8</u>
Overhead, 15% of selling price	<u>2.6</u> cents per lb. fillet
Total cost	16.4 cents per lb. fillet

"It should be pointed out that for the 1944 summer season costs may be higher than this, since the price of shooks is rising and labour costs are still upwards. This would permit just over half a cent profit to the processor at the 17 cent ceiling, if his costs were representative. There is not much room under this ceiling for further increases in cost, or for overhead higher than 15%, without the provinces being subjected to some 'squeeze'". 1/11/44

If the total Canadian production of fish fillets would have remained in Canada Professor Bates would be perfectly right.

~~F/A~~ Administrator's Order A-917, Oct 25, 1943. N.S. Royal Commission on Provincial Development and Rehabilitation, IX Report on the Canadian Atlantic Sea Fishery, Stewart Bates, M.A. pp.56-7

Nov 1944

But a considerable amount was exported at an average price of 21.03 cents per pound in 1944 and this export to the U.S. brought the average price up from 17¢ to 18.5¢. The details of export figures are given in Table No. 2^b

2. The 1944 Royal Commission Report omits to credit to the cost of production the return for livers and for the 1½ pounds of waste which remains by the manufacturer of one pound of fillets. This omission is in common with all previous Royal Commission Reports, however, it should be mentioned that the use of these by-products was negligible at these times. The livers and 1½ pounds of offals have a certain value and constitute a certain part of the price paid to the fishermen.

Dr. Kahn estimates the value of the livers (gurry) alone with 0.34 cents for the year 1945/6. In order to arrive at present day value it has to be kept in mind that after the general lifting of price ceilings considerable price increases have taken place. In 1948, the value for the livers alone should be about 0.5 to 0.6 cents; to be added have the returns for offals. The total amount has to be deducted from the cost of the raw material if the price spread is to be determined.

The ~~xxxxxx~~ paper following the figures published by Dr. Kahn and following the results of ~~MMM~~ personal research, believes that the figures supplied to the Royal Commissions were and are not even today, representative for the cost of production but contain certain profit reserves.

3. Another point which was shortly mentioned already previously seems to be of the utmost importance. It has been overlooked

by all cost of production and price spread studies.

All are based on the assumption that either all fish used in fish filleting production is bought from inshore fishermen at the landing price or that to the fish companies the cost of the raw material obtained from company owned vessels is identical with the landing price. Even the compilation of this study is made on this basis.

However, it was already shown in Table 6. on Page 45 that about 50% of all fish landed in Nova Scotia is caught offshore.

The price of a pound of fish landed by a trawler is, according to the percentage stipulated in the lay agreement in force between owner and fishermen:

1. the landing price for the percentage of the catch which the crew receives as wages.
2. The operating expenses of the trawler for the percentage which is reserved to the owner.

The expenses for operation of a trawler are much lower than the landing price. This may be the reason that owners of trawlers are not prepared to divulge these figures. Typical in this respect is the following remark from a report of the U.S. Federal Trade Commission:

"Information concerning the operations of the Boston beam trawlers was not available as their owners refused to co-operate in the inquiry". 1/

REPORT

1/ On Distribution Methods and Costs, Part VIII, Cost of Production and Distribution of Fish in New England, U.S. Federal Trade Commission, Washington, 1946.

In order to give an idea of the cost of production of a pound of trawler-caught fish, the figures submitted by the former Maritime National Fish Company of Halifax to the Royal Commission on Price Spreads have to be examined. Although reference was made earlier to the proportion of inshore and offshore landings of fish in Nova Scotia, the assumption that the percentage of raw material used for fish filleting by companies is similar to the proportion of these landings in Nova Scotia in general is misleading. The Maritime National Fish Company of Halifax handled a much higher percentage of company owned trawler-caught fish than fish bought from inshore fishermen. The following table, ^{NO 30,} shows figures for the years 1929 to 1933 and for the fiscal year May 1, 1938 to April 30, 1939.

TABLE NO. ³¹

AMOUNT OF FISH USED IN THE OPERATIONS
OF MARITIME NATIONAL FISH COMPANY LTD. OF HALIFAX,
N.S. LANDED BY COMPANY AND OTHERWISE OWNED VESSELS
FOR THE YEARS 1929-1933 and 1938/9.

<u>Year</u>	<u>Total Amount of Fish landed of Maritime Nat. Fish</u>	<u>Amount landed by company owned trawlers</u>
1929	58,329,384 lbs.	21,861,944 lbs.
1930	40,491,667 lbs.	28,539,633 lbs.
1931	43,840,143 lbs.	27,095,334 lbs.
1932	29,362,800 lbs.	18,221,491 lbs.
1933	23,360,935 lbs.	20,095,363 lbs. //
May 1/38 to Apr 30/39	30,967,967 lbs.	19,541,577 lbs. //

This means that for the business year 1938-9, 63.1% of all edible fish handled was produced by trawlers and only 36.9% bought from other sources.

In order to arrive at the cost of production of a pound of fish, a summary of the operating costs of the three trawlers Venosta, Viernoe and Rayon d'Or, the only ones operating in Nova Scotia at that time, including wages for the years 1937-9, are shown in the following table, ^{NO 38} or broken down for each of the three trawlers for the fiscal year 1938-9; in TABLE NO 37.

TABLE NO. 37

COMBINED OPERATING EXPENSES OF Trawlers
VENOSTA, VIERNOE, RAYON D'OR FOR THE
YEARS 1937, 1938, 1939.

1937	\$288,120.18
1938	289,641.39
1939	295,134.62

TABLE NO. 38. 1/

OPERATING EXPENSES OF TRAWLERS VENOSTA,
VIERNOE, RAYON D'OR FOR THE YEAR 1938-9 SEPARATELY
FOR EACH TRAWLER

Venosta	\$102,669.65
Viernoe	89,416.97
Rayon d'Or	103,048.40

1/
To the operating cost of a trawler the following items have to be added in order to arrive at the total expenses. The

1/ Figures supplied by Maritime National Fish Co. Ltd., Halifax, to Department of Transport, 1938-9.

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NO 34.

following table, shows these figures for the fiscal year May 1, 1938 to April 30.

TABLE NO 34

COMPILATION OF ACTUAL OPERATING COSTS,
OPERATING REPAIRS, REFITTING COSTS, FOR THE TRAWL-
ERS VENOSTA, VIENNOE, RAYON D'OR FOR THE YEARS
1938-9.

Actual operating costs May 1, 1938 to April 30, 1939	\$295,134.02
Operating repairs average over 5-1/3 yrs	10,819.92
Refitting costs average over 6 years	<u>27,798.64</u>
Total	\$333,752.58

(Figures supplied by Maritime National Fish Co. Ltd.
Halifax, to Department of Transport, 1938-9)

The combined landings of edible fish of the Venosta, Viernoe, and Rayon d'Or, amounted to 19,541,177 lbs; inedible, 4,425,349 lbs, for the fiscal year May 1, 1938 to April 30, 1939. The figures for inedible fish are missing in the Fisheries Statistics of Canada completely up to 1941 and incorrectly published in the later years. Although the value of a pound of inedible fish is

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estimated at about ^{per pound} 3¢, and the return should be credited to the cost of production. This point will not be taken into consideration by arriving at the price of a pound of trawler caught fish for the fiscal year 1938-39.

	(see table 34)	
Total operating expenses	\$333,752.58	1/
Landings of edible fish	19,541,577 lbs.	
Cost per pound of trawler caught fish in 1938/39	1.707 ¢	

This means that the operation of a trawler is good business as long as the landing price of fish is higher than the operating expenses of a trawler, or as Mr. Harold Connor expressed it:

"In other words, trawlers have not been so valuable during periods of depression as during periods of general prosperity" 2/

Assuming that the costs of production of Maritime National Fisheries during the periods mentioned above are representative and basing a rough estimate on the cost of production for a pound of trawler caught fish in 1948 on the 1938-39 cost of 1.707 ¢ per pound, it is assumed that the true cost of the raw material is not the landing price of 3.5¢ or 4¢ per pound but owing to price increases since 1939 amounts to about 2¢. It is true clear that such an estimate introduces a different aspect into the question of price spread, because it brings down the average cost of the raw material considerably.

4. The last point which could be made is that by determination of price spreads, an examination of the profit margins on each

1/ See preceding page

2/ Testimony of Harold G. Connor, General Manager, Maritime National Fish Co., Halifax, before the Advisory Board for the Great Lakes, River St. Lawrence and Atlantic Coast Region appointed to make recommendations as to a fair compensation to be made to the owners of vessels requisitioned for His Majesty's Service, Oct 18, 1939 (p.42).

level of operations separately, is misleading. Our economy considers a fair profit necessary and appropriate for the risk involved. If, however, one company has integrated all stages of operations from primary production, processing, wholesale distribution at the landing point and wholesale distribution at inland consumption centres no additional risks in selling operations are involved.

The fish is being taken care of before it is even landed. The plan for distribution is drawn up in advance. Now the essence of distribution ^{is} and the knowledge of each and every stage of the industry of what is required by the next stage. Consequently, out of the three risks involved only the single one remains: the disposal of the processed product. Therefore, the only way to render final judgment on the question of the price spread is the totalling of all profits made on each stage of operations and their consideration as one inseparable unit.

This paper has made four specific points in which it differs from previous Price Spread investigations even by accepting the actual expense figures as supplied by the fish companies. But the quite different approach of this paper to the economic situation of the industry, its different opinion and conclusions are based on the fact that the figures as used by the previous investigations are economically speaking wrong although it is conceded that they may be legally correct.

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In its report the Royal Commission on Price Spreads has pointed out that "Without excusing anyone of making exhorbantly high profits in the industry, there is reason to believe that in the present spread of prices between producer and consumer, there exists a basis for more profitable returns for the former.In view of the large quantity of fish handled the spread seems high". ^{1/} (14400) Yet the conclusion is not specific with regard to any particular item.

The Nova Scotia Royal Commission ^{of 1944} ~~take~~ the same matter up in the following manner:

"Throughout the period there were frequent discussions about the low level of fishermen's prices, and complaints were many that the 'spread' between the fishermen's price and the ultimate selling price to consumers, was much too large. These complaints arose about the fresh fish trade within Canada itself, and they arose also in the case of the export price of salted fish. The term 'price spread' is unfortunate since it suggests that the difference between the raw fish cost and the price of fish ultimately sold to the consumer is open to ready adjustments one way or the other. In fact, of course, the gap between the two prices is made up of the costs of manufacturing and distributing, and only when the price spread is wider than what might be termed reasonable cost, is there any justification for complaint. The question, however, exercised several Royal Commissions, and in particular the Royal Commission on Price Spreads (Ottawa, 1935). The present writer has neither the resources nor the investigational powers possessed by that commission, and its release of figures on costs of production and distribution are the most extensive available. The conclusion of the report (Op. city. page 195) was 'that the spread between the price received by the fishermen, by the distributor, by the wholesaler, and the price paid by the consumer, while in places large, is not exorbitant, having regard to the conditions that prevail in the industry'. But although profits were not exorbitant, the commission believed 'that in the present spread in prices between the producer and consumer, there exists a basis for more profitable return to the former'. In other words, after the detailed investigation into the costs, the commission could find no evidence that the spread was too great, yet it still believed it was too high ^{1/2}

Some omissions and difference in approach to the price spread

question have been discussed earlier but maybe the clue to the
Report of the R. C. on Price Spreads, Ottawa 2/ Stewart Bates: Report
1935, p. 195

puzzle

puzzle could be found in the fact that the figures presented by the fish companies contained items which from the point of view of bookkeeping and taxation may have been legally right. The economist, however, in considering the economic position of an industry cannot follow such a course if he wants to judge the economic situation itself and the prospect for the economic future of the industry.

The main reason for the great book losses shown by the fish companies during the periods of the Royal Commissions investigations were not losses in actual operations but were shown on the balance sheet by methods of depreciating of assets and setting aside reserves.

In addition the Royal Commission on Price Spreads pointed out that:

"Possibly some reductions could be made in items such as administrative costs, which seem to make up an unduly high proportion of the total cost". 1/

The reason for this opinion was that while labor cost declined from about \$280,000 to \$98,000 from 1929 to 1933 the administrative cost remained unchanged although it was brought out in the evidence that in 1928-29 there were six executives while the number decreased in 1933 to five. It seems therefore that the per ^{capita} income of the executives ^{even} increased.

The following table, ^{No 33,} shows the gross total poundage of fresh fish sold, labor and administration costs and the percentage of the different expense per gross pound of fish sold for the years 1929-33.

1/ Report of the Royal Commission on Price Spreads, Ottawa 1935, p195

TABLE NO. 35.

Total gross poundage fresh fish sold, administrative expenses, cost of labour, and ~~percentage of~~ administrative expenses and cost of labour per pound of fish of Maritime National Fish Ltd. and Subsidiaries, Fish Department for the fiscal years 1929 to 1933.

<u>GROSS TOTAL POUNDAGE OF FRESH FISH SOLD</u>	<u>LABOUR COSTS</u>	<u>ADMINISTRATIVE EXPENSES</u>	<u>LABOUR P. PD</u>	<u>ADMINIST per pd.</u>
17,463,838	\$282,483	\$80,801	.161	.0,462
24,010,692	245,170	116,671	.102	.0,485
21,090,441	196,267	89,744	.093	.0,425
17,113,953	116,458	98,987	.068	.0,578
15,764,709	98,318	80,728	.0623	.0,512

(Figures taken from appendix C and E of Royal Commission on Price Spreads, Minutes of proceedings and evidence No 6, Nov 6, 1934, page 375, 377)

It is interesting to note that while the expenses for labour which amounted to 1.61 cents per pound of the total gross poundage sold, decreased to 0.623 cents in 1933, the administrative expenses during the same period rose from 0.462 to 0.512 cents per pound of fish handled.

Table ^{No. 35} is a good example of ^{the} quotation ~~expensive~~ which ~~was repeated~~ ^{was} used earlier:

"The labour of fishermen and plant workers was too cheap to force the industry to such alternatives, and in the milieu that existed, labor could be made to bear the incidence of low prices".

It is unfortunate that balance sheets are only published for three Nova Scotia fish companies. It will, therefore, be

impossible to analyze the reason for the "losses" in detail but two significant examples could be given.

(1) Mr. A. Handfield Whitman, who was already quoted on p.38a gave figures on profit and losses and depreciation in the balance sheet of his company, Robin, Jones and Whitman, for the years 1929-1933. The details are given in the table below:

TABLE NO 24

PROFITS, LOSSES AND DEPRECIATION AS SHOWN
IN THE BALANCE SHEET OF ROBIN, JONES AND WHITMAN OF
HALIFAX, N.S. FOR THE YEARS 1929-33

<u>Year</u>	<u>Profit</u>	<u>Loss</u>	<u>Depreciation</u>
1929	\$105,525.65		\$102,360.29
1930	85,051.79		103,444.07
1931		44,011.32	62,669.02
1932		89,750.65	50,833.28
1933		77,052.70	24,409.56

(Source: Royal Commission on Price Spreads, Minutes of Proceedings and Evidence, Nov 8, 1934. p.479)

It should be added that it was clarified at the same hearing that the amount set aside for depreciation was not an accumulated amount, but set aside each year separately.

This becomes evident because:

"if these figures refer to the accumulated depreciation reserve they would increase each year because of what was carried forward, but they show a smaller amount the last three years. " 1/

The losses were made up from a reserve account which amounted to \$250,000 in 1929, a proof that business was not so bad in the previous year during which the fishermen's income was already at a starvation level.

1/ Royal Commission on Price Spreads, Nov 8, 1934, ibid 470

2. A better example of the depreciation practice could be taken from balance sheets of the three Nova Scotia fish companies which were published by the Royal Commission on Price Spreads. It will be possible to pursue the history of depreciation of one particular item in detail in the balance sheet of Maritime National Fish of Halifax.

3. The Royal Commission on Price Spreads examined, in particular, the operations of the three largest Nova Scotia fish companies:

- 1) Maritime National Fish of Halifax, ^{Ltd.}
- 2) Lunenburg Sea Products Ltd. ^{Lunenburg, N.S.}
- 3) Lockeport Co. Ltd. ^{Lockeport, N.S.} During 1933,

Lunenburg handled 10,000,000 lbs of fish
 Lockeport " 9,000,000 "
 Maritime Nat Fish 28,000,000 "

(Report of the Royal Commission on Price Spreads, p. 183)

The financial results of the operations of these three companies differ to a great extent. The Royal Commission on Price Spreads computed the cost of raw material, processing and depreciation, interest and administration per pound of fish handled. The details of this computation are shown in the table, ^{NO 3.} that follows:

TABLE NO. 3 37

Computation of Cost of Raw Material, Processing, Depreciation interest and administration per pound of fish Handled for the year 1933

	<u>Lunenburg</u>	<u>Lockeport</u>	<u>Maritime Nat Fish</u>
Purchase Price	1.588 cts	1.32 cts.	1.5 cts
Process. Costs	-1759 "	-.60 "	1.14 "
Deprec. interest, administration	6 -.548 "	-.74 "	-.77 "
	<u>998</u>		
Total price per lb	<u>2.28 "</u>	<u>2.66 cts.</u>	<u>3.41 cts</u>
Average selling price	3.142 cts	2.67 cts	2.99 cts

(Royal Commission on Price Spreads, p. 293)
 Ottawa, 1935.

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The commission computed further the profit and losses of these companies per pound of fish. The following table, No 36, compares the balance sheet results of the three companies per pound of fish during the years 1929 to 1933.

Table No. 36

PROFIT AND LOSS PER POUND OF FISH OF THREE FISH COMPANIES BETWEEN 1929 to 1933

	<u>LUNENBURG</u>		<u>LOCKEPORT</u>		<u>MARITIME FISH</u>	
	<u>Profit</u>	<u>Loss</u>	<u>Profit</u>	<u>Loss</u>	<u>Profit</u>	<u>Loss</u>
1929	0.138			0.04		0.03
1930	0.221		0.17		0.13	
1931	0.279			0.01		0.28
1932	0.124		0.12			0.31
1933	0.147		0.01			0.42

Source: Report of the
(~~Minutes~~) Royal Commission on Price Spreads, p. 293
Ottawa, 1934

Maritime National Fish Company, Halifax, the company with by far the biggest turnover operated nearly all the time at a considerable loss, while the balance ^{sheet} of Lunenburg Sea Products, Lunenburg, and Lockeport Co., Lockeport showed profit. Since it is impossible to assume that a higher efficiency of the management of both these companies is the cause of the difference it will be incumbent to analyze how these three firms arrived at such different results in their balance sheets.

During the five year period mentioned above Maritime National Fish showed a loss to the extent of \$650,129.73 while it was brought out in the evidence:

"...the total depreciation, reserve, and the write down of the asset and good will amount to \$662,000..." ~~(Minutes)~~ /

1/ Royal Commission on Price Spreads, Minutes of Proceedings and Evidence, p246, Ottawa, 1934.

Major items of the written down amount of \$662,000 are:

Depreciation	\$ 359,315.96	
Written off, fixed		
assets	181,991.64	
good will	<u>121,229.94</u>	
	\$ 662,537.54	/a/

In short it could be said that the fixed assets of Maritime National Fish and Subsidiaries which at one time had a book value of \$1,271,234.57 ^{were} depreciated in 1933 to \$328,671.14. The debits are in the following table: *NO 39*

TABLE NO. 39

DEPRECIATION OF FIXED ASSETS TAKEN FROM CONSOLIDATED BALANCE SHEET OF MARITIME NATIONAL FISH LTD AND SUBSIDIARIES FOR THE FISCAL YEARS 1929-33

	<u>April 30</u> <u>1929</u>	<u>April 30</u> <u>1930</u>	<u>April 30</u> <u>1931</u>	<u>April 30</u> <u>1932</u>	<u>April 30</u> <u>1933</u>
Assets:					
Vessels.....	1,271,234.57	1,346,312.68	1,385,888.19	1,191,159.06	1,193,722.00
Depreciation Reserves	599,706.98	695,880.59	788,410.91	828,565.49	865,212.00
Fixed Assets	<u>671,527.59</u>	<u>650,432.09</u>	<u>597,477.28</u>	<u>362,593.56</u>	<u>328,510.00</u>

Source: ~~Appendix~~, Royal Commission on Price Spreads, ~~Minutes~~ Minutes of Proceedings and Evidence, Ottawa 1934 /a/

In addition to the depreciation reserves an amount of \$30,000 was set aside for refitting of trawlers. ~~Appendix~~ /b/

1 Royal Commission on Price Spreads, ibid
(a) p 372
(b) p 373

^{-ity and}
The liquid cash position of the company improved greatly.

On the asset side

Cash on hand increased between 1929 and 1933 from	\$15,159.27 to	\$58,387.14
Merchandise on hand decreased	" "	\$139,007.33 to \$38,568.55
Stores & supplies	" "	\$95,056.55 to \$59,992.60

On the liability side the company was able to repay a bank loan of \$99,097.80 in 1928/9 and the accounts payable decreased from \$157,382.16 to \$26,623.32. ^{1a/}

The evidence before the Commission brought this point out as follows:
~~interchange~~

Question: Mr. Norman Sommerville, K.C. Counsel for the Commission
Answer: Mr. Harold G. Connor, Manager, Maritime National Fisheries Co.

Q. And you have successfully maintained your cash position during these last few years very well indeed? A. Yes.

Q. Notwithstanding the appearance of these very heavy deficits which have accumulated of some \$650,000? A. Yes.

Q. As a matter of fact, your cash position--even with reduced trade--is within \$30,000 of its position five years ago? A. Yes.

Q. And from a cash operating standpoint these deficits have not been reflected in any difficulty, as far as your cash position was concerned? A. No.

Q. They are actually bookkeeping deficits, are they not, set up as such on your records?--A. Yes. We followed a policy of entrenchment to the limit.

Q. Yes, but what I mean is the deficits or losses are not reflected in your having lost certain assets? A. No.

Q. You have exactly the same assets as you had, with whatever may be their depreciated value from five years of operation? A. We have the same assets except that we have two plants which are practically worthless. 1b

1/ Royal Commission on Price Spreads, *ibid.*
(a) page 372
(b) " 453

The management of Maritime National Fish was very well aware that the balance sheet of the company reflected ~~the~~ ^{Some years later,} its financially very sound position. Mr. Harold G. Connor expressed this opinion in the following:

"Of course, our books is all our value, there is no water in our company. It is a sound little semi-privately owned company that is not watered in any way shape or form."

The focal point of any critical evaluation of the balancing methods of Maritime National Fisheries will be to prove the true value of the depreciated fixed assets and herewith to answer the question whether it was true or not that the M.N.F. lost \$650,000 between 1929 and 1933, ^{and whether M.N.F. was unable to pay a higher price to the fishermen owing to the losses of the company}

The study will now proceed to examine the cash value of the fixed assets of M.N.F. which as it was mentioned above showed in 1933 a book value of \$328,671.14.

M.N.F. came into being in 1929 by a merger of Maritime and National Fish of Halifax. Atlantic Coast Fisheries of New York City bought all the shares of these two companies and their subsidiaries and paid an amount of \$750,000 in cash (p.385). The consolidated balance sheet of the new company shows at this date a book value of \$671,177.50 of the fixed assets.

The evidence mentions this purchase in the following way:

Questions: Norman Sommerville, K.C.

Answers: Alfred I. Brittain, Pres. of M.N.F. Fish Co., Ltd., Halifax and Montreal

Q. Well, they paid \$750,000? ~~As both firms were broke prior to that~~

A. Both firms were broke prior to that.

Q. They paid \$750,000 for two broke firms then? A. Yes, sir.

Q. That was good selling? A. I would say so

V Testimony of Harold G. Connor, before the Advisory Board, October 18, 1939

Q. You do not usually get away with that on a Connecticut Yankee?

A. Never again. 1/

Despite Mr. Brittain's opinion that \$750,000 were paid ^{among other things} for two "worthless plants" or "two broke firms" the "Connecticut Yankee" got away with it.

It is not possible to trace all payments which Atlantic Coast Fisheries received during that time of ownership ^{of A.C.F.} which lasted until 1937. In this year Atlantic Coast Fisheries sold the Maritime National Fish Co to a consortium lead by Mr. Harold J. Connor, Manager of Maritime National Fish for about \$800,000. 2/

During the period of 1929 to 1931 Atlantic Coast Fisheries received an amount of \$67,000 as payment for "an arbitrary charge" but no dividends were paid. ^{1/} (205). In 1936 the fixed assets decreased through the loss of the trawler Lemberg on the high seas. The insurance paid the amount of \$75,000 for it. No information ^{is} ~~was~~ available on any dividends or other payments between 1933 and 1937 but without taking any possible ^{Atlantic Coast Fisheries} payments during this period into consideration, ^{did not} lose even so ^{much as} a penny on their investment and received in addition a fair rate of interest on it. Atlantic Coast Fisheries made a capital profit of \$50,000 on their investment in addition to the other payment mentioned above.

1/ Royal Commission on Price Spreads, p. 392

2/ Testimony of Mr. Harold G. Connor (b) p. 385
before the Advisory Board, Oct 18, 1939

The acquisition of the fixed assets of Maritime National Fish which Mr. Harold G. Connor received when he bought all shares of Maritime National Fish for \$800,000 in 1937 proved in 1945 to have been a most profitable business. No information on earnings of this company have been secured with the exception of the fiscal years 1938 and 1939. The balance sheet at April 30, 1938 shows an earned surplus of \$44,035.06 and the balance sheet at April 30, 1939, of \$16,190.08.

However these figures seem to be unimportant in comparison to the cash profit which was made when Ralph P. Bell of Mahone Bay, N.S. bought all shares and fixed assets at a price of \$1,173,319. Details of this purchase are given in the following schedule, table no. 40.

TABLE NO 40

PURCHASING PRICE OF MARITIME NATIONAL FISH AND
SUBSIDIARIES BY RALPH P. BELL OF MAHONE BAY, N.S.

Maritime National Fish Ltd., Halifax, N.S.	\$ 7,500
National Fish Company Ltd.	" 407,499
Maritime Fish Corporation Ltd. Digby, N.S.	157,000
Fasterfat Limited Halifax, N.S.	150,000
National Laboratories Ltd.	" 1,320
Golden Ray Fishing Company	" 150,000
Venosta Limited	" 150,000
Prospect Trawlers Ltd.	" 150,000
	<u>\$1,173,319</u>

(Source: Prospect of National Sea Products Ltd., Halifax, N.S., August 1945)

Looking back at the history of the financial transaction of Maritime National Fish Co of Halifax from 1929 to 1945 it could be stated that no one but the fishermen suffered any financial hardship through the operation of this company. Atlantic Coast Fisheries, the owners from 1929 to 1937, realized their purchasing price, made a modest capital profit on their in-

vestment and received some payment in lieu of dividends. But the Nova Scotia consortium which bought the company back from Atlantic Coast Fish made a capital profit of \$375,000 on an investment of \$400,000 within eight years.

From the general public's point of view, interested in the smooth function of our economy, a recurrence of conditions as having been in existence in Nova Scotia cannot be tolerated. It has been proven how very well the policy ^{of} "retrenchment" and ^{of} "depreciation of assets" paid to the owners ^{of} ~~the~~ main Nova Scotia Fish Companies. A repetition of the situation could become dangerous to the whole nation and even a "far sighted businessman" not interested in his immediate profits but thinking of the future of his business will feel that the policy employed during the depression days in Nova Scotia was wrong.

"The more they (far-sighted business man A.S.) think of the year 1933 the more they realize that they do not want another one like it because a good many share my private opinion that if we have another depression like 1933, the public might change the entire economic situation of this country. I do not believe that the general public would consent to another ten years of depression similar to the one they have just gone through, without a violent upheaval." 1/

1/ Statement of Walter Mann, Economist, Fish Section, Food Division, Office of Price Administration, p.15 of Price Sellings on Fishery Products, Executive Hearings before Committee on the Merchant Marine & Fisheries, House of Representatives, June 8 and Nov 17, 1943. H. Res. 52

It is deemed to be necessary to give an explanation of how it was possible that Maritime National Fish could prove to the many Commissions investigating the price setting of fish that it lost money on every pound of fish, either caught with its trawlers or bought from fishermen, therefore proving that it was not impossible for the company to pay a better price to the fisherman or charge a lower price to the public. The solution of this problem is that the fish companies, as shown before, depreciated their assets to the greatest extent. The Counsel for the Royal Commission on Price Spreads tried to find out whether the valuation of the assets in the Maritime National Fish Company balance sheets had any reflection of their actual value, asking the auditor whether he had knowledge of the true value of the assets or even their insurance value.

Questions: Norman Sommerville, K.C.

Answers: F.A. Nightingale, Auditor of the Commission

B. Mr. Sommerville:

Mr. Nightingale, before we leave the financial statements that were submitted this morning referring to the consolidated balance sheet, it appears that the total fixed assets are carried at a net figure of \$328,671.14?

A. Yes.

Q. That is, after allowing for depreciation of \$865,252.30?

A. Yes.

Q. Do you know as to whether or not that \$328,000.00 odd represents the actual value of those fixed assets, or what information have you upon that subject?

A. That only represents the book value.

Q. That represents the book value?

A. The remaining book value.

Q. And do you know as to whether or not that bears any relation to the actual value?

A. I do not know.

Q. That is something that you are not familiar with?

A. No.

Q. Then have you a knowledge of how much business insurance is carried upon these assets, the quantity of insurance?

A. No, I have not." 1/

It is impossible and at the same time unnecessary to trace the depreciation of each item. An example of the company's methods in determining depreciation is seen in the case of the company's trawlers "Venosta, Viernoe and Rayon d'Or". These trawlers were acquired by Maritime National Fish, or its predecessors, in the following years:

Rayon d'Or, acquired in August, 1913, for about \$129,500, built in 1912.

Viernoe, acquired in the fall of 1925, for about \$45,810.34; built in 1914

Venosta, acquired in the fall of 1925, for about 124,000; built in 1917. 2/

1/ Royal Commission on Price Spreads, p. 349
ibid.

2/ Dept. of Transport, Ottawa.

In 1933 the company showed a 75% depreciation of these three trawlers, which was charged to operations. Consequently the book value was about \$95,000 for all three of them. But Mr. Connors, former president of Maritime National Fish and now general manager of National Sea Products did not remember anything about this state of affairs when he was asked by the Chairman of the Advisory Board, mentioned earlier, on October 18, 1939. "I suppose the price of vessels was down during depression periods too?" Mr. Connors answered: "I don't know that".

At the time when the total book value for the three trawlers was \$95,000 Marine Insurance was carried to the amount of \$225,000. A fourth trawler Lemberg which was purchased at a price of \$110,000 showed in 1933 a depreciation of \$82,775. When it was lost in 1936 or 1937 the insurance paid the full amount carried, \$75,000.

On September 9, 1939 the Royal Canadian Navy requisitioned the trawler ^{Rugon d'Or,} and on October 11, 1939 the trawlers Vierges and Venosta.

Trawlers are very important from a national point of view because they are a potential naval auxiliary and can be very easily converted for mine sweeping duties and used immediately for patrol purposes. During World War II the British Navy requisitioned:

"Out of a total of some 1,030 steam trawlers available at the outbreak of the war about 816 were requisitioned at one time or another, the maximum number on naval service at any one time being about 690. The number

"requisitioned during the first three months of the war was about 330. Towards the end of 1939 when the magnetic mine first made its appearance there was another heavy demand for minesweeping and about 190 more vessels were requisitioned. As counter-measures to the magnetic mine were devised and fitted, some of these vessels were returned to the fishing industry, but others were taken up for various purposes following the collapse of France, and in January, 1941, the total number on service reached the figure of 690 referred to. The number available for fishing was only about one-quarter of the pre-war fleet, and the catching power was even less, as practically all the larger and more efficient ships had been taken." 1/

The Japanese sold all but a very few of their trawlers during the World War I to European nations.

"Since 1917 trawling vessels built in Japan have conformed to detailed specifications which enhance their adaptability as naval craft. These specifications require them to be of steel constructions, with a displacement of more than 200 tons, a speed of more than 11 knots per hour, and a cruising range of 3,000 miles." 2/

Having requisitioned these vessels, the Navy was faced with the alternative of either purchasing them outright, or chartering them on a monthly basis.

It was mentioned above that the book value of these three trawlers was about \$95,000 in 1933 ^(the insurance value amounted to) or \$225,000 for all three. Yet Maritime National Fish Company insisted that \$220,000 for each trawler or that \$684,000 for the three vessels would be a fair price for outright purchase of these vessels by the Navy. This point will be made quite clear through the following compilation. in Table 49.

1/ Fisheries in War Time, London, 1946. p.31

2/ Journal of International Economy, July 14, 1945, p.5

TABLE NO. 42

SUMMARY OF ORIGINAL COST, BOOK VALUE AND
COMPENSATION DEMAND FOR THREE TRAWLERS BY MARITIME
NATIONAL FISH, Ltd., Halifax, N.S.

	Rayon d'Or (built 1912)	Venosta (built 1917)	Vierno (built 1914)
Purchase Price	\$129,500	\$124,000	\$ 45,510.34
Book value, 1938	31,500	31,500	31,500.00
Compensation demand, Oct 18, 1939	228,000	228,000	228,000.00

The alternative to outright purchase by the Navy was to take the trawlers on a monthly charter basis. In this case Maritime National Fish asked for an amount of \$14,000 per month as charter or \$504,000 for all three trawlers a year. This point was brought out in the hearing in the following way:

Question: The chairman, Justice M.B. Archibald
Answer: Mr. C.B. Smith, K.C., Counsel for M.N.F.

- Q. You are suggesting approximately \$14,000 a month for each trawler?
- A. Yes.
- Q. That is \$42,000 a month, that is \$504,000 a year.
- A. Approximately.
- Q. You value the three trawlers at \$684,000?
- A. Three times \$228,000.
- Q. It seems fairly high rental (\$504,000) to pay for a value of \$684,000?
- A. It is an enormously high rent. 1/

1/ Testimony of C.B. Smith, K.C. Counsel for Maritime National Fish Co., Halifax, before the Advisory Board for the Great Lakes, River St. Lawrence and Atlantic Coast Region appointed to make recommendations as to a fair compensation to be made to the owners of vessels requisitioned for His Majesty's Service, Oct. 18, 1939.

The chairman of the Board considered the demands as:
"manifestly excessive and having regard to the actual
value of the vessels manifestly absurd". 1/

In the recommendations of the Board the Board pointed
out that:

"the value of the vessels as it appeared in the books
of the companies does not furnish a helpful guide" 2/

ation of
to determine the true value of the trawlers.

Consequently the Board decided that the true value of
the trawlers could be recognized best by taking Maritime
National Fish's own evaluation as a basis. This estimate
was considered to be manifested in the amount in which the
trawlers had been insured since 1937: \$100,000. Any other
evaluation would be wrong, the Board said:

"Having regard to the value of the vessel and the sum
for which it is insured, this suggested compensation (\$684,000)
as outright purchase, or \$504,000. AM. 9. charter, ^{basis,} (XXXXXXXXXX
XXXXXXXXXX, not to be taken, better XXXXX) appears to the
Board to be not only excessive in the extreme, but is not
based on a sound principle or one which can be accurately
determined".

1/ Letter of Justice M.B. Archibald, Jan 15, 1940)

2/ Recommendation of the Board to the Minister of Transport,
dated Jan 12, 1940.

Ex posteriori the paper is sure that the Commission would have come to definite and ^{to} very different results if it would have insisted ~~on~~ ^{to} have at least the insurance value disclosed instead of accepting the figures in the books of Maritime National Fish Co. Ltd. as final. Instead of guesses with regard to the price spread or to the fairness of the price paid to the fishermen the Commission would have drawn different conclusions.

CHAPTER VI

THE ECONOMIC POSITION OF THE FISHERMEN IN RELATION TO THE CONCENTRATION OF ECONOMIC POWER PREVAILING IN THE NORTH ATLANTIC FISHERIES INDUSTRIES

Before turning to an examination of the concentration of economic power with which the fishermen is confronted, a scheme of the three different phases of the operations of the North Atlantic fishery industry will be given.

(I) Primary operations (catching of fish)

- (1) Fishing in fully company-owned vessels, druggers, trawlers
- (2) Fishing in only partially-owned vessels (especially schooners).
- (3) Fishing in independently owned vessels.
- (4) Sale of gear, provisions, oil and fuel to vessels.

(II) Secondary Operations (processing and reduction plants)

- (1) Operation of fresh fish and freezing plants.
- (2) Operation of fish curing plants.
- (3) Operating of fish reduction plants.
- (4) Operation of fish oil (medical) laboratories.

(III) Tertiary Operations

- (1) Wholesale distribution at consumption centers.

1. What forces enter into the determination of the landing price of fish--and thus into the determination of the fishermen's income? The factors of monopolistic tendencies and concentration of economic power to the extent as they affect the fisherman will be examined in the following.

Regarding price setting, the fishermen on the Atlantic Coast maintain that they are without bargaining power and contend that all the cards are in the hands of fish companies.

4/ This applies first of all to the price setting of fish as such. The fish price in Nova Scotia is very much uniform and the fishermen ^{as} witnesses before the Royal Commission on Price Spreads in 1934 agreed that a strange coincidence of similarity of fish prices paid by fish dealers was apparent all over the country.

Questions: W.W. Kennedy, K.C., M.L. Chairman

Answers: Captain Roland Knicker.

Q. There is no competitive buying by the merchants?

A. Supposed to be, but when you have a combine right here, there is no competition. There are four or five out there, but it is not effective; they combine; no competitive buying.

By Mr. Sommerville, K.C.

Q. You get the same price from them all?

A. Yes. For instance, if the merchants want to make the price of fish four dollars per quintal, there would be the same thing in Lunenburg. 1/

By the Chairman:

Q. As I understand your opinion on the point raised by

1/ Royal Commission on Price Spreads, Ottawa, 1934, p. 4
Minutes of Proceedings and Evidence

Mr. Factor it is, that so far as your catch of fish is concerned you have no competitive market, and you claim you have to take the price given to you by those who control the market at those points?

A. Yes, sir.

Q. That is right?

A. That is right. 1/

Question: James Ilsley, M.P.

Q. You object to a combine between the various buyers; you complain of a combine between the buyers and you think it is a bad thing for the fishermen?

A. Yes.

Q. I had heard, for the last few years, that they should combine in order to keep the price up?

A. It may be all right for the selling part of it but not for the buying; it stops all competitive buying.

Q. You feel that they combine to keep the price up to the wholesaler and the price down for the fishermen?

A. They may. 2/

Questions: Norman Sommerville, K.C.

Answers: Lewis E. Bailey

Q. Is there any competition in the price that is paid for the fish that you bring in, among the different fish companies?

A. Do not seem to be any, no; the same price all over.

Q. Uniform price all over?

A. Seems to be.

Q. The same price is paid by all the fishing companies?

A. Yes.

Q. How many companies are there operating in your district?

A. There is one company, the Maritime Fish Corporation only. 1/a

A. At our place, we have what I would consider agents buying. What I mean by that is they buy them and get a commission on them and turn them over to the Maritime Fish Corporation. A few are operating at local places, but not worth mentioning.

Q. If that is so, there is not much competition for your fish?

A. No.

Q. If there is competition, there is no competition in price at any rate?

A. No.

Q. The price is the same?

A. Yes. 1b/

By Mr. Sommerville:

Q. At any rate, you do get the same prices quoted to you from these firms to who you sell halibut?

A. Yes, there are only two in our district.

Q. There are only two, and the price is always the same?

1/ Royal Commission on Price Spreads, Ottawa, 1934
Minutes of Proceedings and evidence

a. p. 73

b. p. 73

A. It is always the same with both dealers. 1/

Question: Mr. D.M. Kennedy, M.P.

By the Chairman:

Q. In this case where you say there is a surplus of buyers do you get the competitive bids for your fish?

A. To a certain extent.

Q. Well, will you elaborate that please.

A. In the smelt fishing the different concerns have men employed either on wages or so much a pound, and all the time they are travelling around with a horse and sleigh, all trying to get to the different fishermen first, and as a rule they agree upon a price.

Q. Agree with whom?

A. Among themselves, a kind of set price.

By Mr. Kennedy:

Q. The buyers agree among themselves on a set price?

A. Yes, they agree among themselves on a set price. Probably one of the big fellows will pay so much and the others will all pay the same. 2/

In two petitions to the Price Spread Commission, the first one submitted by the fishermen of western Nova Scotia (recorded in exhibit 234, p. 45) it is mentioned:

"Whereas, owing to the present agreement, between the fish firms, to all pay the same prices, we fishermen cannot sell our product. Our product is handed to these firms and we can do nothing but take their prices, regardless of Supply and Demand."

Under petition from fishermen from Digby and vicinity (recorded in Exhibit No. 238, p.88) the fishermen claimed:

" Whereas, owing to the present agreement, between the fish firms, to all pay the same prices, we fishermen cannot sell our product. Our product is handed to these firms and we can do nothing but take their prices, regardless of supply and demand.

Whereas, considering our position, as explained above, we fishermen consider ourselves no longer free men. Are we not completely in their power?

The above-mentioned agreement goes under the title of co-operation; nevertheless, we consider it a combine"

The Commission report summarized these and other reports as follows:

"Company representatives appearing before and communicating with us, represented that there was no agreement among them as to the prices to be paid the primary producer, but the uniformity of prices offered gives ground for belief that if there is not an agreement, there is at least a price understanding among the dealers. In its effect upon the primary producer it is immaterial whether this practice of uniform prices is referred to as an "understanding" or as a "combine". 1/

The situation with regard to price setting is still unchanged. Halifax, Lunenburg, and Lockeport pay always the same price for fish while the price in North Sydney is lower and in Yarmouth slightly higher than in Halifax.

1/ Royal Commission on Price Spreads, p. 168

ibid

already in the thirties the fishermen maintained that "independent" fish dealers were nothing but commissioned agents of the big companies. Since the merger of the bigger Nova Scotia fish companies into one corporation, National Sea Products, Ltd., Halifax, the situation has become necessarily more accentuated.

In 1934, it was already brought out in the evidence that the price paid for fish in Halifax determines the price in Cape Breton.

Questions: Mr. Norman Sommerville, K.C.
Answers: Mr. Burton L. Wilcox, Louisburg, N.S.

Q. Perhaps I was not correct in the statement I made of the effect of your evidence. When you get the same price at Louisburg that they get at Lunenburg, you get a relative price?

A. Yes; that is what I am trying to say.

Q. The price at Louis burg is the same price as at Lunenburg less certain freight differences?

A. Exactly.

By the Chairman:

Q. In other words, the price paid at Lunenburg practically governs the price you get?

A. The Halifax and Lunenburg price governs the fishing market. 1/

It was conceded by Mr. Harold J. Connor, in an answer to a question how the requisition of three company owned trawlers had affected the company's position, that through the ownership of trawlers Maritime National Fish was able to set the price of fish in Halifax.

Question: The Chairman
Answer: Mr. Harold J. Connor

Q. With the loss of your trawlers you have lost your independence so far as controlling prices in Halifax?

A. Absolutely. 1/

Since 1939 the date of this hearing the amount of trawlers owned by Maritime National Fish has increased, the Lunenburg Sea Products, ^{Ltd.,} W.C. Smith of Lunenburg, and Maritime National Fish of Halifax have, ^{among other companies} become divisions of National Sea Products and so it has come about that one company in Halifax is able to set the price of fish all over Nova Scotia. The position of National Sea Products could be called a monopoly but it may even better be termed a monopsony.

"Monopsony exists on the buyer's side of the market when a single buyer, or group of buyers acting in unison, control the entire demand for a commodity, or enough of it to enable them to augment their profits by restricting the amount they will purchase or by reducing the price they will pay." 2/

2. But even if the fish company in Halifax is not interested in some ^{is} products the fisherman eager to sell his catch is always confronted with a concentration of economic power. Bargaining is made impossible by the mere fact that in many fishing villages ~~there is~~ ^{exists} only one fish dealer and consequently price setting is final.

The following testimony illustrates this point. At a hearing of the U.S. Senate on June 1, 1939, Mr. Claude Meigs, of Niceville, Florida explained the matter:

1/ Testimony of Harold J. Connor before the Advisory Board for the Great Lakes, River St. Lawrence and Atlantic Coast Region appointed to make recommendations as to a fair compensation to be made to the owners of vessels requisitioned for His Majesty's Service. Oct 10, 1939.

2/ Temporary National Economic Committee, "Competition and Monopoly in American Industry".

".....Let me state the policy that we work on. We tell the fishermen before they go out on a trip what we will pay for the fish. If we think conditions warrant it, we say: 'We will pay you 7 cents a pound for snapper, 3 cents a pound for grouper, 4 cents for mackerel', or whatever it may be. When they come in, they are on our hands at that price, but we do not send the fishermen back out until we see that we can dispose of the fish at those prices. The fishermen when he goes out knows what he is going to get for his catch. We fix the price before he goes out. That is different from the operation in some sections of the country, because they do not know what they are going to get until they come in, but in our particular locality we fix the price before the fisherman leaves the wharf". 1/

But even if there are more fish dealers in one place they will not compete whether they have a tacit agreement regarding prices or not. The reason is that all of them have the same interest--low ^{prices} wages in the interest of higher profits. The idea of the free enterprise economy is destroyed by the common relationship of all dealers to all fishermen. All dealers as a group are in the same boat and all fishermen as a group in another one. There is no differentiation ^{within} ~~in~~ one group but the only difference which does exist is between the dealer and the fishing crew.

1/ Hearing before a Subcommittee of the Committee on Agriculture and Forestry United States Senate, S.2110, June 1, 1939. Washington. p. 15-16.

As before the study will try to illustrate the theoretical discussion with an example from the U.S. scene. The three main New England fish ports are Boston, Gloucester, and New Bedford. Although Boston operates a fish exchange with an auction system and the dealers in New Bedford and Gloucester buy independently, the fish prices in these three ports show a uniformity insofar that Gloucester always pays a much lower price for the fish than Boston. The question of the freight differential should be quite unimportant because it does not exist with respect to the haul to far distant consumption centres.

The following tables nos. ^{42/43} show the landing price for large and market cod and large and scored haddock in Boston, Gloucester, and New Bedford from January 1946 to December 1947. The publication of these figures was discontinued by the Mass. Dept. of Conservation at that time.

The conspiracy regarding the price setting of fish which the Nova Scotia fishermen supposed to have taken place among the fish dealers could not be proven. Yet a criminal conspiracy regarding the same matter was proven to have taken place in New Bedford. The fact of this conspiracy explains to a great extent the uniformity^{of prices} in *Tables No 142-143* shown above.

The U.S. Federal Trade Commission received in 1942 many complaints about the situation among fish dealers in New Bedford:

"These inquiries indicate that prior to the wartime developments the market was largely dominated by the activities of the oldest and largest concern, L.S. Eldridge & Son, which leased the whole of Pier 4 at New Bedford and operated under the above name in the wholesaling of fish and under the name of New Bedford Fish Co. in handling scallops. The Eldridge companies, as already stated, handled about two-thirds of all fishery products landed in New Bedford."

From its dominant position, L.S. Eldridge & Son appears to have occupied a strong position of price leadership. The smaller dealers often would hold off waiting to learn, if possible, what Eldridge was paying. This was not always easy because all sales were private. Captains and crews likewise were reluctant to commit themselves definitely either to Eldridge or to the other wholesalers until the prices had been definitely established for the day." 1/

the case,
In ^{the} United States of America v L.S. Eldridge & Son,

Inc. et al the New Bedford Grand Jury indictment charged especially:

1/ Report of the Federal Trade Commission on Distribution Methods and Costs, Washington 1945, p. 56.

"(1) That the defendants each buying day agree among themselves on the price to be offered and paid each buying day for fish landed at said New Bedford." 1/

3. Like the inshore fishermen who have no bargaining power in face of the fish dealer, crew members of fishing vessels, regarding their income depending on the sale of fish, are without influence in selecting a market place and price at which the catch is to be sold. Duration of the trip, destination of the vessel, in short the whole management of the vessel, is in the hands of the master of the vessel. His rules are final.

In the case of the "Carrier Dove" which was quoted earlier in another connection; the court said:

"the fishermen were not partners in the venture and had a lien on the vessel for wages though the captain had absconded with the proceeds of the catch. ~~The court said~~ They (the fishermen) had not a full right and power to select their own agent for the sale of the catch for the simple reason that they were not partners. They were hired fishermen whose wages were dependent on the success of the fishing in which they were engaged." (97 F. 111, 1 C.C.C. 1899)

Leaving out of consideration the question for the ^{2/} time being whether the fisherman is an employee or a co-venturer the master of the ship is definitely an employee who receives his orders from the owner. Therefore from the economic and not from the legal point of view the orders of the owner only determine the disposition of the catch and the income of the fishermen. The only bargaining power

1/ Indictment returned Feb 8, 1948, United States of America v. L. Aldridge & Son Inc. et al., No 16505 Criminal U.S. District Court, District of Massachusetts, pp8-9.

2/ see page...

which is left to the fishermen is not to sign on for the next trip. The dissatisfaction of the crew members with working conditions prevailing on vessels is expressed by the fact that:

"The number of men who at some time in the season have acted as crews varies from 1.5 to 6.5 times the number required to make up the normal crew and that of all the men who in the course of the season join in fishing ventures as crew only 17% stay with the vessel through all the voyages of the one season." 1/

The same fact was expressed by Mr. W.P. Potter, K.C. when pleading the case of various fish companies before the Wartime Labour Relations Board (National) Ottawa on January 8, 1946:

"The turnover also of crews has been tremendous. The crews that were engaged on these vessels at the time of the applications have turned over three or four times, as is shown by the papers on file. I take a few illustrations down through the list of ships.

The "Francis Geraldine"; in two months' fishing her normal crew was twenty-seven; in two months' fishing she had employed altogether thirty-three men.

The "Robert J. Knickle"; normal crew, twenty-four; in six months' fishing she had employed thirty-four.

The "Harry W. Adams"; normal crew, twenty-seven; employed eighty-one men;

The "Haligonian"; normal crew, twenty-six; employed thirty-six men.

The "Marguerite B. Tanner"; normal crew, twenty-five; employed twenty-nine in seven months.

The "Irene Mary"; normal crew, twenty-five; employed seventy-nine.

The "Fairmorse"; normal crew, twenty-five; employed fifty-two.

~~"The 'Hafner'"; normal crew, twenty-five;
employed fifty-two.~~

The "Muriel Isabelle"; normal crew, twenty-three; employed fifty-eight in nine months.

The "Caroline Rose"; normal crew, twenty-five; employed fifty-four.

The "Clarence J. Morrow"; normal crew, twenty-three; employed thirty-three.

The "Arthur J. Lynn"; normal crew, twenty-seven; employed 102 men in seven months.

And so on down through the whole fleet." 1/

(4) Another point which is made by fishermen in giving reasons for their lack of bargaining power is that fish is a highly perishable product, spoils very easily, and they must sell their catch at once. They have only one choice, viz. to accept the price offered them by the fish dealer or company or see their catch spoiled. On the other hand the fish companies are in a different position. They are the owners of the cold storage plants, and owing to the advance of technique and improvement of quick freezing methods, fish does not need to be handled in its fresh form but can be processed and sold in frozen form. Consequently the fish buyer is in a different position. He can manipulate the market, withhold fish from the consumer, not move frozen fish from cold storage warehouses, and landing points of fish, to other parts of the country, and thus create an artificial glut at the landing points, and in general manipulate the supply so as to conceal the true nature of the demand-supply relationship. The threat of spoilage is a

1/ Proceedings of open meeting of the National Labour Relations Board, (National) Jan 8, 1946, Canadian Fishermen's Union, appellant; and various fishing vessels, File 756:74, p. 35.

threat to the fishermen only; he must sell at once.

How serious this threat is to the fisherman and how very well understood the situation is is brought out by the fact that the indictment against L.S. Eldridge & Son Inc. of New Bedford, as quoted above mentioned (K):

"That the defendants at times keep fishing boats loaded with fish waiting in the said harbor until such time as they can purchase such fish at distress prices." 1/

Furthermore the ownership of cold storage warehouses increases the economic power of the owners by the fact that the fisherman depends on the cold storage warehouse for bait. No point will be made on the price setting of bait which is said to be unfair to fishermen but the sale of bait is in many cases made under the condition that the catch has to be sold to the cold storage plant owner who is at the same time a fish dealer. This again tends to decrease the bargaining power of the fisherman to zero.

In connection with the truck system a letter by the Deputy Minister of Quebec Department of Fisheries, Quebec, Que. was quoted stating:

"that the truck system among the fishermen on the Gaspé Coast has almost disappeared entirely upon the establishment of fishermen co-operatives." 2/

The economic liberation of the Quebec fishermen from

1/ Indictment returned Feb 8, 1948, United States of America v. L.S. Eldridge & Son Inc. et al., No 16505 Criminal U.S. District Court, District of Massachusetts, p.6

2/ Letter of the Deputy Minister of the Quebec Dept. of Fisheries, Quebec, Que. dated May 26, 1948.

their dependence on the fish dealers through their co-operatives was greatly helped by the assistance which the Quebec government rendered by building publicly owned and publicly operated cold storage warehouses.

Being able to put his fish into a cold storage warehouse instead of accepting price dictation from the dealer gave the Quebec fisherman the bargaining power which enabled him to build up his co-operative movement.

Although the Nova Scotia government makes certain contributions towards the building of cold storage plants, no government operated cold storage warehouses exist in Nova Scotia.

3. The consequences of payment of low fish prices to the fishermen during the ~~1930s~~ depression years were not only felt in the lowered standard of health of the people in Nova Scotia but they brought about a complete change in the economic position of the fishermen within the fisheries economies. It was the custom in Nova Scotia that the fishermen joined their funds together in a co-operative venture and built a schooner^s. Consequently the ownership of ~~the~~ ^a vessel ~~was~~ was not vested in one person but divided into sixty-four shares, as was mentioned earlier. 1/

Therefore every fisherman fishing on a schooner was at the same time a shareholder and partial owner of the vessel. It went even so far that ~~no~~ fisherman could go fishing on a vessel unless he was a share holder. Fishermen as joint owners of fishing schooners can operate only on a cost of production basis because they operate only on the primary level of production. If the returns of the catch are not high enough to cover the cost of production the boat operates at a loss.

The schooner is outfitted and supplied with provisions mainly from company stores with which the fishermen have an understanding with regard to the sale of their catch. Now if the returns of the catch ^{were} ~~was~~ not large enough the boat ^{got} ~~was~~ into debt, and ~~was~~ ^{was} finally put on the auction block.

1/ see page ...

Therefore the policy of the Nova Scotia fish companies of paying low fish prices had the effect of eliminating the independently owned fishing boats, and to strengthen the economic power of the fish companies. The history of this development in Nova Scotia was reiterated by Captain Roland Knickle representing the fishermen fishing out of Lunenburg and Lockeport and himself a fisherman since 1899.

Questions: Norman Sommerville, K.C.

Answers: Captain Roland Knickle.

A. The salt fisherman--at one time we had 130 vessels out of Lunenburg; but since 1929 we lost all them on account of the depression and the amounts lost in the vessels, and we had to sell our vessels at public auction to release the debts contracted, plus capital--

Q. Wait a moment?

A. And now it comes down to about twenty-six vessels.

Q. You had 130 vessels running out of Lunenburg?

A. Yes.

Q. In the salt fishing trade?

A. Yes.

Q. In 1929?

A. Well, that would be about 1927. They started to come down from 1927.

Q. And it has been reduced since?

A. Yes.

Q. To a fleet of 26 vessels running out of Lunenburg.

A. Yes.

Q. Tell us what the reason is for that, and what has happened to the other vessels.

A. Yes. The other vessels operated every year at a loss. The loss averaged about \$5,000 per vessel per season. They were co-operative, and they continued on trying to keep going. It was a co-operative system we had there. During the war a lot of fishermen made maybe \$100 or so extra and they thought they were rich, and they invested the money in vessels with the master, and that is why we had a large number of people of this kind who operated in fishing. Now, when bad times came along, they lost on the boats, and the debt was so great that they had to be sold by the firms at public auction to pay the debts owing to the firm. Now in lots of cases the amount received by auction did not amount to anything to pay the bills--in fact, it is not all paid in yet. Therefore they had to reach down into the few dollars they had put away. I know in different cases that they lost as high as \$5,000. I mean we did not realize within \$5,000 of the debt. la/

Q. Now, with the decline that has taken place in the number of privately owned boats that you referred to, has there been or is there a tendency for those boats now to become company owned in your district?

A. Yes.

Q. And is that increasing?

A. It is, daily.

1/ Report of Royal Commission on Price Spreads, Ottawa, 1934.
p. 7 & 8. "Minutes of Proceedings and Evidence, Oct
30, 1934.

Q. The companies have a larger share in the ownership of the boats with the loss of investment of the independent, fishermen?

A. Yes. The reason that happened is, that when the vessels went into debt they were in debt to the firm, and they just figured out to let them go far enough until they saw they could probably realize the amount of debt, and then they put them up for sale, by public auction, and what happened was the firms bought them back and they eliminated the ordinary man from having a share in same, and that is why the firms are getting a stronger hold every day.

Q. In those boats?

A. Yes. 1/

In this connection it should be recalled that
^ The study mentioned the prevalence of a similar situation

in connection with the truck system or dealer-financing in Florida. 2/

It will not be possible to follow up the history of the ownership of schooners and other fishing vessels, ^{in the years after 1935} because this is a task far beyond the limit which has to be set for such a study and especially since the ownership of every vessel is ordinarily divided up into 34 shares which are owned individually. Wives, sons, and other relatives are share holders and the name of the company which ultimately controls the vessel is very seldom mentioned. In addition the names of the share holders are not accessible. Sometimes the repeated appearance of the identical name of the managing

1/ Report of Royal Commission on Price Spreads, Ottawa, 1934, p. 51. "Minutes of Proceedings and Evidence, Oct 30, 1934.

2/ see page 54.

owner gives an inkling about the inner relationship. A similar situation prevails in Boston with regard to the difficulty of tracing the ownership of trawlers. These trawlers are like in Nova Scotia very often owned by a special company named according to the name of the trawler. For example, the company owning the 64 shares of the Cape Agulhas, a trawler fishing out of Halifax and Lunenburg, is the Cape Agulhas Co Ltd., or the Lilla B. Ltd. owns the 64 shares of the vessel Lilla B. Bontillier. In these two cases it has been published that the owner of all shares is National Sea Products, Ltd., of Halifax but in many cases the concentration of ownership takes place in such a form that a director of a fishing company owns as a *figarchead* ~~majority~~ the majority or all shares which allows him in turn to control the vessel.

Consequently the concentration of economic power in the fisheries industry can be recognized:

14 In the increase in company ownership and the decrease in co-operatively owned vessels and boats since depression days and having the effect of transferring the fisherman to the same economic class as the usual wage earner.

15 (c) It is self-evident that a low fish price makes fishing in any vessel an unprofitable business whether the boat is owned by independent fishermen or by companies.

Even during prosperous years, there many trips which do not pay the cost of production to the boat owner and offer the fisherman only a pittance of an income. The small and independent boat owner who engages only in the primary stage of production - actual fishing operations - is unable to compete in the long run when compared with the large integrated companies which engage not only in the primary stage of production but in the secondary stage - processing also. It does not make any difference to them whether a vessel is operated on a profit or loss basis since the profit is being made on the processing level. On the contrary a so-called loss in operations in actual fishing depresses the price of fish in general and increases the total profits made on all fish used in the processing plants. In general the amount of fish landed by company owned vessels is not sufficient to provide for the needs and total requirements of the processing plant. This means that a depressed fish price or loss on the first stage of operation is the necessary and even desirable basis of increased profits on the total operation.

Since the policy of maintenance of low fish prices tends to eliminate the independent vessel owner from operations and on the other hand to strengthen the economic position of companies who operate processing plants, the fish companies are not interested in setting the price of fish on an "actual cost of production" basis.

Early in the study it was mentioned that Atlantic Coast Fisheries of New York had owned Maritime National Fish Ltd. of Halifax from 1929 to 1937, and therefore an opinion expressed by Mr. E.H. Cooley, President of this company could be interpreted as applying to Nova Scotia fish companies as well.

Mr. Cooley said:

"I have been asked...Do you think that the ceiling price on fish ought to be based on the actual cost of production by the boat, even though these fish are sold at auction and the cost of production does not have anything to do with it? Time and again fish have sold at the Boston Pier ~~for~~ at auction for much less than its cost of produce them. We have had literally hundreds of trips that did not pay their way, as the fish sold on the exchange for less than their cost of production. Therefore, the cost of production has not a thing to do with an article that is sold at public auction, because it is the law of supply and demand that controls the prices in these cases. I was asked if I did not think certain corrections ought to be made in the industry while we are doing this. I said, 'No; let us win the war first and then we can take those up!' 1/

In connection with the general remarks made above the reasons for Mr. Cooley's interest in winning the war first and adjusting the other complaints later on become very understandable.

The concentration of economic power in the fisheries industry can therefore be further recognized by ^{the} integration of operation of fish companies on the primary and secondary level.

1/ Executive Hearings before the Sub-Committee on Fisheries of the Committee on the Merchant Marine and Fisheries, House of Representatives, H. Res. 52, 1944

Q7 The fishermen further maintain that the concentration of economic power is caused by the fact that the fish dealers tend to keep out new competitors from their place of operations. This is done in the following way: a harbour or part of a fishing place has only limited facilities along the water front suitable for loading of boats and establishment of wharves and processing plants. The fish companies now succeeded, so the fishermen say, in securing the ownership of these suitable sites and consequently there is no space left where an enterprising new-comer could establish himself as a fish dealer.

A few examples could be given on this point. The Royal Commission on Price Spreads was puzzled^{as to} why no more people were interested in entering the fish business when it learned about the large fortune which one of the owners of Lunenburg fish companies left on his death:

Questions: Wm. A. Kennedy, K.C. chairman

Answers: Capt. Roland Knickle

Q. Let us go just a step further: if these fishing trade merchants are really prosperous, if the business yields large profits to them, why is it that there is no more competition; why are not more people going into the merchant class so far as the industry is concerned?

A. As a matter of fact, in Lunenburg we haven't any more sites, the water-front is all used up. I know of one firm--we had another firm there ten years ago, and the minute that firm died out the other firm bought the site up to keep somebody else from stepping in.

Q. Do you mean there is a limited area for sites?

A. Yes, along the water-front; it is a small harbour.

By Mr. Sommerville:

Q. And they must have sites on the harbour?

A. They must have docking facilities.

By the Chairman:

Q. Then these sites become very valuable?

A. They are so valuable that they cannot be bought at any figure at all. I will give you an instance: about three years ago we started to organize, we were going to build a cold storage, we were trying to get capital to build a cold storage, and we went to one firm and asked them for a site which they were not using and they said they would not consider selling it at all, that they would keep it." 1/

A similar situation existed in Lockeport, Reliable sources report ^{that} American concerns were interested in setting up processing plants in this town but they never succeeded in acquiring any site on the harbour.

In addition to the difficulty in finding and in acquiring a suitable site another obstacle has to be overcome by the newcomer; obtaining permission of the town council to set up the plant. ^{often} ~~Since~~ Fish dealers are, either councillors themselves or very influential ^{are} in the fishing village, ^{and} they try to exercise their influence in such a

way that the council for some reason or other refuses to grant permission.

Another example of ^a similar situations could be taken from New England. There the situation became so accentuated that the Antitrust Division of the U.S. Department of Justice had to start proceedings against five corporations and seven individuals.

As mentioned before *in New Bedford, Mass.,*
~~In New Bedford~~ Grand Jury proceedings started late in 1943 and an indictment was returned in February 1944:

"This indictment charges conspiracy in violation of the Sherman Act to unlawfully and unreasonably prevent and eliminate competition in interstate commerce in fish landed in the New Bedford market by securing control of all piers and fish landing facilities in New Bedford and refusing access thereto to all others than themselves; allocating to themselves and to the exclusion of others, the total supply of fish arriving in the New Bedford market; selling fish only to selected customers; boycotting persons selling fish landed in New Bedford to others than the defendants; boycotting fillet houses which purchase fish from other than the defendants; agreeing on prices to be paid for fish and margins to be charged in the sale of fish and using violence and other unfair methods against producers of fish and buyers of fish on the New Bedford market as the means of enforcing and effectuating the conspiracy alleged." 1/

Among the 13 points mentioned in the indictment that should be quoted in order to make the point given in this paragraph very clear are:

1/ Report of the Federal Trade Commission on Distribution Methods and Costs, Part VIII, p. 58, Wash., 1946.

"The aforesaid conspiracy has consisted of a continuing agreement and concert of action among the defendants, the substantial terms of which have been:

- (a) That the defendants secure control of all piers, wharves, and facilities suitable for landing fish at said New Bedford;
- (b) That the defendants refuse access to fish landing piers, wharves, and facilities at said New Bedford to all buyers except themselves;
- (c) That the defendants prevent anyone other than themselves from acquiring a place of business in said New Bedford for the purpose of purchasing fish ex-vessel. 1/

This case was settled October 1, 1946 upon the entry of nolo contendere by the defendants. Nolo contendere pleas are used by defendants and usually accepted by the Anti-trust Division of the U.S. Department of Justice for the following reasons:

"The principal reason that defendants use the nolo contendere plea in antitrust cases is that this plea does not constitute an admission that could be used against them in an action for treble damages brought by someone claiming to be injured by the defendants' conspiracy.

If the Department failed to accept nolo contendere pleas it would be forced to try a great many more criminal cases than is now the rule. Since guilty pleas could be used against them in treble damage actions defendants would rarely accept the risks involved in voluntarily entering pleas of guilty.

1/ Indictment returned Feb 5, 1948, United States of America v. L.S. Eldridge & Son Inc. et al., No 16505 criminal, U.S. District Court, District of Massachusetts, pp5-6

"This would require the Department of Justice to try a great many antitrust suits which would otherwise be settled by pleas of nolo contendere. Where convictions in such cases, after trials, would result only in the imposition of those fines that could have been obtained by accepting nolo contendere pleas, insistence upon guilty pleas would seem to result in needless waste of manpower. It is possible that successful trials would have a greater deterrent effect upon businessmen than acceptance of pleas of nolo contendere. Nevertheless, the Department has thought that greater economic good can be achieved through accepting nolo contendere pleas, and thereby freeing members of the Division's staff to commence work upon new complaints rather than expending months or years in trying cases." 1/

The defendants were fined \$10,000.

Another way^{then} of maintenance of economic power and of strengthening its concentration is the barring of new competitors by acquiring all suitable sites available along the water front.

(8) The concentration of economic power has increased further through the disappearance of smaller dealers and the establishment of fewer and larger companies.

In the first chapter of this report on the fishing industry the Royal Commission on Price Spreads discusses a very interesting point under the heading: "Concentration in ^{the} Industry":

"One of the most important problems is the trend, apparent for many years, toward centralization and in the distributing end of the industry.

It appears that formerly there were a number of small companies or dealers purchasing fish from

1/ U.S. versus Economic Concentration and Monopoly, a Staff Report to the Monopoly Subcommittee of the Committee on Small Business House of Representatives, H. Res. 64, 1946, p. 255

the producers in practically every fishing centre along the Atlantic Coast. Gradually, consolidations and amalgamations took place; some of the dealers were forced out of business; larger companies arose. For a time these larger units maintained plants along the sea coast, but later the plants located at remoter points were closed and there became apparent a general trend towards centralization. Even in communities where dealers and companies continued to operate, this trend toward centralization had its effect through a decrease in the number of those offering to purchase fish. In other words there was a local "centralization" even in instances where this did not extend to provincial "centralization".^{1/}

The history of the centralization of ~~the~~ ownership can be seen from the following details taken from the classified study on the Cod Fisheries by Harold A. Innis. It is regretted that no additional information has been obtained.

A. National Fish Company, Halifax.

Arthur Bouthilier founded the National Fish Co in Halifax, 1914, as the successor to some other companies with plants in Halifax, N.S., Lawkesbury, C.N. and Harbor Bretton, Newfoundland. National Fish was sold in 1929 to Atlantic Coast Fisheries of New York. This company having acquired at the same time the Maritime Fish Co of Halifax, merged the two companies into a new company which is called Maritime National Fish. In 1937 Maritime National Fish was resold to a Nova Scotia consortium. Finally, in 1945 R.P. Bell bought the Maritime

1/ Report of the Royal Commission on Price Spreads, Ottawa, 1955, p. 175

National Fish and merged it into his new company: National Sea Products Ltd., Halifax.

B. W.C. Smith

In 1936 W.C. Smith and Company operating in Lunenburg purchased plants at North Sydney, Lunenburg, and Hawkesbury from R.T. Bell and further acquired the plant of Nickerson Bros. of Liverpool, N.S. This company too was merged into National Sea Products Ltd., Halifax.

C. Maritime Fish Co

In 1910 Montreal interests founded Maritime Fish Company of Halifax by acquiring cold storage facilities in Cense and a fresh fish plant at Digby. The company, like National Fish Company of Halifax, ^{was} purchased by ^{Coast} Atlantic Fisheries of New York in 1929 and amalgamated with National Fish. The new firm has the name: Maritime National Fish. The history of the following years is given under A.

It is not necessary to pursue the history of the smaller companies. It was already said that Ralph Bell bought the assets of the companies mentioned above and financed National Sea Products Limited, Halifax, N.S. with a capital of \$750,000, 5% cumulative redeemable preferred shares and 250,000 common shares without par value. Mr. Ralph Bell of Mahone Bay subscribed and paid for all of the authorized share capital of the company

(except three common shares) for \$764,998.92 (\$675,00 for the preferred and \$89,998.92 for the common shares of the company being the entire authorized issue less the common shares issued to the provisional incorporators). The members of the newly formed company and the amounts which Mr. Bell paid for each company are shown in the following table.

Table No 44

As shown in the schedule, the companies merged into National Sea Products are engaged in producing and processing operations in the fresh and frozen fish fields. They own fishing boats and vessels outrightly. They also own cold storage facilities. At the same time the processing plants are wholesale distributors of their products at their place of operations.

This means that the operations of producing and processing are integrated. In addition, the two largest distributing firms in Montreal and Toronto, the main Canadian fish consumption centres, are merged into National Sea Products. Consequently, having integrated fishing operations of the Canadian groundfish fisheries industry from primary production to wholesale distribution, National Sea Products are able to control:

- a) the price setting of fresh and frozen fish at the landing point.
- b) the price setting of edible and inedible fish products.
- c) the price setting in the distribution trade in and out of Montreal and Toronto.

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TABLE NO 47

PRICES PAID BY NATIONAL SEA PRODUCTS, LTD.
FOR THE FOLLOWING COMPANIES

<u>Producing and Processing Companies</u>	<u>Price</u>
1) Lockeport Co., Ltd., Lockeport	\$577,811
2) Leonard Bros., Ltd., Sydney	175,450
3) Nat'l Fish Co., Ltd., Halifax	407,499
4) Maritime Fish Corp., Ltd. Digby	157,000
5) W.C. Smith Ltd., Lunenburg	468,385
 <u>By-Products Companies</u>	
6) Banks Ltd., Halifax	3,899
7) Nat'l Laboratories, Ltd., Halifax	1,320
 <u>Distributing Companies</u>	
8) O'Connor Fish Co., Ltd., Montreal	3,000
9) Leonard Fisheries, Montreal	76,165
10) White Fish Co, Ltd., Toronto	12,000
 <u>Other Companies</u>	
11) Maritime Nat'l Fish Ltd., Halifax	7,500
12) O'Leary & Lee Ltd., Halifax	23,371
 <u>Trawler Companies</u>	
13) Prospect Trawler Ltd., Halifax (Trawler) (64 shares of trawler)	150,000
14) Venosta Ltd., Halifax, (Trawler Venosta)(64 shares of trawler)	150,000
15) Cape Agulhas Co., Ltd., Halifax (Trawler Cape Agulhas)(64 shares of trawler)	150,000
16) Golden Ray Fishing Co., Ltd., Halifax (Trawler Rayon d'Or)(64 shares of trawler)	150,000
 <u>Vessel Companies</u>	
17) Lilla B. Ltd., Halifax (Vessel Lilla B. Boutilier) (64 shares of vessel and equipment)	57,700
18) Nellie C. Ltd., Halifax (Vessel Theresa E. Connor) (64 shares of vessel and equipment)	57,300
19) W.C. Smith Fisheries, Lunenburg (entire capital of Lunenburg Sea Products Limited)	239,688
20) Nickerson Bros. Ltd., Sydney (90% of issued capital)	90,126
21) D. Hatton Company, Montreal, Que.	<u>62,102</u>
	 <u>\$3,170,316</u>

This amalgamation could be called a "combine". James S. Allen characterizes a combine in the following way:

"A combine is formed when the ownership of a number of concerns is interlocked, resulting in a unified financial and commercial structure while other activities such as production or plant retain their original identity. A combine may also take the form of a single new enterprise in which two or more companies share ownership and control." 1/

Typically the member firms of National Sea Products Ltd. of Halifax still operate under their old names with the addition: "Division of National Sea Products, ^{Ltd.} Halifax, N.S.

The development of centralization of the fisheries industry of Nova Scotia and the merger of smaller companies in one large corporation should be projected against the general economic pattern because this development is not different from the general trend prevailing in other industries. Again it has to be pointed out that the

1/ James S. Allen: The Cartel System, N.Y. 1946. p.6.

development in the United States will be used for purposes of comparison.

During World War I, ^{and} until 1921 a merger movement took place in the U.S., lost in momentum during the recession period that followed but:

"Again in the middle '20s when prosperous conditions had returned, the trend took on new force, reaching all-time heights in 1928 and 1929." la/

It will be remembered that 1929 was the year that Atlantic Coast Fisheries of New York acquired Maritime Fish Company of Halifax and National Fish Company of Halifax and merged them into Maritime National Fish Company.

The 1945 merger into National Sea Products Ltd. has to be set against:

"The new wave of mergers and acquisitions which set in as the war drew to a close has, of course, been superimposed upon the plateau of economic concentration which already prevailed in this country.

As in earlier periods, high corporate profits have fed the merger movement. This was true of the great consolidation movement of 1897-1905, the post-World War I movement, the period of the late '20s, and it is no less true at the present time. Not only do profits provide the financial wherewithal with which to effect mergers, but more than that they exert a powerful pressure on business to expand, both internally by building new plant and equipment, and externally by absorbing existing concerns". lb/

The report of the Federal Trade Commission, quoted above, brings out that stronger impetus is given to the tendency to merge if prosperous conditions prevail. This

1/ Summary of the Federal Trade Commission report entitled: "The Merger Movement: A Summary Report", Washington, July 26, 1948.

is further evidence in support of this study's contention that the Nova Scotia fisheries industry was healthy and confident of the future and the only ones who suffered extreme hardship were the fishermen.

In summing up this point it could be said that the concentration of economic power in the Nova Scotia fisheries industry brought about through the merging into National Sea Products shows as: "the outstanding characteristics of the current merger movement: the absorption of smaller, independent enterprises by larger concerns". 1/

The preparedness of the smaller Nova Scotia fish companies to give up their independence and to merge into a single corporation was brought about by definite economic factors which changed the structure of the industry completely. The exterior expression of this change is rapid increase in the volume and value of fish landed in this part of the east country.

- While the value was subject to strong fluctuations the volume remained nearly on the same level during the years 1925-43. The following table^{No. 45} shows the total landings of all fish, landing and marketing value, and the number of people employed in the Nova Scotia fisheries industry for the years 1925 to 1946.

1/ Quoted from release in Morning Newspapers July 25, 1948 from a summary of the U.S. Federal Trade Commission report entitled: "The Merger Movement" (Report itself was not out of print of closing out of this study, August 1948)

TABLE NO. 75

VOLUME, LANDING, AND MARKETED VALUE, NUMBER OF PERSONS
EMPLOYED IN THE NOVA SCOTIA FISHERIES INDUSTRY FOR THE
YEARS 1925 and 1944

YEAR	VOLUME		VALUE		PERSONS EMPLOYED
	GROUND FISH	TOTAL LDGS:	LANDING	MARKETED	
25		2,519,474	cwt 37,190,962	10,213,779	19,870
26		3,201,987	8,669,895	12,505,922	20,191
27		2,596,031	7,148,817	10,783,631	19,747
28		2,895,819	7,395,966	11,681,995	19,595
29		2,749,064		11,427,491	19,833
30		2,577,768	6,842,953	10,411,202	19,150
31		2,117,177	4,833,900	7,986,711	19,238
32		1,957,136	3,856,255	6,557,943	20,086
33		2,155,217	3,405,902	6,010,601	20,567
34		2,380,033	4,619,383	7,673,865	22,078
35		2,239,843	4,762,116	7,852,899	21,399
36		2,503,948	5,491,552	8,905,268	22,023
37		2,540,309	6,015,179	9,229,834	21,653
38		2,769,046	5,323,582	8,804,231	21,873
39		2,779,909	5,308,016	8,753,548	20,806
40		2,765,829	5,800,297	9,843,456	20,719
41		2,736,573	6,930,065	12,634,957	18,499
42		2,551,281	8,874,850	15,297,482	17,104
43		2,995,413	12,827,765	21,684,435	17,275
44		3,345,588	14,851,100	23,662,055	17,978
45		4,194,916	pre 11,155,571		
46					

(Source: Fisheries Statistics of Canada)

However a farther analysis of the figures will be necessary in order to determine what changes the particular kind of fish with which this study is dealing, groundfish, underwent. The following table shows the changes in production of all kinds of Atlantic fish in percentages for the years 1919-1942. The following table is taken from a study by L.M. Read:

TABLE NO 40

"Changes in Production by Kind of Fish

Total Landed Value Atlantic Fisheries Annual Average	Percent of Total Landed Value Contributed by:						
	<u>Pelagic Fish</u>						
	Ground-fish	Lobsters	Herring	Sardine	Mackerel	All Other	
\$millions	%	%	%	%	%	%	
1919-20 16.32	52.6	24.1	4.9	1.7	6.9	9.8	
1921-25 11.8	40.3	30.0	4.7	2.9	6.9	16.1	
1926-30 12.7	40.9	30.2	5.2	2.1	2.9	18.6	
1931-35 7.9	31.2	37.9	6.0	1.9	2.7	20.2	
1936-39 9.4	31.4	34.7	6.7	3.9	4.0	20.3	
1940-42 12.7	43.0	24.4	5.3	5.9	4.5	16.8	

Between the period 1919-20 and the period 1936-39 the share of total landed value of the Atlantic fishery claimed --

By groundfish fell from 53 percent to 31 percent
 By lobsters rose from 24 percent to 35 percent
 By pelagic fish remained around 13-14 percent
 and in all other fish rose from 10 to 20 percent." 1a/

"There is a decided shift away from the pickled and salted trade and a movement into the fresh and frozen trade and, there is a decided shift away from the marketing of fish in the round, whole form and a movement into the marketing of fish in the boned or filleted state" 1b/

This development is based on technical reasons. With the invention of mechanical refrigeration it became possible to market fish not only in fresh but in frozen form; but the possibility of obtaining a sufficient volume was limited.

1/ L.M. Read: Trends in the production and marketing of Atlantic fish, Ottawa, 1944.

a) p. 7 b) p. 12

The definite change in handling of fish took place after 1892 "when the first ammonia refrigeration machine was introduced for freezing fish". 1/

Since that time quick freezing has conquered and has dominated the ^{frozen fish} fish trade. Yet the final change in the marketing of groundfish took place after World War I. During World War I the North American woman had conquered her place in industrial positions in the nations of North America. The working class woman had obtained comparatively well-paid jobs in factories and in offices which gave her more spare time and freedom than a job in a household. The middle class girl and married woman could go working in offices in department stores without losing face. This change implied, ^{that} on the one hand domestic help became scarce _{on the other hand} and the working middle class woman was too tired and not able to spend time in ^{lengthy} meal preparations. In addition the increase in rents and the housing shortage led the housing industries to build kitchenettes ^{regular sized} instead of kitchens, thereby reducing the amount of working space.

All of the factors forced the food industries into finding new ways of placing their products before the consumer. Handling and preparing smelling groundfish in crowded living quarters is impossible and consequently in 1919 a New York company started to bring consumer wrapped ground fish in steak form on the market. Ten years later

1/ The Fisheries of New England, Production and Administration, Lewis Redcliffe contained in New England's Prospect: 1933. New York, 1933, p.247

Boston firm started to combine quick freezing with this system and added to it the removal of skin and bones from the fish. Not only did the housewife now obtain a product completely ready for cooking and frying, but it was even much more important for the trade that the space necessary to store these fish fillets declined considerably because, as it was already pointed out previously, out of two and a half pounds of round fish only one pound of fish fillets is obtained. This means that only two-fifths of the former storage space is now required and freight and transportation costs declined to the same extent. ^{Since} In that time fillets have conquered the consumers' market.

This was facilitated by the fact that fish could now, like any other product, ~~could~~ be marketed wrapped in consumer sized packed and made known and advertised under ^a trade mark. Concurrently "consumers show now an increased resistance to fish that have not been dressed for cooking." 1/ This development started in the United States already in the early twenties. ~~The following~~ Table No. 47 shows the increase in packaged fish production in the United States for the years 1921 to 1926.

The development in Nova Scotia was already shown in table No... It is interesting to note that in 1925 the Nova Scotia fresh and frozen fish fillet production amounted only to thirty-five thousand pounds while the U.S. production showed already an amount of eight million pounds. After two decades, in 1946 the Nova Scotia fresh and frozen fillet production had increased to over fifty million pounds. The following reasons could be given for this development

1/ Market Development Bulletin No. 192, U.S. Fish and Wildlife Service, Boston, Mass, Fisheries Products Report No. 191
Sept 30, 1948

1. Increased food consumption in Canada due to increase of employment and earnings after the start of World War II.
2. Higher consumption of fish in the armed forces than per capita of civilian population.
3. Rationing and limited supply of foodstuffs in Canada and overseas creating good export outlets.
4. The increased mechanization of operations and the use of trawlers guaranteeing a summer and winter uninterrupted flow of fresh fish and herewith the undisturbed continuity of fish plant operations.

The main significance of the production and export of a processed product instead of merchandising a raw product in the unprocessed form is that ^{the} Nova Scotia fisheries industry has reached now the same level of economic development as attained by other branches of Canadian industry. World War II has put the ultimate seal on the economic development of the Dominion. Canada has finally left the colonial stage.

Countries in the colonial stage have to export their products in the raw unprocessed stage while the profitable procedure of processing takes place in a country with a developed industry. This process was the basis of industrial progress and accumulation of wealth in England. Canada had during the war years become not only an exporter of industrial products and even capital but also an importer of raw material for the purpose of processing. The Nova Scotia fisheries industry is one of the most inter-

esting and significant examples of modern Canadian capitalistic economic development. It is possible to observe compressed in a period of less than three decades an economic development which lasted more than a hundred years in other industries. It is referred to the transition from a semi-feudal form of economic development to monopoly capitalism without any substantial intermitting stages.

From the artisan stage in the fisheries industry, the time of the privately owned fishing boats and the powerless sailing ships the industry jumped directly to the highly mechanized and most modern forms of fishing operations in draggers and trawlers, anonymously owned and controlled by a monopolistic group of people.

The Nova Scotia fisheries industry having entered the profitable field of fresh and frozen fish processing within the last two decades has acquired new markets in regions with a high standard of living for a product which allows for ample returns. It is especially referred in this connection to fillet exports to the U.S. (Table No. 26)

In general the industry has lost its complete dependence on salt fish export markets, in countries in which the population, owing to its extremely low purchasing power and miserable living conditions especially still prevailing among the native populations in Puerto Rico and the West Indies, is unable to afford anything more than the barest minimum amount of money for the cheapest kind of food.

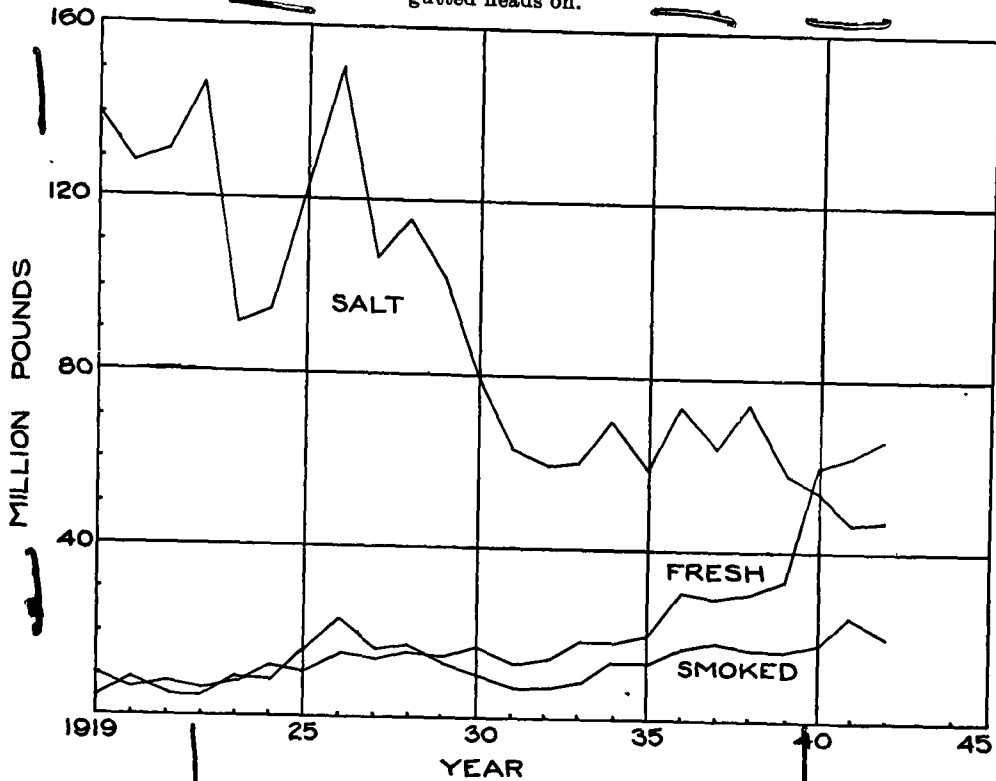
This switch from the dependence on salted and dried fish export to the marketing of fresh, frozen fillets, assures the future of the industry and puts it on a quite different sound and prosperous foundation, because food consumption is even in days of depression and unemployment the last one to be reduced and the first one to be expanded in days of prosperity.

Throughout the paper the study in full accord with all previous reports has expressed the opinion that the slow progress of the Nova Scotia fisheries industry was caused by the lack of the "spirit of free enterprise" which is claimed to be the typical and significant expression of the present North American system. The advance in the in the fresh and frozen fish field which is again shown in graphical form (Graph No) which although in comparison with the United States was delayed as shown previously, is a general trend to be observed all over the world and no specific achievement of the Canadian North Atlantic fisheries industry.

This contention is borne out by table No. 46 which the general trend all over the world of shows the increasing export of fresh and frozen fish and the decline in the export of salted and dried fish between 1938 and 1947.

GRAPH NO.

Figure 4. Salt Codfish Marketed in Nova Scotia. Values calculated as landed, gutted heads on.



1/

TABLE NO 4

SUMMARY OF TOTAL EXPORTS OF SELECTED FISH
COMMODITY GROUPS FROM CANADA, DENMARK, GERMANY, IRELAND,
NETHERLANDS, NORWAY, SWEDEN, U.S.A., 1938, 1946, and 1947

(Figures in thousand metric tons)

	<u>1938</u>	<u>1946</u>	<u>1947</u>
Fresh, frozen	298	367	412
Salted, dried, etc	345	312	314

(Source: F.A.O. Fisheries Bulletin Vol. 1, No. 1, August 1948, Washington, D.C.)

1/Published in S.A. Beatty: Problems of Nova Scotia Fisheries, Public Affairs, Vol. IX, No. 3, Halifax, June 1946, p. 162

In order to meet the requirements of these markets the fish industry has to provide them constantly with a high class product and a permanent supply of raw material is needed. The inshore fisherman with his open fishing boat can only operate a hundred days a year. Schooners too, still depend on climatic conditions since schooner fishermen fish out of dorys, a small open boat which can not be put to water from the schooner in stormy weather. Only trawlers and dragners are sea worthy and able to fish the year round in any weather; and only mechanized and modernized processing plants could turn out an appetizing prepacked product which under its own trade mark could become known to the consumer.

The big financial interests in the United States were well aware of the possibilities in the fisheries industry if it was run on a highly industrial level.

It was General Foods Corporation of Delaware,
which entered this field first. The importance of General
Foods Corporation in the field of food distribution in the
U.S. can be seen from the following quotation:

"No analysis of the food industries would be complete without mention of the two large food corporations which have grown up since the First World War, dealing in a wide variety of specialty products, including breakfast cereals, gelatins, mayonnaise, chocolate bars, coffee, and many other products. The largest of these, General Foods Corp., manufactures and distributes on a Nation-wide basis, chiefly to wholesalers and grocery chains, a wide variety of food products mainly in packaged form, including cereals, coffee, tea, desserts, chocolate, baking powder, salt, processed coconut, cake flour, canned and quick-frozen fruits and vegetables, and quick-frozen seafoods." 1/

General Foods Corporation set up in Boston a subsidiary, General Sea Foods Inc. which in turn spread to Nova Scotia. The Canadian subsidiary operates a fish filleting and canning plant in Halifax.

In 1939 already General Sea Foods had become the largest sea food fish company on the Atlantic coast Mr. Harold G. Connor mentioned on Oct 18, 1939 that:

"General Seafood control 40% or more of the entire fish business of the Atlantic coast in the U.S. and operate by far the largest number of trawlers of anyone company in the U.S." 2/

1/ United States versus Economic Concentration and Monopoly, a Staff Report to the Monopoly Subcommittee of the Committee on Small Business House of Representatives, H. Res. 64, Washington, D.C. 1946. p.129

2/ Hearing before the Advisory Board, on Price Spreads, p. 5. October 18, 1939

If the Nova Scotia fish companies wanted to compete with such a large corporation, they had to assimilate their way of ^{conducting} ~~doing~~ business to General Sea Foods. ^{methods} The threat was before their very doorsteps. The main necessity for complete reorganization was capital which was missing.

"The lack of adequate capital in the fishing industry was attributable mainly to two conditions. The first was typical of many industries in Nova Scotia, and showed itself in a deficiency of investment capital for medium and small business. The larger fishing corporations in the Province probably met no more difficulty in financing than did other local businesses of similar degrees of risk and of managerial competency. Yet the lack of any financial institution capable of advancing capital to the smaller type of business was very ~~not~~ real. Commercial banks under the terms of the Bank Act up to 1944, were not designed to provide this type of capital. The possibility of raising funds by stock issues was out of the question for most small businesses. This defect in the organization of financial institutions was particularly felt in the Maritime Provinces, because private investible funds that might have flown into the fishing industry a generation ago tended now to move into the central provinces where greater profitability was promised. It is not the purpose of this study to expand on this question, but it should be emphasized that a solution to it is a necessity for any long-run development of the fishing industry." 1/

The merger of the Nova Scotia fishing companies in 1945 one year after Stewart Bates had written his report brought the solution of the problem which he considered "A necessity for any long-run development of the fishing industry."

1/ Report on The Canadian Atlantic Sea-Fishery, by Stewart Bates, M.A., Halifax, N.S. 1944, p. 38-9

The study agrees with Stewart notes that the re-organization and modernization of the Nova Scotia fisheries industry was necessary at the producing and processing end. The need for capital for modernization of plants was thought to be possibly satisfied through the issue of stocks and bonds floated by the new big corporation, National Sea Products of Halifax.

Now, three years after the merger it could be said that the unwillingness of private investors and banks to loan money to the Nova Scotia fisheries industry was not caused by structural weakness or by the economic conditions of the industry in general but by the lack of business methods which inspire confidence in an enterprise.

The best indication of the standing of a company in the eyes of financial interests is the rating which its bond issues receive in the standard advisor to investors, Moody's Investor Service. 1/

The \$1,000,000 5% general sinking fund issue of National Sea Products of 1945 which is described as:

"a direct obligation secured by a fixed mortgage and charged on all properties, present and future, specific as to real and immovable properties, buildings, plants, machinery and equipment, trawlers, vessels and share in vessels, a fixed and collateral trust mortgage pledge and charge on shares on subsidiaries and a floating charge as to all other assets." 1/

1/ Moody's Manual of Investment, Industrial Securities 1948, Moody's Investor Service, New York 1948, p. 1399

is rated "Caa". Moody explains this rating as follows:

"Bonds which are rated 'Caa' are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest."

This means that the possibility of obtaining new capital in the way of floating stocks and loans under similar conditions on the open market simply does not exist for National Sea Products. It is the contention of this paper that it is not the economic condition of the Canadian North Atlantic fisheries industry in general which caused this rating but the balancing and general business methods followed by these companies in previous years which have now in the final results proven to be senseless, utterly wrong, and self annihilating because the companies have not gained the confidence of financial backers. Maybe it is possible to maintain a business and make profit in the way as followed by the Nova Scotia fish companies for a certain period of time. But taking the long range view it is regretted that this company will not have the slightest chance to establish a food industry in Nova Scotia similar to those in existence in other countries and even in British Columbia. Therefore the reason for the merger in order to obtain new capital has proven to be failure.

Another no less important part may have influenced them to forego their independence and to merge: the elimination of competition on the distribution end for the purpose of maintaining profits.

The situation prevailing at the distribution end was described in the Royal Commission on Price Spreads:

"About this period, too, there seems to have arisen a somewhat extraordinary form of business relationships between the distributing companies and dealers. It appears that while these companies would at times co-operate with one another in so far as the purchasing of fish from the producer was concerned, the same companies and dealers would engage in keen and sometimes out-throat competition in the marketing of the very product in the purchase of which they had co-operated." 1/

During the war the system of price ceilings together with a seller's market prevented out-throat competition in the retail sales of fish products. In general the maximum price for any product fixed by the Wartime Prices and Trade Board became automatically the minimum price.

1/ Report of the Royal Commission on Price Spreads, Ottawa, 1938. pp. 175-6

In order to safeguard the future profits of the industry at the distribution end which looked very promising in 1945 and at the same time to avoid a repetition of the situation of cut-throat competition of the thirties as described by the Royal Commission Report on Price Spreads, the Nova Scotia fish companies went into a merger.

It is believed that the second motive was of no less influence than the first, because the elimination of competition at the distribution end and consumption centres assured the invested capital profitable returns. The domination of an important part of one industry by such a structure establishes a grave danger to the economy of this country because it marks the end of free competitive enterprise.

It was pointed out earlier that the study agreed that a reorganization of the Nova Scotia fisheries industry was necessary but:

"A distinction should be drawn between mere bigness and concentration. The danger is not in big business as such, but in the concentration of economic power which can be used to stifle free competitive enterprise." 1/

1/ United States Versus Economic Concentration and Monopoly, A Staff Report to the Monopoly Subcommittee of the Committee on Small Business, House of Representatives, H. Res. 64, Washington, 1946. p. 1

"No great stretch of the imagination is required to foresee that if nothing is done to check the growth in concentration, either the giant corporations will ultimately take over the country, or the government will be impelled to step in and impose some form of direct regulation in the public interest. In either event, collectivism will have triumphed over free enterprise, and the theory of competition will have been relegated to the limbo of well-intentioned but ineffective ideals.....Either this country is going down the road to collectivism or it must stand and fight for competition as the protector of all that is embodied in free enterprise." 1/

The significant characteristics of the manifestation of the concentration of economic power in the Canadian Atlantic Fisheries industry with which the fisherman is confronted and which deprive him of his bargaining power with regard to the price setting of his catch could, according to the points made earlier, be briefly summarized as follows:

- a) The understanding among fish dealers with regard to the price of fish caused either by open or tacit agreement or by the dominant price leadership position of one or two powerful corporations.
- b) The existence of the one dealer buying monopoly in the fishing village or the identical interest of all fish dealers in the face of all fishermen.
- c) The offshore fishermen's lack of power to determine where and at what price to sell the catch.
- d) The incident of fish being a highly perishable product and the lack of publically owned and operated cold storage warehouses in the fishing ports.
- e) The elimination of the independently owned fishing vessels by setting the fish prices below the actual cost of production.

~~1/ The intervention of the Department of Fisheries~~

- f) The integration of operations of fish companies on different levels of operations.
- g) The prevention of the establishment of new-comers to the industry by buying up all suitable landing places along the water front.
- h) The trend of independent companies to merge into one all embracing corporation.

The final effect of this concentration of economic power or of the fishermen's lack of influence on the price setting of fish is that the percentage or ratio of the lay is of no importance as long as the fishermen are powerless with regard to the price setting of fish itself.

CHAPTER VII

SOME BIOLOGIC L PROBLEMS AND SOME QUESTIONS OF CANADIAN FOREIGN POLICY WHICH CONCERN THE ATLANTIC COAST FISHERMEN

So far the study has been concerned with purely economic factors which determine the fishermen's income and standard of living. But, in addition, and of the same importance are strictly physical facts of the actual existence of the availability of the fish itself. If there is no fish in the sea or the fish should be scarce, the economic issue does either not arise at all or in a completely changed form. Connected with the biological problem is the matter of the protection of the fishermen during the actual fishing operations on the high seas.

Fishing operations take place on the high seas and

"on the open seas fishing is absolutely free to all". 1/
This rule is based on the international law of the freedom of the seas. Hugo Grotius in his work *Mare Liberum* gave the

1/ International Law of the Sea, by Higgins-Colombus, Toronto 1947, p. 92.

reasons why the sea ought to be free:

"all property is grounded upon occupation which requires that moveable shall be seized and immovable things shall be enclosed; whatever therefore cannot be so seized or enclosed is incapable of being made a subject of property. The vacant waters of the ocean are thus necessarily free. The right of occupation again rests upon the fact that most things become exhausted by promiscuous use and that appropriation consequently is the condition of their utility to human beings. But this is not the case with the sea; it can be exhausted neither by navigation nor by fishing, i.e. in neither of the two ways in which it can be used." 1/a

It will be shown later that there is definitely a more or less danger of exhaustion of certain fishing grounds and that consequently the conception of the freedom of the seas may have to be adjusted owing to new biological factors which were unknown to Grotius.

Despite international recognition of freedom of the seas in general, it has been established that:

"certain portions of the sea along a state's coast are considered as prolongation of its territory and its jurisdiction over which is recognized." 1b/

These waters over which national jurisdiction exists are called territorial waters.

The term "territorial waters" is used to indicate that part of the sea which is exterior to a line running parallel to the shore and included within a specified distance therefrom is part of the territory of the particular state. The extent of these territorial waters is commonly fixed by the majority of the maritime states at three marine miles measured from low water mark.

1/ International Law of the Sea, by Higgins-Colombus, Toronto 1932. a/ p. 50 b/ p. 58

All waters outside the territorial waters are to be considered as forming part of the high sea.

The reasons that justify the extension of the sovereignty of the state outside the limits of its land territory are:

(1) The security of the state demands that it should have exclusive possession of its shores and that it should be able to protect its approaches.

(2) For the purpose of furthering its commercial, fiscal, and political interests, a state must be able to supervise all ships entering, leaving or anchoring in its territorial waters.

(3) The exclusive enjoyment of the products of the sea within a state's territorial waters is necessary for the benefit and welfare of the people on its coasts.

The claims of a state with a seaboard are limited to the exercise of such rights of sovereignty or jurisdiction as are necessary to ensure its security, defence and the protection of its interests in its territorial waters, without excluding the peaceful navigation of foreign vessels through these waters.

Most countries have adopted the three mile limit of their territorial waters, and within these limits the nationals of the state are theoretically the only ones who are entitled to certain privileges, especially to pursue fishing operations. However these exclusive rights have by many mutual treaties been abandoned in favour of nationals of neighboring or other states.

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But owing to the peculiarities of biological factors of fishing, this limited jurisdiction may not help sufficiently in fishing operations.

Although it has been said earlier that this study will be confined to North Atlantic ground fish, biological data on Pacific salmon will perhaps best illustrate the point. After hatching, salmon remains from six to eighteen months in the lakes and streams of B.C. and then goes out to sea. After a period of three to four years, according to species, the mature salmon returns to the original spawning ground and dies. If a nation other than Canada or U.S., with which Canada completed a Salmon Convention in 1937, would lay a barrage of fishing vessels outside the three mile limit, it would be perfectly legal, but nevertheless the foreign nation could take all fish notwithstanding the U.S.-Canadian agreements with regard to conservation measures. Now for many reasons a steady decrease of salmon catch can be stated during the last thirty years. It is not known whether over-fishing is the reason of the depletion of grounds, or the depletion of fishing grounds is the cause of the decrease in salmon landings, but the fact remains that there is a definite decrease and the fishermen interested in making a living are concerned about the future. 1/ The example of salmon has shown the inter-relationship of the problem. If there is a depletion, conservation measures have to be taken, and conservation measures are only possible if the government which intends to take protective measures is in a position to put them into practice by safeguarding its measure against interference by nationals of other nations.

1/ Annual Report, 1943, International Pacific Salmon Fisheries Commission, New Westminster, 1944, p. 16.

Another example of decrease of catch or depletion of fishing grounds could be taken from the figures of haddock fish catch on Georges Bank off the Cape Cod coast, Mass.

The following table shows ^{No. 49} ~~Outstanding~~ U.S. haddock landings off George bank for the years 1920 and 1946.

TABLE NO. 49
PRODUCTION OF HADDOCK FROM THE CONVENTION PART OF
INTERNATIONAL AREA XIII, 1910-1945

(This includes Georges Bank and the Adjoining Fishing Grounds off Cape Cod, Nantucket, and West to Block Island)

Pounds

1920	78,622,660	1933	77,985,733
1921	57,526,368	1934	45,965,305
1922	59,649,799	1935	77,364,058
1923	63,690,918	1936	83,105,768
1924	71,297,672	1937	97,823,728
1925	80,045,858	1938	90,998,335
1926	99,217,871	1939	103,680,941
1927	142,874,102	1940	90,897,254
1928	190,608,132	1941	120,108,181
1929	223,402,879	1942	99,971,361
1930	183,659,042	1943	88,084,851
1931	110,234,828	1944	92,194,474
1932	101,491,272	1945	73,232,515

(Source: Letter by William F. Royce, Ph.D., North Atlantic Fisheries Investigations, Fish and Wildlife Service, U.S. Department of the Interior, Cambridge 38, Mass dated Apr 17, 1947.)

U.S. Fish and Wildlife points out:

"that the haddock catch had declined in spite of improvements in fishing gear, because stocks of fish on the banks have become reduced by heavy and destructive fishing to the point where there are too few spawning fish. Fish and Wildlife studies show that at present only about a third as many marketable-sized haddock live on the New England Banks as during earlier years. They also show that the fleet is now taking many more small fish than formerly. The number of haddock caught weighing less than two pounds made up 9 percent of the catch in 1928, 47 percent of the catch in 1941.... Outstanding conclusion of

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"these studies is that the spawning stock of haddock should be nearly double its present size to provide for an adequate production of young. Fish smaller than 2 pounds should be left in the ocean to take advantage of the growth period of their lives.....The catch of haddock from the New England banks can be increased about 50 million pounds or more by protecting fish smaller than 2 pounds and maintaining the spawning stock at the required level. It is believed this could be accomplished by adopting recommended changes in the otter trawl nets and by establishing a minimum commercial size. 1/

In order to determine the reasons of this decrease some research has been done on haddock migration on George's Bank, since it may be possible that the cause of this decrease may lie in the migration of haddock. However migration as cause of the decrease of catch has been ruled out although it is stated that there is some evidence that a small number of fish may periodically cross the channel which separates George's Bank from the Nova Scotian banks. So far, actual depletion has been observed on George's Bank only.

The Fisheries Research Board of Canada said that:

"The possibility of overfishing has been appreciated by Canada and for this reason groundfish investigations have been carried on by the Fisheries Research Board for a number of years. To date we have no observations to indicate overfishing of groundfish species in the Canadian waters of the North Atlantic. Investigations of such criteria as total catch, catch per unit of effort, and size and age composition of the most important species are being made in order that overfishing may be recognized should it occur." 2/

It will be up to the biologists to decide whether and what steps will have to be taken in order to assure the future of this great natural resource. However since the Nova Scotian fishing

1/ Fishery Resources of the United States, Report on a Survey of the Fishery Resources of the United States and its Possessions, U.S. Senate, 79th Congress, Document No. 51, Washington 1945, p.52

2/ Letter by W.R. Martin, Fisheries Research Board of Canada, Atlantic Biological Station, St. Andrews, N.B., Sept 13, 1948.

grounds are outside the limits of the Canadian territorial waters, the first step to safeguard the results of any intended conservational measures is the establishment of the Canadian national sovereignty over the fishing grounds in question. It would be useless to dictate to Canadian fishing vessels the use of nets with a smaller mesh or declare certain areas as closed to Canadians as long as the nations of other nations pursuing fishing operations on the same grounds are not bound to observe these rules.

The fishermen are very much interested in this question. The depletion of fishing grounds means the transfer of operations to grounds which are less easily accessible and an increased length of the trip to and from the fishing grounds, means a diminution of the fishermen's income.

The consequence of the depletion of the fishing grounds of George's Bank is that the New England trawlers have to steam up to the New Scotian fishing grounds for an additional thirty-six hours and consequently the price of the product increases. The operation of a trawler for the additional time of seventy-two hours is a very great expense. Now, there is an economic limit beyond which profitable operations are impossible. Fishing grounds should be as closely as possible to processing plants because as fresher or better the product as greater the market possibility. The extent of the markets will again depend on the cost of production. High cost of production through fishing on

remotely situated fishing grounds cause a high priced product ^{highly} and a highly priced product means a limitation of market. The future of fish marketing and fish consumption lies in the maintenance of low cost of production connected with a high degree of efficiency. If therefore an increase of the cost of the production will be required by the depletion of fishing grounds the future of the industry is in danger.

The fact that fishing grounds are exhaustible and will, like other natural resources need protective measures in order to assure adequate breeding and feeding stock, ^{had the effect that} the United States extended their sovereignty over the Continental Shelf along the U.S. coastline on September 28, 1945. The United States of Mexico followed with a similar proclamation on Oct 29, 1945; the Argentine Republic, in October 1946; Chile in June 1947; Peru in August 1947; and Costa Rica in July 1948. 1/

Owing to the importance of this matter the proclamations of Harry S. Truman and President Manuel Avila Camacho are given verbatim in the appendix. It should be added that the Member for New Westminster, B.C., Mr. Tom Reid, probably the member with the greatest knowledge of the Canadian fisheries industry, raised the question of the extension of the Canadian sovereignty over these fishing grounds during the debate on the budget of the Department of Fisheries in the House of Commons on August 28, 1946 in a remarkable speech and asked for governmental action.

1/ Information taken from Fishery Products Report No 176 U.S. Fish and Wildlife Service, Boston, Mass., Sept 1948. ^{2/}

2/ Hansard Vol. LXXXV No. 115 August 28, 1946 p. 5622./30

General recognition has been paid in Canada to the fact that the wage earner needs certain protection against exploitation but since labour legislation is a provincial matter regulations governing the standards are different in every province. In six provinces minimum wage acts have been passed and incorporated in the Statues. Only the three Maritime Provinces have so far not safe-guarded the well-being of their workers. Consequently, the industrial group of workers with which this paper deals are left without protection but even if minimum wage standards would have been passed crew members of sea going fishing vessels would not fall under such a legislation owing to their unclarified position with regard to their status which was discussed earlier.

The majority of all persons fishing in the Maritimes are inshore fishermen and so in any case definitely not the object of any labour legislation. Yet the necessity of establishment of some provisions for protection of fishermen and assuring them an adequate return for their labour at a time of unsettled economic conditions during the transition period from war to peace was recognized by the Federal Government. The government introduced in August 1944 the Fisheries Prices Support Act which provides that the Board set up under the provisions of the act:

"shall endeavour to insure adequate and stable returns for fisheries by promoting or the adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from fisheries and those from other occupations." 1/

1/ Fisheries Prices Support Act, 1944, 9(2)

The Government pointed out by introducing the act that it would not let the prices fall to the low levels to which they fell in 1920 and again in 1932, 1933, 1934, and a few other years. 1/
fixed

This Act does not establish any ^a floor prices but authorizes the Fisheries Prices Support Board set up under the provisions of the Act to apply certain measures to ease the market situation or to make deficiency payments by using the authority:

1/ To prescribe from time to time with the approval of the Governor in Council prices at which the Board may purchase fisheries products.

To pay to the producer of fisheries product directly or through such agent as the Board may determine the difference between the price prescribed by the Board with the approval of the Governor in Council for such fishery product and the average price as determined by the Board at which such product is sold during a specified period if such average price is below such prescribed price.

The main importance is that this ^{Act} ~~price~~ guarantees the fishermen a certain standard of living. In this respect the intentions and purpose of the Fisheries Prices Support Act differs principally from the policy of the U.S. Federal Surplus Commodity Corp. The name of this corporation indicates already that its purpose was to deal with surpluses and ^{not} with regular marketing or that it has:

"the purpose to make federal purchases of surplus fishery products for relief distribution." 2/

1/ Hon. Earnest Bertrand, Minister of Fisheries, House of Commons, Hansard, Aug 2, 1944, p. 5932.

2/ Reginald H. Fiedler, Chief Division of Fishery Industries, U.S. Bureau of Fisheries in Hearings before the Committee on Merchant Marine and Fisheries, House of Representatives, 75th Cong., March 17, 1938.

In a letter addressed to the Chairman of this Committee, H.A. Wallace, Secretary of Agriculture, said that:

"These activities must be conducted in such a way that they will not have the effect of encouraging uneconomic future production, or the continuation of a production practice which may be ill adjusted or unadapted to commercial requirements. In other words, projects of the corporation must not be instituted simply for the sake of making available for distribution an edible commodity, and the alleviation of some condition of distress which may be purely local in scope, as such programs may result in influencing the development of industrial pursuits which would not compensate for services performed in the production of a commodity." 1/

And a year later Mr. H.C. Albin, Procurement and Distribution Officer, Federal Surplus Commodities Corporation reiterated the principles under which the corporation operated as follows:

"We have followed in the previous purchases the same philosophy we use in the procurement of agricultural commodities, and that is a justification from an economic standpoint, an attempt to improve the producers' condition and not to stimulate further overproduction. For that reason, of course, many of our programs have been conducted in such a manner that the payment for the fish or any other commodity is at a pretty low level: So that it does not pay the average producer to produce commodities for the Government to buy." 2/

The Board already put into effect has bought in 1947 and 1948 salted fish and canned fisheries products.

~~1/ H.A. Wallace,~~

according to a definite scheme. Every canner has been given a quote and the Board has set the provision that the price

1/ H.A. Wallace, Hearings before the Committee on Merchant Marine and Fisheries, House of Representatives, 75th Cong. March 17, 1938
2/ ~~Wallace~~

2/ Hearing before a Subcommittee of the Committee on Agriculture and Forestry, United States Senate, 76th Congress, June 1, 1939, p. 2

of fish as paid to the fishermen has to equal last year's price, which was by the Board considered to be on a satisfactory level. In addition it should be mentioned that it is the considered opinion of the Dept. of Fisheries, as expressed by Mr. Ian McArthur, Chief Economist:

"It seems to me that the fundamental purpose of the Board will be to work towards a greater consumption of fish as a solution to the basic problem calling the need for price support." 1/

In this respect the intentions of the Board and of the Department need every encouragement. If the Department and the Board should by planfully campaigning succeed in increasing consumption and allowing of disposal of the whole fisheries production ~~into the regular market~~ ~~throughout~~ they will gain the praise and thanks of all people engaged in the fishing industry and of everybody interested in raising the standard of living of the people of Canada.

1/ Letter by Ian McArthur, Chief Economist, Department of Fisheries, dated April 19, 1947

CONCLUSIONS

In the introduction to this study three points on which every industry depends were mentioned.

- (1) The sources and supply of the raw material required by the industry.
- (2) The markets for the products of the industry.
- (3) The availability and employment conditions of its labor force.

The paper has in different ways examined these three aspects and has already within the text made briefly certain suggestions. It will be tried to sum up the findings of the paper according to the points mentioned above and to attempt to show how the experience of the past could be made fruitful and what steps could be taken in order to assure a satisfactory functioning of the industry in the interest of all its members and of the Canadian economy in general.

- (1) The recommendation with regard to the conservation of fish is as follows. Aside from the continuation of the excellent work of the Fisheries Research Board of Canada and the co-ordination^k its efforts with the investigations under-

taken by the United States and Newfoundland--steps which are already taken and full in force--an earnest reconsideration of the suggestion put forward by Tom Reid, M.P. in 1946 to extend the Canadian sovereignty over the continental shelf as the foundation of all intended conservation measures suggested. Related to this proposal is the repetition of the request mentioned by Maritime interests for many times: the establishment of a larger or separate coast guard service for protection during fishing operations. Such an institution would serve two purposes. As well will it be of assistance to fishermen in case of distress as well will it be used to patrol our fishing grounds and to protect Canadian fishing operations from the interference by foreign vessels.

(2) The legal basis of the employment conditions of crew members of the deep sea fishing fleet is unsatisfactory. Prevented from the use of the indispensable method of obtaining social justice by organization, excluded from the benefits of Canadian social security legislation, the deep sea fisherman is the forgotten son of Canadian labor. It is therefore recommended that crew members of deep sea fishing vessels should be covered by the Federal Government:

- (a) be recognized as wage earners by Order-in-Council or some other legal means,
- (b) be protected in case of unemployment like ordinary merchant-seamen by the Unemployment Insurance Act,
- (c) be protected in case of accidents by similar provisions as provided for ordinary seamen in the Merchant Seamen's Compensation Act and Canada Shipping Act.

It is further recommended that the provincial governments concerned should devise an insurance scheme by which inshore fishermen could be given medical help and compensation in case of accidents. (A study of the French legislation covering this point may be advisable.)

(3) Yet, the future of all fishermen and of the whole industry will depend on the availability of markets for the products. If fish is not wanted, the overfishing problem does not arise and no conservation measures are necessary. Likewise, if there is no need for fishing operations, the question of employment and working conditions does not arise.

In general the consumption of a particular kind of food is closely related to the price setting of the item. Consequently, if a staple food product is not priced within the reach of the average consumer, the staple food product leaves the staple category and becomes a luxury item and the result is a shrinkage of the market or of consumption.

Furthermore, a low food consumption results in a poor standard of health ~~of~~ the population and in turn a poor standard of health ~~of~~ the workers influences the working ability and hereby the efficiency of plant operations and plant output. Lowered efficiency and absenteeism caused by illness are bound to raise the cost of production and in the final consequence the general price level.

If it is conceded that maintenance or even an increase in food consumption are to be aimed at in the interest of public health the price of such commodity has first of all to be within the average consumer's purchasing power. Consequently it has to be kept in mind that the food industry has to use:

"methods which will reduce the cost of production and distribution so that people can get the food they need and at the same time insure fair returns to the producers and distributors." 1/

The final report of the Mixed Committee of the League of Nations on "The Relation of Nutrition to Health, Agriculture and Economic Policy"., Geneva, 1937 recommended that:

"governments should take all possible steps to make food supplies, and especially protective foods, available at prices within the reach of all classes of the community while at the same time safeguarding the interests of the producer." 2/

Price setting of food becomes therefore a public concern. In this connection it is especially referred to the tables which show the close relationship between the incidence of low income and malnutritional diseases. In the final analysis it is the

1/ A Report on Nutrition and the Production and Distribution of Food, Ottawa 1946, p. 12.

2/ Quoted Ibid p. 10.

tax payer who has to pay in addition to the high food prices charged to him the medical expenses and cost of relief for those who are unable to maintain a decent standard of health. A true Canadian patriot will further consider the weakening of the military potential through insufficient food consumption.

From this point of view the Nova Scotia fisheries industry has not done a service to this country.

The obligations of the industry to develop its resources are a generally recognized fact and even a British Labour Government White Paper points out:

"It is with the industry that the responsibility and initiative must rest for making the best of their opportunities to recover their export markets and to find fresh outlets for their products." 1/

But the Nova Scotia fisheries industry had one maxim which was formulated by Louis Bérubé in characterizing the operations of Robin, Jones and Whitman:

"Mercantilistes à tous crins et libéraux en économie, les Robins mettent le profit au-dessus de tout et vont le chercher dans la double exploitation et des richesses de nos mers et des populations de notre littoral maritime." 2/

On account of principles like this the Nova Scotia fish companies have in the past not solved nor will they clear up in the future the problems of distribution and marketing. This hope has to be abandoned finally.

The co-operative movement of the Nova Scotia fisherman has not taken any initiative in the fresh and frozen fish

1/ British Government White Paper on Employment Policy, 1946, Cmd Paper 6527, Chapter 1, para 5.
2/ Pêche et Chasse, Etude préparée avec la collaboration du département des Pêcheries maritimes et du département de la Chasse et de la Pêche de Québec, ainsi que de l'École supérieure des Pêcheries de Sainte-Anne-de-la-Pocatière, published by Etudes sur notre milieu collection dirigée par Esdras Minville, Editions Fides, Montreal 1946

field 1/ and the Canadian Fishermen's Union has in the past not provided any leadership either although it should be conceded that the union has today ^{lost} no basis for its functioning.

A completely new approach to the marketing problems of the Nova Scotia fisheries industry has to be found apart and aside from the customary channels. In this connection the case of the Nova Scotia apple growers in the Annapolis Valley is mentioned who find themselves today without markets for their products because they had not the foresight to see that markets could change and that the products have to be adjusted to the different requirements of different markets. Now the appeal for subsidies from the Federal Government is heard. The Nova Scotia fisheries industry may find itself in a similar position some day.

In order to overcome some of the problems with regard to the fairness of price setting and in order to develop markets for the products of the industry, the study takes up again the recommendation of the Kennedy Commission of putting into effect the provisions of the Natural Products Marketing Act of 1934 or advocates a change in the Fisheries Prices Support Act in order to allow the Federal Government to undertake the necessary steps.

The first and fundamental requirement for the fisheries industry is an expansion of markets which is believed to be possible in two ways:

1/ This is the reason that the study, confined to a discussion of fresh and frozen groundfish problems, has not dealt with this movement and its achievements.

- (a) by the use of air transportation for the distribution of a really fresh fish at a cheap price,
- (b) by employment of new and different recipes in the production of canned fish.

(a) The Use of air transportation is of greatest importance to the primary producer because it enables him to market his products in the original form, to establish direct contact with the markets and to eliminate the middle man. It will further lessen the price of the product through a change in marketing procedure. Instead of offering fish in filleted form, the product will be retailed in round or steak form, thus making possible a cut in the retail price to the extent of 50%, or from forty cents to twenty cents a pound. The use of air freight is possible if an organized attempt will be made to establish this kind of transportation in Canada and if this project is discussed with Trans Canada Airlines in the right way.

Two years ago it was announced by the Department of Fisheries that the Fisheries Research Board of Canada would study the possibilities of the use of air transportation for fisheries products. In an article two years later Dr. S.A. Beatty of the Fisheries Research Board agrees that air freight would be a solution of the distribution problem in principle but he maintains that the costs of this service were prohibitive. 1/ After long and very exact study of this question it could be said that Dr. Beatty's contention is wrong. But generally speaking an examination of the economics of air transportation

1/ S.A. Beatty, Ph.D: The Outlook for the Maritime Fishing Industry, in Public Affairs, Vol. XI, No. 2, July 1948, Halifax, p. 166.

cannot be undertaken by biologists and a completely wrong picture appears if the introduction of air freight of fishery products is examined separately from the main problem of the establishment of air freight in Canada in general. In a previous report on air transportation it was said that air transportation will come and will:~~xxxxxxx~~

- "(1) increase per capita fish consumption through better quality,
- (2) decrease the price spread between producer and consumer,
- (3) provide a place in the fishing industry for the inshore fishermen,
- (4) enable isolated fishing places to participate in fresh fish marketing,
- (5) create additional fish consumption centres." 1/

(b) The possibility of selling fresh fish is limited to retail stores with suitable refrigeration equipment. Now, the lowest per capita fish consumption in Canada exists in rural areas which cannot be reached by air transportation. Therefore, another access has to be found to fish consumption in these areas. It is thought to exist in the production of new types of canned fish products combined with a modernization and a standardization of the appearance of the canned product.

The customary canned groundfish products put out in the Maritimes like chicken haddie, boned cod, etc. are tasteless, unattractively packed, need lots of meal preparations and are therefore very difficult to sell. But groundfish could be used as basis for tasty canned products and Swedish and Norwegian fish companies produce products which satisfy even a spoiled gourmet. U.S. firms, especially Gorton Pew of

Gloucester have copied these products and have found for them
1/ Alfred Stenger: The Practical Value of Air Transportation
to the Canadian Atlantic Fisheries Industry, St Francis Xavier
University, Antigonish N.S. May 1946

a good response. It is of course quite easy to produce similar products in Canada but it is not believed that a good chance exists for small or even medium sized independent producers to sell their production either in Canada or the United States although a potential market does definitely exist. The reason why is that canned products have generally to be known and to be introduced by trade marks and the introduction of a new product especially in the fish line is practically impossible without ~~the~~ an advertising or sales campaign. Yet, the launching of a successful sales campaign is far beyond the means of an individual producer and its expenses by far too high in proportion to the capacity of a single manufacturer.

The solution of this problem is believed to be the creation of a Maritime Trade Mark to be used by all Maritime fish processing plants, the voluntary standardization and strictest supervision of production, and the marketing and advertising of these products either through a Government's Marketing Board or through a Co-operative Marketing Agency maintained by the industry. Parallel has to go a campaign among the inshore fishermen to have them become members of the co-operative fishermen's organization in Nova Scotia. Then, essential market research could be done, the necessary funds for sales promotion would be available and the required changes in the appearance of the canned products could be

made. Even inshore fishermen residing in remote areas could through their membership in the co-operative movement participate in such a program.

Yet predictions are difficult to make these days. The whole world goes through a period of social and political changes and it is not known whether even the near future will bring us peace or war, prosperity or destruction.

Although the outcome of this political struggle will ultimately be the determining factor of the fate of the Nova Scotia Fisheries Industries as well as of the economy of the Dominion in general certain social and economic problems of the industry which have been discussed in this study will have to be solved independently. May they be tackled in the spirit of co-operation and good will by all concerned.

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APPENDIX

Documentary Part

APPENDIX NO.

" These and other examples of fishermen's earnings during that period are contained in a brief presented to President Franklin D. Roosevelt, to Senators and Representatives, and to Department heads in April of 1933 when the Gloucester fishing vessel GERTRUDE L. THEBAUD went to Washington to seek Federal aid for the New England fisheries.

The following facts regarding recent fishing trips, or earnings of vessels and their crews for the past year, will give an idea of the seriousness of the situation that confronts fishermen, captains, and owners of vessels engaged in the industry.

1. Schooner CHATHURINE BURKE, Capt. Albert Williams: 23 men in crew; left Gloucester January 16, 1933, arrived back February 7, 1933; 22 days out; each man in debt \$1.75.

Same vessel left Gloucester February 23, 1933, arrived back March 10, 1933; 15 days out; 21 men in crew; each man shared \$2.07.

2. Schooner IMPERATOR, Capt. Joaquin V. Brown: 21 men in crew; left Gloucester February 10, 1933, arrived back February 23, 1933; 13 days out; each man shared \$5.87.

3. Schooner MARY F. CURTIS, Capt. Andrew Decker: 23 men in crew; left Gloucester January 10, 1933, arrived back January 23, 1933; 14 days out; each man shared \$10.13.

Same vessel left Gloucester January 27, 1933, arrived back February 20, 1933; 24 days out; each man in debt \$3.61.

4. Trawler DAWN, owner G. Grueby, of Boston; 27 men in crew; left Boston March 25, 1933, arrived back April 3, 1933; 9 days out; each man in debt \$4.20.

5. RUTH AND MARGARET, Capt. James Mason, of Gloucester: 23 men in crew; left Gloucester March 19, 1933, arrived back March 31, 1933; out 12 days; each man in debt \$5.80.

6. VAGABOND, owner, Capt. William E. Westerbeke: eight men in crew; left Boston April 4, 1933; returned April 13, 1933; each man in debt \$7.20.

7. Schooner WILLIAM L. PUTNAM, Capt. Allan Foote: 10 men in crew; left Gloucester November 8, 1932, arrived back November 22, 1932; 14 days out; each man in debt \$11.43.

Same vessel left Gloucester April 10, 1933; 21 men in crew; returned April 18, 1933; 8 days out; each man shared \$7.67.

8. Schooner POLLANNA, Capt. Eric Carlson: 21 men in crew; left Gloucester January 16, 1933; arrived back February 23, 1933; 39 days out; each man shared \$0.99.

Same vessel left March 1 and arrived back April 15; 21 men in crew; 45 days out; each man shared \$25.33.

9. Schooner KILLARNEY, Capt. Matthew Sears: 23 men in crew; left Gloucester October 5, 1932; arrived back October 14, 1942; 9 days out; each man in debt \$0.93.

10. Schooner INGOMAR, Capt. Seyward MacLaren: 23 men in crew; left Boston February 18, 1933; arrived back March 29, 1933; 38 days out; each man in debt \$17.36.

Following is detailed report on operation of three Gen Gloucester fishing vessels for a year period indicating length of trips, of each vessel, number in crew, share to each man or less for the trip, and total share per man for the year.

SCHOONER Catherine Burke

Sailed	Arrived	Time Gene	Men	Share	In Debt	
CAPT. ALONZO SMITH - SEINING						
		Days				
Apr. 7, 1932	May 18, 1932	41	14	\$7.70	\$	
May 20, 1932	Jun 16, 1932	27	14	8.32		
Jun 16, 1932	Jul 13, 1932	28	14	---	4.44	
Jul 14, 1932	Jul 29, 1932	15	14	1.06		
Aug 1, 1932	Aug 8, 1932	7	13	6.06		
Aug 8, 1932	Aug 22, 1932	14	12	---	.25	
Aug 23, 1932	Sep 13, 1932	21	12	8.90		
Sep 13, 1932	Sep 27, 1932	14	12	1.89		
Sep 28, 1932	Oct 4, 1932	7	13	4.82		
Oct 22, 1932	Nov 12, 1932	15	12	3.12		
CAPT. ALBERT WILLIAMS - HADDOCKING						
Dec 16, 1932	Dec 30, 1932	14	23	15.00		
Jan 1, 1933	Jan 12, 1933	11	23	14.08		
Jan 16, 1933	Feb 7, 1933	22	23		1.74	
Feb 8, 1933	Feb 20, 1933	12	23	23.93		
Feb 23, 1933	Mar 10, 1933	15	23	2.07		
Mar 11, 1933	Mar 24, 1933	13	23	13.42		
Mar 25, 1933	Apr 4, 1933	10	23	16.13		
				Total	\$139.07	\$6.43
				Less	6.43	
				Share for year	\$132.64	

SCHOONER Pollyanna

Sailed	Arrived	Time Gone	Men	Share	In Debt
CAPT. JAMES MASON - HALIBUTING		Days			
	3				
Jan. 25, 1932	Mar 4, 1932	21	21	\$---	\$10.05
Mar. 10, 1932	Apr 12, 1932	33	21	76.33	
Apr. 13, 1932	May 18, 1932	35	21	1.80	
May 23, 1932	Jun 24, 1932	32	21	2.14	
June 28, 1932	Jul 26, 1932	28	21	5.94	
CAPT. MANUAL RODERICK - HADDOCKING					
July 29, 1932	Aug 12, 1932	14	19	---	3.35
Aug 17, 1932	Aug 27, 1932	10	19	---	4.73
Aug 29, 1932	Sep 14, 1932	16	19	19.85	
Sept 15, 1932	Sep 30, 1932	15	19	---	2.19
Oct. 2, 1932	Oct 21, 1932	19	19	---	1.72
Oct. 25, 1932	Nov 9, 1932	15	19	8.08	
Nov. 10, 1932	Nov 26, 1932	16	19	.76	
Nov. 29, 1932	Dec 10, 1932	23	23	12.00	
Dec. 11, 1932	Dec 27, 1932	16	23	7.92	
Dec. 28, 1932	Jan 12, 1933	15	23	12.13	
CAPT. ERIC CARLSON - HALIBUTING					
Jan. 16, 1933	Feb 23, 1933	39	21	.99	
Mar. 1, 1933	Apr 15, 1933	45	21	25.53	
				Total	22.05
				Less	.04
				Share for year	\$151.23

SCHOONER Mary F. Curtis

Sailed	Arrived	Time Gone	Men	Share	In Debt
CAPT. DAVID KEATING- SKINING		Days			
Apr. 8, 1932	May 17, 1932	44	14	--	\$3.96
May 18, 1932	Jun 13, 1932	26	14	\$8.63	
Jun 14, 1932	Jun 30, 1932	16	12	4.00	97
Jul 5, 1932	Jul 18, 1932	13	12	--	9.11
Aug 1, 1932	Aug 18, 1932	17	12	--	10.92
Aug 24, 1932	Sep 14, 1932	21	12	15.41	
Sep 14, 1932	Sep 20, 1932	6	13	14.04	
Sep 20, 1932	Sep 27, 1932	7	13	6.08	
Sep 28, 1932	Oct 5, 1932	8	12	9.82	
Oct 5, 1932	Oct 26, 1932	21	10	--	13.04
Nov 8, 1932	Dec 10, 1932	23	18	--	3.92
CAPT. DAVID KEATING - HADDOCKING					
Dec. 25, 1932	Jan 9, 1933	14	23	8.64	
Jan. 10, 1933	Jan 25, 1933	15	23	10.13	
Jan. 27, 1933	Feb 20, 1933	24	23	--	3.61
Feb. 23, 1933	Mar 10, 1933	15	23	15.12	
Total				91.87	44.56
Less				44.56	
Share for year				47.31	

Captains and owners of the above vessels share or lost accordingly on these trips.

Source: Executive Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, Augh. H. Res. 38. Feb 26, 27, and 28, 1946

APPENDIX NO 9

Judgement of the Supreme Court of Nova Scotia
dated January 14, 1947

This is a motion for the issue of a writ of certiorari to remove into this Court an order of the Nova Scotia wartime Labour Relations Board and a certificate of bargaining representatives for the crews (except the masters) of certain vessels "Cape North" and "Cove Le Have" of which Lunenburg Sea Products Ltd. is the owner.

A similar motion is made and was heard at the same time for the issue of a writ of certiorari to remove into this Court an order of the Nova Scotia wartime Relations Board and a certificate of bargaining representatives for the crew except the master in the case of a vessel the "Isabell J. Gorkum" of which E. Fenwick Zwicker is the managing owner.

The application in each case is made on behalf of the owner or managing owner and the grounds of application are the same.

The grounds of the application are that the Nova Scotia wartime Relations Board had not jurisdiction to make the orders complained of because (1) the wartime Labour Relations Regulations (P.C. 1003 of February 17, 1944) are ultra vires of the Dominion Parliament; (2) the Nova Scotia wartime Labour Relations (Nova Scotia) Act, 1944 (N.S.), c. 8, is ultra vires of the Legislature of Nova Scotia; (3) in any case the Regulations do not apply to the employment in question. These grounds will be stated with more particularity at a later stage, but it is sufficient here to state that they go to the jurisdiction of the Nova Scotia wartime Labour Relations Board to make the orders in question.

The first question which must be considered is whether under such circumstances certiorari will lie.

The writ of certiorari issues out of a superior Court and is directed to the Judge or other officer of an inferior Court. It requires that the record of the proceedings in some cause or matter depending before such inferior Court shall be transmitted into the superior Court to be there dealt with.

But the writ does not issue only to bodies which may properly be called Courts; it can also be issued for the purpose of quashing the determinations of persons or bodies who are by statute or otherwise entrusted with judicial functions.

"(The writ) lies only in respect of judicial, as distinguished from administrative, acts. Wherever any body of persons having legal authority to determine questions affecting the rights of subjects, and having the duty to act judicially, act in excess of their legal authority, they are subject to the controlling jurisdiction of the King's Bench Division exercised in the writ": 9 Hals., 2nd ed, pp. 855-6, citing Atkin L.J. in R. v. Electricity Com'rs, (1924) 1 K.B. 171.

The question arises what is a judicial as distinguished from an administrative tribunal. The tribunal whose acts may be the subject of inquiry, need not be a Court or have the ordinary functions of a Court, but if it is a body which is deciding rights between parties and has a duty to act according to principles of law or pre-determined rules and not merely upon a consideration of expediency, its acts are of a character which may be reviewed.

If we consider the constitution of the Nova Scotia War Labour Relations Board and the orders complained of, I think we can have little difficulty in deciding whether this is a case in which certiorari will lie.

Under the authority of the War Measures Act, R.S.C. 1927, c.206, the Governor-General in Council passed certain regulations known as the Wartime Labour Relations Regulations and referred to as P.C. 1003.

Under the provisions of the War Measures Act such regulations have the force of law (s.3(2)) assuming that both the Act and the regulations are within the legislative power of the Dominion Parliament.

By these regulations it was provided that there should be a Board known as the Wartime Labour Relations Board consisting of a Chairman and a Vice-Chairman and not more than eight other members.

Some of the powers of the Board, as well as its constitution, are set out in s.24 of P.C. 1003. In so far as is necessary for the present purpose, the following may be quoted:

"24(8) A decision of the majority of the members of the Board present and constituting a quorum shall be the decision of the Board, and in the event of a tie the chairman or acting chairman shall have a casting vote.

"(5) The Board and each member thereof shall have the powers of a Commissioner under Part I of the Inquiries Act.

"(6) The Board and each member thereof may receive and accept such evidence and information on oath, affidavit or otherwise as in its or his discretion it or he may deem fit and proper whether admissible as evidence in a court of law or not.

"(7) The Board shall determine its own procedure but shall in every case give an opportunity to all interested parties to present evidence and make representations.

"25(1) If a question arises under these regulations as to whether:

"(a) a person is an employer or employee;

"(b) the unit of employees appropriate for collective bargaining is the employer unit, craft unit, plant unit or a subdivision thereof;

"(c) an organization of employees or employers is a trade union, employees' organization or employers' organization;

"(d) an agreement is a collective agreement;

"(e) an employer, or certified bargaining representatives of employees, is negotiating in good faith. the Board shall decide the question and its decision shall be final and conclusive for all the purposes of these regulations.

"(2) If a question set out in subsection one arises in any legal proceedings, the Justice or Justices of the Peace, Magistrate, Judge or Court before whom it arises shall, if the question has not been decided by the Board, refer the question to the Board and defer further proceedings until the Board's decision is received."

The last quoted subsection seems to be the most extraordinary kind of a power. This Board makes in the matters enumerated decisions which bind not only parties who are before it but which binds all Courts in Canada in which such a question may arise. If wide powers of deciding questions of mixed law and fact would make this Board a judicial body, certainly it has such wide powers.

But apart from s. 25, it seems clear that the Board is required to hear interested parties and while it has power to admit evidence which might not be admissible in a Court of law, it decides rights between the interested parties, holds hearings and makes decisions in which as a matter of practice, legal authorities are cited.

The questions set out in s.25 (1) are not questions which are decided in each case as a matter of expediency or discretion, but are matters to be decided upon a consideration of evidence and legal principles.

By s. 3 of P.C. 1003, it is provided as follows:

"3(1) These regulations apply in the case of employees
 "(c) whose relations with their employers in matters covered by these regulations are ordinarily within the exclusive legislative jurisdiction of a provincial legislature to regulate and to whom these regulations have been applied by the provincial legislature in respect of their relations with their employers;
 and to the employers of such employees in their relations with such employees and to trade unions, employees' organizations and employers' organizations composed of such employees or employers."

And by the same section, s-s.(4):

"(4) If a provincial legislature applies these regulations to any employees as provided for in paragraph (c) of subsection one, every person on whom duties are imposed and in whom powers are vested by these regulations shall perform and exercise such duties and powers with reference to such employees and their employers and trade unions, employees' organizations, and employers' organizations composed of such employees and employers in all respects as in the case of employees mentioned in paragraphs (a) and (b) of subsection one and their employers and employees' organizations and trade unions and employers' organizations composed of such employees and employers."

By c.8 of N.S. Statutes 1944, the Nova Scotian Legislature "applied" these regulations to the employers and employees mentioned in s.5(1)(c) of P.C. 1003.

Thereupon s.36(2) of P.C. 1003 had effect and the Minister was empowered to enter into an agreement with the Province to provide for the administration within the Province of P.C. 1003 or part thereof.

Such agreement was duly made on June 14, 1944 and by an Order in Council P.C. 5001 ((1944) 3 C.W.O.R. 7), the Nova Scotia Wartime Labour Relations Board was constituted with the powers therein set out which are, except where otherwise provided, the powers of the National Board with respect to s.3(1)(b) and (c) of P.C. 1003 within the Province of Nova Scotia. P.C. 5001 is dated June 30, 1944.

P.C. 5001 and the agreement between the Province and the Dominion are set out in D.L.O., vol. 1 7/56. From a decision of this Board the order and agreement provide for an appeal to the National Board.

I understand the rule in regard to certiorari to be

this: Some bodies or boards are purely administrative or advisory. They make no decisions involving the rights of persons to hold inquiries where there is a contest between parties. The Legislative Committee of the Church of England Assembly was held to be such a Board: *R. v. Legislative Committee of the Church Assembly*, Ex p. Haynes-Smith, (1928) 1 K.B. 411.

On the other hand, a great many bodies have both judicial and administrative functions. In fact, most Courts which are clearly judicial bodies have some administrative functions, even if only for the appointing of subordinate officers, e.g. a temporary crier. One of the difficulties in the cases is that sometimes the fact that a body may have both administrative and judicial functions has been lost sight of.

It is only when such a body is acting judicially that its orders are subject to review on certiorari. For example, a resolution of a vestry for the appointment of an official is an administrative act not subject to review on certiorari: *R. v. Woodhouse*, (1906) 2 K.B. 501 (revd (1907) A.C. 420). Nor is a town subject to certiorari when it makes certain dispositions of fines within the law: *Re New Glasgow Town Council* (1897), 30 N.S.R. 107. On the other hand, if a Town Council acts as a tribunal to fix boundaries of streets, a different result might very well follow.

"It is not necessary that it should be a Court in the sense in which this Court is a Court; it is enough if it is exercising, after hearing evidence, judicial functions in the sense that it has to decide on evidence between a proposal and an opposition; and it is not necessary to be strictly a Court, if it is a tribunal which has to decide rights after hearing evidence and opposition, it is amenable to the writ of certiorari; and I do not discuss further the nature of the writ, because very elaborate discussions of it will be found in the recent cases of *Rex v. Minister of Health*, (1929) 1 K.B. 619"; *R. v. London County Council*, (1931) 2 K.B. 215, per Scrutton, L.J. at p. 233.

It follows that decisions as to what constitutes a body a "Court" in the strict sense, as for example the observations in *Shell Co. of Australia Ltd. v. Federal Com'r of Taxation*, (1931) A.C. 275 at pp.296-7, do not touch the point as to whether or not the writ of certiorari will lie.

In the present case the question before the Board

was the certification of bargaining representatives for the employees of the owners of the ships mentioned above. The Board is required by s.24(7) of P.C. 1003 to "give an opportunity to all interested parties to present evidence and make representations." The Board had no difficulty in considering that the owners of the ships were interested parties and they were given an ample opportunity to present evidence and make representations. I have no doubt that these owners were interested parties for the decision of the Board would bind them to do certain things under s.10 of P.C. 1003. It has been the practice of all such Boards to hear the owners in cases of this kind and to hear in some cases extended legal arguments on the one side and on the other.

The Board has power to decide among other things whether "a person is an employer or an employee" with such extraordinary finality that such decision is binding upon all Courts where such a question arises under the regulations.

That question arises in the present case but not under the regulations. The regulations themselves only apply in the case of employees and employers, and the question of whether there is the relation of employer and employee is here a preliminary one. If the case is one where there is no such relationship, the Board has no jurisdiction. The power to decide whether any particular person or persons, in matters before the Board, are employees, is one thing and is clearly within the jurisdiction of the Board; but whether there is any such general relation between owners of ships and a certain group of persons is another thing when the question arises in a Court of law which is considering the Board's jurisdiction. The matter is well put by Lord Sumner in delivering the judgment of the Judicial Committee in *R. v. Nat Bell Liquors Ltd.*, 65 D.L.R. 1 at p.24, 37 Can C.C. 129 at p.152, (1922) 2 A.C. 128 at p.158: "As Lord Esher points out in *The Queen v. Commissioners of Income Tax (1888)*, 21 Q.B.D. 313 at p.319, if a statute says that a tribunal shall have jurisdiction if certain facts exist, the tribunal has jurisdiction to inquire into the existence of these facts as well as to the questions to be heard, but while its decision is final, if jurisdiction is established, the decision that its jurisdiction is established is open to examination on certiorari by a superior Court."

If no such general relationship exists as a matter of law in a particular case, the provisions of P.C. 1003 do not apply and the Board cannot by a wrong decision on a matter of law arrogate to itself a jurisdiction which it does not possess.

On the other hand, if the legislative authority which enacted P.C. 1003 had not the power to enact it, the Board would likewise have no jurisdiction.

I am of opinion that any one of these matters are proper matters to be considered by a Court of general jurisdiction and to be brought up by writ of certiorari.

It is said in opposition to this that certiorari will not usually be granted if there is an appeal open to applicants unless reasons are given why an appeal has not been taken. While in cases of inferior Courts, which are Courts in a strict sense, this rule is applied, yet it is not by any means a rule of universal application and reasons why an appeal is not taken may appear by the proceedings as well as otherwise. In the present case, the matter is from a body that is certainly not a Court in the strict sense although it exercises many judicial functions. The only appeal provided is to another body of similar character and certainly not a body capable of dealing with involved legal questions. So far from sending litigants to such an appeal body, we should assert the power and obligation of the Courts to give relief, if any ~~administrative board~~ administrative board with some judicial functions undertakes to function without jurisdiction.

I therefore proceed to examine the application for the purpose of ascertaining whether it appears from the material before us that the Board had in this case jurisdiction to deal with the subject-matter before it. If there was jurisdiction, I agree that under this process we can not inquire as to the merits of the decision or even into the question of whether the order will work satisfactorily.

The jurisdiction of the Board depends upon whether the regulations by their terms apply to the persons who man the vessels in question and whether the legislation is within the power of the enacting Parliament or Legislature.

The regulations in question apply to "employers" and "employees".

There is no definition of "employer" except that it means a person employing more than one employee--including certain industries; and no definition of "employee" except that it means a person employed by an employer with certain exceptions.

The question upon the facts before us must therefore be determined by the general law.

The "employees" in the present case are remunerated under special agreements, which with some variations have been customary in the fishing industry for many years. The terms of such an agreement are set out in the affidavit of Mr. Potter submitted on this motion. The terms are briefly--the owners of the ship are to provide the ship with all necessary tackle together with provisions and salt. The fishermen provide certain minor equipment such as dory sails, dory compasses, bait tubs, etc. The joint undertaking pays for captain's commission, bait, ice, oil, lubricating oil, certain wages to the cook and engineer. The owner or agent is authorized to sell the fish caught as he may think fit--not for the owners or for the ship, as I understand the agreement, but for the benefit of all who are entitled to share in the undertaking. He is bound to make an accounting according to the terms of the agreement.

Now, it is quite plain that there may be circumstances under which fishermen operating under such an agreement may toil in stormy seas for days and weeks and may catch only fish enough to pay for the bait, oil and wages of the cook and engineer. The time of the men and the use of any equipment which they own is a dead loss; equally so is the use of the vessel with its tackle and the provisions supplied by the owner; equally the captain gets nothing. I would judge that in a case of schooners such as these, the loss of the provisions falls upon the owners but that such is not a universal rule in the industry. In case of the druggers the crew share the loss of the cost of provisions if the product is not sufficient to take care of that.

But assuming that the owner loses the hire of the vessel and the provisions and the men lose their time and the use of some equipment and that, in this supposititious case, there are no profits to divide, can it be said that the men are employees and the owner is an employer? It is also clear that the agreement lasts only for one particular voyage and that an account is furnished and payments made based upon each trip. The men are not bound to stay upon the ship for another voyage. Payments are made, I understand, as soon as the fish are sold.

The relationship is very like that species of contract which is known in civil law as joint adventure, Felleck on Partnership, 12th ed., p.6. This species of association has been discussed in the American authorities. See 33 Corp. Jur., p. 641. In our law it has been and is still considered a species of partnership. The difference between the two kinds of partnership is that the joint adventure is limited in its scope and in its time. It is

usually concerned with one particular transaction to be finished within a limited time. As between the partners or adventurers, the agreement provides for the rights and liabilities of the partners. In *Reid v. Hollinshead* (1825) 4 B. & C. 867 at p. 878, 107 E.R. 1281, Abbott C.J. said: "Such a partnership may well exist, although the whole price is in the first instance advanced by one party, the other contributing his time and skill and security, in the selection and purchase of the commodities." In argument there is a quotation from Justinian giving the words of the civil law (p. 874): "*Nam et ita coiri posse societatem non dubitatur, ut alter pecuniam conferat, alter non conferat, et tamen luerum inter eos commune sit, quia scilicet opera alicujus pro pecunia valet.*"

No such relationship arises where the commodity on which work is performed is and remains the property of one party and the quantity of goods upon which work is performed is only a basis for the payment for the labour performed. Such a scheme is known as piece-work and is a common practice in many industries, e.g., the coal miner is paid according to the quantity of coal mined or loaded or whatever it may be. Similarly iron workers may be paid according to the output.

In none of these cases, however, is there any sharing of the undertaking. The miner does not wait for his pay until the coal is sold, nor does his pay depend upon the fluctuations of the coal market. While it is true that on piece-work the output may depend upon matters outside of the worker's control, these are not such matters as the whole success of the venture. The difference between the two things is just that--whether the system is one of paying wages in a certain way or whether the workers are to share in the success or failure of the venture as a whole. That they do not all share equally in either profits or losses, does not make any difference in the result. The proportion is a matter of agreement.

Lindley on partnership, 10th ed., pp. 67-8: "If persons who are not partners in other business share the profits and loss, or the profits, of one particular...adventure, they become partners as to that transaction or adventure, but not as to anything else...In all such cases as these, the rights and liabilities of the partners are governed by the same principles as those which apply to ordinary partnership; but such rights and liabilities are necessarily less extensive than those of persons who have entered into less limited contracts. The extent to which persons can be considered as partners depends entirely on the agreement into which they have entered and upon their conduct."

The question here is not as to the extent of the partnership but as to whether the fishermen are in the "employ" of the owner of the ship. We can therefore distinguish cases where persons are paid by a rate upon gross output, or upon the value of the goods manufactured or obtained or upon the gross profits with no regard to the losses. It is when we come face to face with net profits that the question becomes a difficult one.

The note in Lindly⁹ may be of some assistance; p.40, note (e): "The relation between the owner and master of a boat worked on the system of ~~xxxx~~ thirds depends upon the facts in each case. It may be that of master and servant, as in Jones v. Owners of Alice and Eliza, 3 B.W.C.C. 495, and Smith v. Horlock 6 B.W.C.C. 638, though usually it is not; see Boon v. Guinee, 3 B.W.C.C. 106." In some of these cases the remuneration is dependent not upon profits but is a percentage of gross earnings. They have little application to the present case.

The Nova Scotia case of Swinehammer v. Sawler (1895), 27 N.S.R. 448, was a case of attempted garnishee of what was accruing due to Sawler as a result of a fishing trip. The question was whether "wages" under the Seaman's Act and consequently not subject to attachment. The Court held that "wages" was a term sufficiently wide to include the remuneration in question. The general question seems to be left open.

To my mind the persons in question in the present case were engaged in procuring fish not for the owners or for the captain but for the general account of all. They had agreed with the owners that such a man should be captain and that they should stay on the ship for the voyage and "pursue the cod" but neither captain nor owner had any right to take them or the ship to any place except the well-known fishing grounds without their further consent. The captain was made their agent to sell the fish when caught and to make out the account, but the fish belonged to no one before it was caught and it never belonged to the owner of the ship unless and until he bought it--if in fact he did.

It is true that the master was in charge of the ship and the persons in question had agreed to man it, but this was incidental to the main purpose of the voyage and as prescribed by law. It was part of the labour which was set off against the owner's money. I agree that the men were "seaman" under the Canada Shipping Act, 1934 (Can.), c.44, but that does not help.

When I apply these principles to the present facts, I am of opinion that the relationship between the fishermen who share in the proceeds of a fishing voyage under the agreements before us and the owners of the vessels is not that of employer and employee but of partnership in the limited sense which is sometimes described as a "joint adventure". They do not therefore come within the scope of the Wartime Labour Relations Regulations, P.C. 1003 and the following Orders. It is interesting to note that in a similar case in 1945 the Nova Scotia Board took the view that the relationship between these parties was not the relation of employer and employee and that these men did not come under these regulations.

The above finding would settle the matter, but I may consider here a question which was argued. It is said that, even if these men are employees, they are not subject to the jurisdiction of the Nova Scotia Wartime Labour Relations Board. The only power under P.C. 1003 which is vested in the Nova Scotia Board by P.C. 5001 and the agreement thereto annexed is with respect to (I) employees in the province of Nova Scotia described by the provisions of paras. (b) and (c) of s. 3(1) of s. 3 of the said regulations; (II) the employers of all such employees in their relations with such employees; (III) trade unions, employees' organizations and employers' organizations composed of such employees or employers.

It is clear that these "employers" do not come under s. 3(1)(b) of P.C. 1003, for these are expressly enumerated in Sch. A. If they are covered at all, they must be covered under s. 3(1)(c) and to be covered they must be "employees" whose relations with their "employers" in matters covered by these regulations are ordinarily within the exclusive jurisdiction of a provincial Legislature to regulate.

The construction of s. 3 is somewhat of a puzzle. Its subsections follow a section of the Industrial Disputes Investigation Act, R.S.C. 1928, c. 112, and they seem to be based upon the assumption that employees who (I) are employed upon or in connection with a work or undertaking that is ordinarily within the legislative authority of Parliament including but so as not to restrict the generality of the foregoing, (II) ships, railway, canals etc. connecting any Province with any other etc., (III) steamships between a Province and a British or foreign country or between two Provinces, (IV) ferries between any provinces and any British or foreign country, etc., (V) works declared to be for the general advantage of Canada--are, as to their relations with their employers under the jurisdiction of the Federal Parliament. These employees--who constitute those covered by s. 3(1)(a)--appear to be treated as a separate class from those in clause (c) "whose relations with their employers in matters covered by these regulations are ordinarily within the ex-

clusive legislative jurisdiction of a provincial legislature to regulate".

If there were any authority for the assumption that labour relations could be divided according to the jurisdiction to legislate in regard to the industry, the question would be simple and I would be of opinion that these employees would be under s.3(1)(a) and not under s.3(1)(c) and consequently not under the jurisdiction of the Nova Scotia Wartime Labour Relations Board.

There appears, however, to be no authority for the assumption that there is a division of labour relations which follows the division of "classes of subjects" in ss. 91 and 92 B.N.A. Act: Toronto Elec. Com'rs v. Snider, (1925), 2 D.L.R. 5, A.C. 396; Re Treaty of Versailles, Re Hours of Labour, (1925), 3 D.L.R. 1114 at pp. 1115-6, S.C.R. 505 at p. 510.

I am of opinion that by reason of authority, I must hold that these "employees" would be covered by s. 3(1)(c)--if they were held to be employees contrary to my view. That section applies to employees "whose relations with their employers in matters covered by these regulations are ordinarily within the exclusive legislative jurisdiction of a provincial legislature" and certainly matters of collective bargaining, grievance procedure strikes, lockouts are undoubtedly within provincial legislative jurisdiction.

In deference to the able and exhaustive arguments of counsel, I consider that I should say something concerning the constitutional validity of the regulations.

It is said that the regulations in question are ultra vires of the Dominion Parliament.

I think it must be admitted that ordinarily the regulations are matters of civil rights and not the subject of legislation by Parliament,--Toronto Elec. Com'rs v. Snider--that that it is only because of the emergency of war or other national emergencies that Parliament has the power to enact or cause to be enacted such regulations. The regulations themselves are on their face such emergency legislation authorized by the War Measures Act. Regulations under the War Measures Act, at that time c.2, Acts of 1914 (Can 2nd Sess.) were held to be within the powers of the Dominion Parliament in Fort Frances P. & P. Co. v. Manitoba Free Press Co., (1923), 3 D.L.R. 629, A.C. 695.

There can therefore be no doubt of the validity of the War Measures Act or of the power to enact these regulations in the emergency of war.

Regulations made under the War Measures Act were by the terms of that Act (s.6) to be in force only "during war, invasion, or insurrection, real or apprehended" and it is argued that as the war ceased on January 1, 1946, the regulations have now no force of law.

That would unquestionably be so if the provisions of the National Emergency Transitional Powers Act, 1945 (can.), c.25 had not been passed or if s.4 thereof is ultra vires of Parliament.

Section 4 reads: "Without prejudice to any other power conferred by this Act, the Governor in Council may order that the orders and regulations lawfully made under the War Measures Act or pursuant to authority created under the said Act in force immediately before the day this Act comes into force shall, while this Act is in force, continue in full force and effect subject to amendment or revocation under this Act."

The Governor-General in Council did order that all orders and regulations made under the War Measures Act or pursuant to authority created under the said Act and in force immediately before the day the National Emergency Transitional Powers Act comes into force shall while that Act is in force, continue in full force and effect subject to amendment or revocation under that Act. (P.C. 7414, ((1946) 1 S.O.R. 5)).

If therefore c.25 of the Acts of 1945 is intra vires of Parliament, the regulations in question are still in force.

In my opinion, the question of the validity of c.25 and of P.C. 7414 is covered by authority. Reference re Deportation of Japanese, (1946), 3 D.L.R. 321, S.C.R. 248 and the cases therein cited as authorities. An appeal from this decision was taken to the Judicial Committee of the Privy Council and the decision of the majority of the Supreme Court upheld ((1947), 1 D.L.R. 577, A.C. 87).

I quite understand that in the argument an attempt has been made to distinguish this case from the Japanese case upon the ground that what was being considered in the Japanese case was within the powers of the Dominion Parliament whether there was an emergency or not. The decision, however, makes no such distinction. The orders were squarely based upon c.25 and P.C. 7414 as emergency measures. The argument for the validity of the present regulations would be exactly the same.

It is also said, that if there was during the war power in the Dominion Parliament to enact these statutes

and regulations, there could not be at the same time power in the Nova Scotia Legislature to enact c.8 of the Acts of 1944.

The answer to this contention is that, whether or nor there was any residuum of power left in the Provincial Legislature during the emergency, in which case that power was exercised under c.8 of 1944, can matter very little for the whole of the effective part of c.8 was enacted under the War Measures Act, P.C. 5001, and all of the regulations and the setting up of the Board were the creation of the Dominion Parliament, and I think that I am bound by authority to hold that as emergency legislation it was within the power of Parliament.

In the result, the writ of certiorari will be allowed on the ground that the persons to whom the Wartime Labour Relations Regulations are sought to be applied are not "employees" and that consequently the Board has no jurisdiction.

Certiorari granted.

Source: Dominion Law Reports (1947) D.L.R. Vol. 3

p. 195, Toronto 1948

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APPENDIX NO. 3..

POLICY OF THE UNITED STATES WITH RESPECT TO COASTAL FISHERIES
IN CERTAIN AREAS OF THE HIGH SEAS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas for some years the government of the United States of America has viewed with concern the inadequacy of present arrangements for the protection and perpetuation of the fishery resources contiguous to its coasts, and in view of the potentially disturbing effect of this situation, has carefully studied the possibility of improving the jurisdictional basis for conservation measures and international cooperation in this field; and

Whereas such fishery resources have a special importance to coastal communities as a source of livelihood and to the nation as a food and industrial resource; and

Whereas the progressive development of new methods and techniques contributes to intensified fishing over wide sea areas and in certain cases seriously threatens fisheries with depletion; and

Whereas there is an urgent need to protect coastal fishery resources from destructive exploitation having due regard to conditions peculiar to each region and situation and to the special rights and equities of the coastal state and of any other state which may have established a legitimate interest therein;

Now, therefore, I, Harry S. Truman, President of the United States of America, do hereby proclaim the following policy of the United States of America with respect to coastal fisheries in certain areas of the high seas:

In view of the pressing need for conservation and protection of fishery resources, the government of the United States regards it as proper to establish conservation zones in those areas of the high seas contiguous to the coasts of the United States wherein fishing activities have been or in the future may be developed and maintained on a substantial scale. Where such activities have been or shall hereafter be developed and maintained by its nationals alone, the United States regards it as

proper to establish explicitly bounded conservation zones in which fishing activities shall be subject to the regulation and control of the United States. Where such activities have been or shall hereafter be legitimately developed and maintained jointly by nationals of the United States and nationals of other nations states, explicitly bounded conservation zones may be established under agreements between the United States and such other states; and all fishing activities in such zones shall be subject to regulation and control as provided in such agreements. The right of any state to establish conservation zones off its shores and in accordance with the above principles is conceded, provided that corresponding recognition is given to any fishing interests of nationals of the United States which may exist in such areas. The character as high seas of the areas in which such conservation zones are established and the right to their free and unimpeded navigation are in no way thus affected.

Executive Order

PROVIDING FOR THE ESTABLISHMENT OF FISHERY CONSERVATION ZONES

By virtue of and pursuant to the authority vested in me as President of the United States, it is hereby ordered that the Secretary of State and the Secretary of the Interior shall from time to time jointly recommend the establishment of Executive orders of fishery conservation zones in areas of the high seas contiguous to the coasts of the United States, pursuant to the proclamation entitled "Policy of the United States with Respect to Coastal Fisheries in Certain Areas of the High Seas." this day signed by me, and said Secretaries shall in each case recommend provisions to be incorporated in such orders relating to the administration, regulation and control of the fishery resources of and fishing activities in such zones, pursuant to authority of law heretofore or hereafter provided.

Harry S. Truman

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APPENDIX NO. 4.

PROCLAMATION OF THE PRESIDENT OF THE REPUBLIC
OF MEXICO

The President Recovers, in the Name of the Nation, our Submarine Continental Territory Control of Fisheries Resources in the High Seas Present and Future Conservation of Incalculable Natural Riches Which Clearly Constitute Part of the Natural Resources.

The Executive Recommends the Carrying out of the Bills for the Establishment of Pertinent Law--the Submarine Bed Adjacent to the Coastline Out to 200 Meters Below the Surface is to Belong to Mexico.

The President of the Republic issued yesterday an order of historic importance in accordance with which the national territory of our nation is to extend to include dominion over all the platform or submarine continental shelf adjacent to our shores provided it not be in excess of a depth of 200 meters with a view to preserving all the natural known or unknown riches that may be found in the seabed, such as mineral products, fauna and flora. Particular pains will be taken for vigilance, use and control of zones of fisheries protection with a view to seeking the development of the resources of the high seas irrespective of the distance separating them from the coastline.

The Chief of the Nation in taking this exceedingly important step announces that he is already giving appropriate orders so that the authorities who have jurisdiction over this new thesis of Mexican territory may proceed to form the appropriate projects of law and the fulfillment of those treaties which may be necessary.

The experience of recent years has shown the increasing necessity for us to preserve those natural riches which throughout the years for various reasons have been beyond their control and beyond integrated development.

As is known, the lands constituting the continental masses in general do not rise in steep slope from the great depths of the ocean but rather rest upon a submarine foundation termed continental shelf which is limited by a line joining points of equal depth (200 meters) from which the slope descends either suddenly or gradually into the zones of middle depth of the seas. Obviously, therefore, this platform of shelf constitutes an integral part of continental countries and it is neither reasonable, nor wise, nor possible that Mexico shall fail to take care of jurisdiction, development, and control of this shelf in those areas adjoining its territory in both oceans.

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It is now known, as a result of various scientific investigations, that in this continental shelf there are natural riches, minerals, liquids and gases, phosphates, calcium, hydrocarbons, etc., of an incalculable value contained in the submarine platform the legal incorporation of which to the national territory is necessary and not to be deferred.

On the other hand it is equally urgent that the Mexican nation, which nature has endowed with fisheries resources of an extraordinary wealth, such as those which are to be found, not to mention others, in the maritime area off Lower California, protect, exploit, and develop these resources in an orderly fashion. This matter is the more urgent today when the world impoverished and needy through the war brought about by totalitarianism, must increase to the maximum its food production.

In the years before the war the western hemisphere had to watch permanent fleets of non-continental countries dedicating themselves to moderate and exhaustive exploitation of these great resources which, while it is true must help in the welfare of people obviously belong first to that country which possessed them and to that continent to which they belong. Because of its very nature, it is necessary that this protection be carried as far out as those places or zones indicated by science for the development of the fisheries resources of the high seas irrespective of the distance separating them from the coast.

Basing its action upon these reasons, the government of the Republic recovers all the platform or continental shelf adjacent to its coastline and every and each natural resource, whether known or unknown, found therein, and is moving toward that vigilance, use, and control in the zones of fisheries protection necessary to the conservation of such a source of well being.

The above does not imply that the government of Mexico intends to fail to recognize legitimate rights of third parties on a basis of reciprocity or that the government of Mexico intends to affect legitimate rights of free navigation on the high seas since the only thing it seeks is the conservation of these resources for the national, the continental, and world well being.

The government is already issuing orders to the appropriate authorities so that the latter may take steps to formulate the projects of law which are necessary and to negotiate those treaties which may be required.

Manuel Avila Camacho
The President of the Republic.

Quoted from Hansard, August 28, 1946, pp.5624-6, Ottawa, 1946

APPENDIX

Statistical Part

TABLE NO. 2

MARKETED VALUE OF COD, HADDOCK, GUSK-HAKE, POLLOCK,
AND SALMON OF THE MARITIME PROVINCES AND PERCENT OF MARITIME PROVINCES'
CATCH OF CANADA FOR SELECTED YEARS

Year	COD		HADDOCK		GUSK-HAKE		POLLOCK		SALMON	
	Value \$ 1,000	% of Can.	Value \$ 1,000	% of Can.	Value \$ 1,000	% of Can.	Value \$ 1,000	% of Can.	Value \$ 1,000	% of Can.
1920	4,857	77.5	1,522	99.8	360	99.7	295	100	387	2.4
1926	5,250	75.1	1,751	99.8	202	99.0	125	100	665	3.4
1933	1,718	66.1	852	100	149	100.0	49	100	412	4.2
1939	2,544	78.7	1,356	99.9	190	100.0	113	100	286	2.1
1942	9,845	79.3	2,545	100	1,109	98.8	701	100	665	4.3
1948	14,915	75.9	2,297	100	1,397	93.6	1,155	100	373	1.4
1946	16,817	77.3	2,468	100	1,399	98.5	1,253	100	677	2.7

Source: Fisheries Statistics of Canada

TABLE NO 3

TOTAL MARKETED VALUE OF FISH AND FISH PRODUCTS,
MARITIME PROVINCES AND CANADA AND PERCENTAGE OF MARITIME
MARKETED VALUE OF TOTAL CANADIAN VALUE FOR
SELECTED YEARS 1920-1946

(Figures in \$,000 dollars)

<u>Year</u>	<u>Maritimes</u>	<u>Canada</u>	<u>Percentage</u>
1920	18,875	49,241	38.3
1926	19,190	56,361	34.0
1933	9,853	27,497	35.8
1939	14,786	40,076	36.9
1943	35,674	85,595	41.7
1945	47,054	113,871	41.4
1946	55,162	121,125	45.5

Source: Fisheries Statistics of Canada

TABLE NO. 6

PROPORTION OF CATCH OF SEA FISH TAKEN OFFSHORE (BY STEAM TRAWLERS
VESSELS...BOATS REMAINING AWAY FROM PORT TWO DAYS OR MORE) FOR
SELECTED YEARS 1920-1946

	<u>Nova Scotia</u>		<u>New Brunswick</u>		<u>Prince Edward Is.</u>		<u>Canada</u>	
	<u>Off cwt</u>	<u>In cwt</u>	<u>Off cwt</u>	<u>In cwt</u>	<u>Off cwt</u>	<u>In cwt</u>	<u>Off cwt</u>	<u>In cwt</u>
1920	1,508,890	1,554,848	80,128	1,250,045	190	170,977	1,611,420	6,642,574
1926	1,758,585	1,120,459	141,231	646,172	-	135,246	2,220,407	6,335,536
1928	839,222	1,715,995	11,012	1,285,326	-	223,478	1,008,244	6,413,915
1929	972,095	1,849,174	-	1,580,878	-	305,661	1,109,559	8,672,711
1945	1,362,911	2,592,377	177	1,551,015	-	210,535	1,524,025	10,938,865
1946	1,453,518	2,723,112	156,058	2,079,336	-	351,171	1,843,19	10,430,399

Source: Fisheries Statistics of Canada

TABLE NO. 7.

WEEKLY LANDINGS AND WEEKLY AVERAGE PRICE OF LARGE COD, MARKET COD, LARGE HADDOCK, SCROD HADDOCK AND POLLOCK AND TOTAL LANDINGS OF ALL SPECIES OF FISH IN BOSTON FROM

PERIOD ENDING JANUARY 5, 1946 to PERIOD ENDING JANUARY 25, 1947
(Landings in '000 lbs. and Prices in Cents)

<u>Period</u>	<u>Large Cod</u>	<u>Market Cod</u>	<u>Large Haddock</u>	<u>Scrod Haddock</u>	<u>Pollock</u>	<u>Total Landings</u>					
<u>Ending</u>	<u>Landings</u>	<u>Price</u>	<u>Landings</u>	<u>Price</u>	<u>Landings</u>	<u>Price</u>					
<u>1946</u>											
Jan. 5	2.2	8.50	2.9	8.00	99.6	9.00	3.0	8.50	148.5	7.00	261.2
" 12	41.7	8.50	28.8	8.00	369.3	9.00	12.7	8.50	354.1	7.00	835.5
" 19	49.4	8.50	62.9	8.00	254.7	9.00	39.1	8.50	371.8	7.00	803.7
" 26	58.0	8.50	15.6	8.00	224.2	9.00	60.9	8.50	23.8	7.00	389.2
Feb 2	130.9	8.50	26.7	8.00	299.5	9.00	21.2	8.50	17.9	7.00	565.2
" 9	46.0	9.50	24.6	8.00	173.6	9.00	15.9	8.37	13.7	7.00	286.5
" 16	350.9	8.50	35.3	8.00	347.7	9.00	29.6	8.50	32.7	7.00	815.9
" 23	197.9	8.50	21.3	7.97	392.2	9.00	15.4	8.50	39.5	7.00	721.1
Mar 2	162.3	8.50	14.8	8.00	134.8	9.00	11.3	7.27	27.6	7.00	355.4
" 9	497.5	8.50	38.4	8.00	480.1	9.00	30.1	8.50	22.4	7.00	1,086.5
" 16	189.0	8.50	81.5	8.00	472.6	9.00	18.4	8.50	76.4	7.00	857.9
" 23	962.7	7.58	249.3	7.60	386.1	9.00	31.7	8.46	49.4	7.00	1,754.8
" 30	899.5	6.16	213.2	5.85	549.9	4.96	34.9	8.04	80.3	5.56	2,045.8
Apr 6	50.8	6.50	31.3	6.00	194.9	7.00	19.1	6.50	11.4	4.85	374.8

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TABLE NO. 7.

WEEKLY LANDINGS AND WEEKLY AVERAGE PRICE OF LARGE COD, MARKET COD, LARGE HADDOCK,
SCROD HADDOCK AND POLLOCK AND TOTAL LANDINGS OF ALL SPECIES OF FISH IN BOSTON FROM
PERIOD ENDING JANUARY 5, 1946 to PERIOD ENDING JANUARY 25, 1947
(Landings in ,000 Lbs. and Prices in Cents)

Period Ending	Large Cod		Market Cod		Large Haddock		Scrod Haddock		Pollock		Total Landing
	Landings	Price	Landings	Price	Landings	Price	Landings	Price	Landings	Price	
Apr 13	348.9	6.50	83.8	6.00	763.0	7.00	10.3	6.50	122.4	4.99	1,360.1
" 20	228.5	6.50	40.6	6.00	501.8	7.00	10.0	6.50	71.9	5.00	881.0
" 27	232.9	6.50	99.1	6.00	763.9	7.00 7.00	7.00 8.2	6.50	204.9	5.00	1,849.8
May 4	180.7	6.50	93.1	6.00	661.9	7.00	0.1	6.50	159.6	5.00	1,474.2
" 11	153.3	6.50	210.0	6.00	562.6	7.00	72.5	6.50	62.6	5.00	1,879.9
" 18	88.8	6.50	117.4	6.00	379.1	7.00	33.4	6.50	85.2	5.00	927.6
" 25	118.8	7.96	130.1	7.99	578.7	10.56	47.0	9.86	31.2	4.98	1,465.9
June 1	183.1	8.64	134.0	7.90	1,644.0	8.88	204.4	7.78	49.0	5.40	3,036.5
" 8	341.2	7.36	313.9	6.87	2,158.4	8.98	366.7	7.51	158.1	4.92	4,970.7
" 15	319.7	6.62	409.7	7.00	2,491.5	8.59	464.0	7.00	203.6	3.67	5,573.7
" 22	511.0	7.45	825.4	7.08	1,480.3	10.28	285.0	9.06	219.2	5.26	5,523.3
" 29	388.9	6.65	634.7	7.35	1,662.0	10.41	516.8	9.28	231.1	4.44	5,199.6
July 6	412.8	6.38	1,159.3	6.47	1,325.2	10.43	346.0	9.08	122.4	4.86	4,795.9
13	351.7	8.35	556.7	8.52	1,518.0	10.51	454.2	9.37	82.2	6.73	4,967.2

(Source: Market News Service, Fish and Wildlife Service, Boston.)

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TABLE No. 7.

WEEKLY LANDINGS AND WEEKLY AVERAGE PRICE OF LARGE COD, MARKET COD, LARGE HADDOCK,
SCROD HADDOCK AND POLLOCK AND TOTAL LANDINGS OF ALL SPECIES OF FISH IN BOSTON FROM
PERIOD ENDING JANUARY 5, 1946 to PERIOD ENDING JANUARY 25, 1947
(Landings in ,000 Lbs. and Prices in Cents.)

Period Ending	Large Cod		Market Cod		Large Haddock		Scrod Haddock		Pollock		Total Land ings
	Landings	Price	Landings	Price	Landings	Price	Landings	Price	Landings	Price	
July 20	479.3	7.62	606.4	7.64	721.8	10.28	501.9	8.32	117.6	6.03	4,856.2
"											
Aug 27	409.6	6.20	880.7	6.41	1,318.0	10.76	330.3	9.29	97.8	5.03	4,185.5
Aug 3	378.3	6.10	852.5	6.13	1,205.9	10.28	341.2	8.43	114.7	5.22	4,503.6
" 10	462.1	6.87	938.8	6.88	1,187.0	10.51	232.9	9.00	103.3	5.48	4,365.5
" 17	300.8	8.41	962.3	6.85	1,215.5	10.53	332.2	9.00	111.1	5.11	4,124.0
" 24	340.0	7.87	519.7	7.23	2,214.4	10.21	436.7	9.09	159.0	4.45	4,702.2
" 31	392.7	6.83	526.4	7.17	2,277.2	10.14	456.7	8.68	183.7	4.18	5,205.3
Sept 7	248.8	8.45	376.7	7.79	2,522.2	9.20	874.2	7.10	117.0	4.66	4,803.1
" 14	447.4	9.38	298.1	9.26	2,067.9	10.91	543.6	9.99	232.5	4.79	4,239.5
" 21	225.0	14.51	321.9	12.43	1,488.4	12.81	502.7	11.55	130.6	7.73	3,993.2
" 28	384.8	10.81	385.4	9.43	2,173.3	11.97	1,049.6	10.25	151.1	6.78	5,662.2
Oct 5	381.2	12.31	378.3	11.04	1,649.3	13.04	586.5	11.74	228.6	7.31	4,470.9
" 12	389.5	11.92	367.6	11.08	1,350.6	14.00	525.7	12.42	255.9	6.94	4,697.3
" 19	309.7	13.63	314.8	11.77	1,510.0	13.66	465.3	12.62	246.0	7.39	3,533.2

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TABLE NO. 7

WEEKLY LANDINGS AND WEEKLY AVERAGE PRICE OF LARGE COD, MARKET COD

LARGE HADDOCK, SCROD HADDOCK AND POLLOCK AND TOTAL LANDINGS OF ALL SPECIES OF

FISH IN BOSTON FROM PERIOD ENDING JANUARY 5, 1946 TO PERIOD ENDING JANUARY 25, 1947
(Landings in ,000 Lbs. and Prices in Cents)

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Period Ending	Large Cod		Market Cod		Large Haddock		Scrod Haddock		Pollock		Total Landings
	Landings	Price	Landings	Price	Landings	Price	Landings	Price	Landings	Price	
Oct 26	346.0	10.65	447.3	8.24	1,415.6	12.90	615.5	11.65	169.1	6.37	3,857.5
Nov 2	354.7	7.43	365.4	7.04	1,585.8	10.82	517.3	9.35	134.0	5.43	3,720.4
" 9	247.3	10.92	324.0	8.89	1,095.1	12.36	410.2	10.82	138.6	6.31	2,961.1
" 16	465.3	10.28	353.2	9.45	857.4	13.81	234.0	12.03	656.7	5.63	3,169.6
" 23	665.1	7.61	519.8	7.47	815.0	13.57	119.0	11.59	1,602.8	4.37	4,393.7
" 30	391.2	6.23	631.4	5.64	1,361.4	10.58	255.2	9.27	824.8	2.65	4,060.1
Dec 7	222.3	10.14	372.2	7.56	958.7	12.62	195.0	10.91	919.4	3.01	3,055.9
" 14	450.6	6.40	916.9	4.92	1,170.8	11.15	412.8	8.74	1,814.1	1.66	5,624.5
" 21	218.7	9.78	191.0	9.35	1,018.4	12.07	213.0	10.68	772.4	2.12	2,761.2
" 28	150.8	9.48	111.9	9.16	779.1	10.54	209.5	8.15	462.6	1.91	2,007.6
Jan 4	34.6	17.36	66.5	15.85	194.3	19.02	20.8	14.80	98.5	8.45	526.3
" 11	261.2	12.36	249.0	11.11	843.5	14.52	91.4	13.34	744.9	2.87	2,501.8
" 18	214.9	13.09	184.6	11.43	980.0	13.45	178.7	11.30	381.5	3.31	2,215.6
" 25	309.6	8.82	362.5	7.45	1,047.6	11.29	218.3	9.16	168.7	4.39	2,395.7

(Source: Market News Service, Fish and Wildlife Service, Boston.)

TABLE NO. 6

SUMMARY OF EMPLOYMENT AND WORKING CONDITIONS
FOR THE FISHING VESSELS OF VARIOUS COUNTRIES
 (as shown in Chapt. II)

<u>Country</u>	<u>accident Insurance</u>	<u>Regulations Regarding Hrs of Work</u>	<u>Leaves between Voyages</u>	<u>Voyages & Holidays with pay</u>	<u>Social Security Legislation</u>
<u>belgium</u>	not mentioned	not reported	76 hours after first week, 60 hrs after second week, 72 hrs after 17 days or more	50 days per year	subject to social security legislation
<u>denmark</u>	accident Insurance	not reported	no agreement	not regulated	Subject to S.S. legislation and subject to general sickness Insurance
<u>Finland</u>	under same regulations as merchant seamen	on voyage fishermen have same hours as merchant seamen.	not mentioned	three weeks each year	under same regulations as merchant seamen
<u>France</u>	under same	on voyage	1 day per	3 days	Subject to S.S.

TABLE NO 8 (CONT'D)

<u>Country</u>	<u>Accident Insurance</u>	<u>Regulations Regarding Hrs of Work</u>	<u>Leaves between Voyages</u>	<u>Voyages & Holidays with Pay</u>	<u>Social Security Legislation</u>
<u>Great Britain</u>	included in general health scheme of 1948	not regulated	regulated by individual port agreement	regulated by individual port agreement	included in general health scheme of 1948
<u>Holland</u>	public accident insurance	26-hours not regulated	36 hours	not provided for	Sickness and Incapacitation Insurance. Pension Plan for widows and children
<u>Norway</u>	Accidents Compensation Act	not regulated	question being considered as of June 1947	not provided for	Fishermen's Safety and Fishermen's Sickness Act
<u>Sweden</u>	Fishermen have private accident insurance	not regulated	not provided for	not provided for	Not mentioned
<u>United States</u>	Fishermen have private accident insurance	6 hrs on; 6 hrs off.	not provided for	not provided for	Subject of S.S. Act and Unemployment Insurance

TABLE NO 40

TOTAL LANDINGS AND MARKETED VALUE OF SEA FISH LANDED IN
NOVA SCOTIA, NEW BRUNSWICK AND PRINCE EDWARD ISLAND AND PERCENTAGE OF
MARKETING VALUE OF MARKETED VALUE FOR SELECTED YEARS, 1914 to 1933.

(Figures in ,000 dollars)

Year	NOVA SCOTIA			NEW BRUNSWICK			PRINCE EDWARD ISLAND		
	Land. Val.	Mark. Val.	Perce- centage.	Landing Val.	Mark. Val.	Percentage	Landing Val.	Marketed Val.	Percentage
1914	6,011	7,730	77.7	3,443	4,899	70.2	801	1,262	63.4
1916	7,412	10,093	73.4	3,754	5,608	66.9	820	1,344	61.0
1918	10,497	15,143	69.2	4,246	6,262	67.8	822	1,148	71.6
1920	9,277	12,743 8,252	72.8	2,457	4,401	55.8	954	1,709	55.0
1925	7,190	10,214	70.3	2,881	5,764	60.4	1,008	1,598	68.8
1927	7,148	10,784	66.2	2,437	4,383	55.6	963	1,368	70.3
1928	7,295	11,682	62.4	2,590	4,974	52.0	849	1,196	70.0
1930	6,842	10,411	65.7	2,486	4,819	51.6	842	1,141	73.8
1932	3,856	6,558	58.7	1,477	2,944	50.1	714	989	72.1
1933	3,405	6,011	56.6	1,596	2,978	53.5	519	842	61.6

(Source: Fisheries Statistics of Canada, Percentage: Own Compilation)

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AVERAGE MONTHLY LANDING PRICES, IN BOSTON, FOR VARIOUS
SPECIES OF FISH, FOR JANUARY, FEBRUARY, AND MARCH, 1943-1946,
AND JANUARY AND FEBRUARY 1947

(Prices Per Lb., in cents.)

	1	2	3	4	5
	Large	Market	large	Scrod	
	Cod	Cod	Haddock	Haddock	Pollock
1943					
Jan.	12.37	10.30	12.17	9.86	9.87
Feb.	11.34	11.47	12.95	11.86	12.02
Mar.	12.18	12.65	11.54	12.94	12.64
1944					
Jan.	8.50	7.96	9.00	8.45	6.98
Feb.	8.50	7.99	9.96	8.36	6.99
Mar.	8.50	8.00	8.95	8.34	7.00
1945					
Jan.	8.48	7.99	9.00	8.29	7.00
Feb.	8.49	8.00	8.98	8.36	7.00
Mar.	8.50	7.98	8.99	8.42	7.00
1946					
Jan.	8.50	8.00	9.00	8.50	7.00
Feb.	8.50	8.00	9.00	8.33	7.00
Mar.	7.33	7.06	8.99	8.35	6.50
1947					
Jan.	9.40	9.20	11.00	8.50	5.48
Feb.	6.90	8.80	9.70	7.90	4.52

Sources: Columns 1, and 2: U.S. Dept of Labor, Bureau of Labor Statistics)
Sources: Columns 3 and 4: Bureau of Agricultural Economics,
Statistical and Historical Research)
Sources: Column 5: Market News Service, Fish and Wildlife Service,
Boston)

Table No. 14

MID POINTS OF RETAIL PRICES OF COD STEAK, HADDOCK AND
HADDOCK FILLETS, IN BOSTON ON THIRD THURSDAY OF MONTHS OF JAN-
UARY AND FEBRUARY, 1943-7

AVERAGE MONTHLY RETAIL PRICES OF FRESH AND FROZEN FISH,
IN LEADING CITIES, UNITED STATES, FOR JANUARY AND FEBRUARY, 1943-7

	<u>MID POINTS OF RETAIL PRICES</u> (6 - 8)			<u>AVERAGE MONTHLY RE- TAIL PRICES</u>
	6 Cod Steak	7 Haddock	8 Haddock Filletts	9 Fresh and Frozen Fish
<u>1943</u>				
Jan.	6½	20½	47	29.4
Feb.	36½	23½	52½	29.8
Mar.	-	-	-	-
<u>1944</u>				
Jan.	42	-	-	36.8
Feb.	32	21½	41	36.4
Mar.	-	-	-	-
<u>1945</u>				
Jan.	32	20	41	33.4
Feb.	33	20	37	35.0
Mar.	-	-	-	-
<u>1946</u>				
Jan.	35	20	40	36.4
Feb.	33½	20	42	38.1
Mar.	-	-	-	-
<u>1947</u>				
Jan.	36	22	47	43.2
Feb.	32	20	42	39.8

Prices: Column 9: U.S. Dept. of Labor, Bureau of Labor Statistics)
Prices: Column 6, 7 and 8: Mid Points Compiled from Retail Prices
Published by Department of Agriculture, Commonwealth of
Massachusetts)

**INDEX PRICES OF AVERAGE MONTHLY LANDING PRICES IN BOSTON OF
 THE COD, LARGE HADDOCK AND POLLOCK FOR JANUARY AND FEBRUARY, 1943-47
 OF RETAIL PRICES OF COD STEAK, HADDOCK AND HADDOCK FILLETS
 IN BOSTON, ON THIRD BUSINESS OF MONTHS OF JANUARY AND FEBRUARY, 1943-47,
 ON AVERAGE MONTHLY BASIS, PRICES OF FRESH AND FROZEN FISH
 IN LANDING STATES, UNITED STATES, JANUARY AND FEBRUARY, 1943-47
 (January, 1943 - 100)
 (Prices per lb., in cents)**

<u>LANDING PRICES</u>			<u>RETAIL PRICES</u>			
(1 - 3)			(4 - 7)			
1	2	3	4	5	6	7
<u>Large Cod</u>	<u>Large Haddock</u>	<u>Pollock</u>	<u>Cod Steak</u>	<u>Haddock</u>	<u>Haddock Fillets</u>	<u>Fresh & Frozen Fish</u>
100.0	100.0	100.0	100.0	100.0	100.0	100.0
91.7	106.7	121.7	100.0	114.6	111.7	101.4
68.6	74.0	70.7	116.4	-	-	125.8
68.0	81.8	70.0	89.0	100.3	87.2	123.0
68.6	74.0	70.7	87.7	97.6	87.2	113.6
68.6	75.8	70.7	87.7	97.6	78.0	119.0
68.6	74.0	70.7	95.9	97.6	85.1	125.8
68.8	74.0	70.7	91.5	97.6	89.4	129.6
76.0	90.4	55.3	98.6	107.3	100.0	146.9
55.8	79.8	45.0	87.7	97.6	88.4	135.4

1-3: Columns 1, 2 and 3: Fish and Wildlife Service, Dept of Interior;
 4-6: Columns 4, 5 and 6: Index of mid points, own compilation from
 Retail Prices Published by Dept. of Agriculture, Commonwealth
 of Massachusetts, Boston.
 7: Column 7: Special compilation by U.S. Dept of Labor, Bureau
 of Labor Statistics.

TABLE NO. 16

AVERAGE WHOLESALE PRICES IN CHICAGO, PER 100 POUNDS, IN
 PARS, FOR VARIOUS COMMODITIES, BEEF STEERS, HOGS, ALL WEIGHTS,
 MILK (92° CREAMERY) FOR JANUARY, FEBRUARY AND MARCH, 1943-1946,
 AND JANUARY AND FEBRUARY, 1947. INDEX FIGURES OF WHOLESALE PRICES
 GROUPS OF COMMODITIES, HIDES AND LEATHER PRODUCTS, TEXTILE PRODUCTS
 MONTHS OF JANUARY, FEBRUARY AND MARCH, 1943-1946, AND JANUARY AND
FEBRUARY 1947

1	2	3	4	5
<u>Beef Steers</u>	<u>Hogs</u>	<u>Butter</u>	<u>Hides and Leather Products</u>	<u>Textile Products</u>
14.84	14.78	46.62	117.8	97.3
15.14	15.35	47.04	117.8	97.3
15.54	15.69	47.75	117.8	97.3
14.82	13.21	41.10	117.2	97.7
14.91	13.50	41.50	116.9	97.7
15.12	13.94	41.50	116.9	97.8
14.71	14.68	41.50	117.5	99.6
15.12	14.70	41.50	117.6	99.7
16.64	14.70	41.50	117.8	99.7
16.49	14.72	46.50	119.4	101.6
16.14	14.77	46.50	119.6	102.2
16.26	14.80	46.50	119.8	104.7
22.16	22.45	86.10	175.1	136.6
21.94	25.70	68.80	173.8	138.0

Notes: Columns 1, 2 and 3: Bureau of Agricultural Economics, Statistical and Historical Research)

Columns 4 and 5: U.S. Dept. of Labor, Bureau of Labor Statistics.

TABLE NO. 17

INDEX FIGURES OF WHOLESALE PRICES BY GROUPS OF COMMODITIES,
MINERALS AND METAL PRODUCTS, BUILDING MATERIALS, CHEMICALS
AND ALLIED PRODUCTS, FOODS, FARM PRODUCTS, AND ALL COMMODITIES
FOR MONTHS OF JANUARY, FEBRUARY, AND MARCH, 1943-6, AND
JANUARY AND FEBRUARY 1947

	6	7	8	9	10	11
	<u>Metals and</u> <u>Metal</u> <u>Products</u>	<u>Building</u> <u>Materials</u>	<u>Chemicals</u> <u>and Allied</u> <u>Products</u>	<u>Food</u> <u>Products</u>	<u>Farm</u> <u>Products</u>	<u>All</u> <u>Commod-</u> <u>ities</u>
<u>1943</u>						
Jan.	103.8	109.6	94.8	105.2	117.0	101.9
Feb.	103.8	110.2	94.9	105.3	119.0	102.5
Mar.	103.8	110.4	94.6	107.4	122.8	103.4
<u>1944</u>						
Jan.	103.7	113.5	95.0	104.9	121.8	103.3
Feb.	103.7	113.6	95.0	104.5	122.5	103.6
Mar.	103.7	114.2	95.0	104.6	123.6	103.6
<u>1945</u>						
Jan.	104.0	116.8	94.9	104.7	126.2	104.9
Feb.	104.2	117.0	94.9	104.7	127.0	105.2
Mar.	104.2	117.1	94.9	104.6	127.2	105.3
<u>Jan</u> <u>1946</u>						
Jan.	105.7	120.0	96.0	107.5	129.9	107.1
Feb.	106.6	120.9	95.9	107.8	130.8	107.7
Mar.	108.4	124.9	96.0	109.4	133.4	108.9
<u>1947</u>						
Jan.	138.0	169.7	128.1	156.2	165.0	141.5
Feb.	138.6	174.8	129.3	162.0	170.4	144.6
Mar.						

(Source: Columns 6, 7, 8, 9, 10 and 11: U.S. Dept. of Labour, Bureau of Labor Statistics)

INDEX FIGURES OF MONTHLY WHOLESALE PRICES OF BEEF
STEERS AND HOGS IN CHICAGO, HIDES AND LEATHER PRODUCTS, TEXTILE
PRODUCTS AND FOODS IN THE UNITED STATES FOR JANUARY, FEBRUARY,
AND MARCH, 1943-1946, AND JANUARY AND FEBRUARY, 1947.

(January, 1943 = 100)

(Prices Per Lb., In Cents)

<u>1</u> <u>Beef</u> <u>Steers</u>	<u>2</u> <u>Hogs</u>	<u>3</u> <u>Hides and</u> <u>Leather Products</u>	<u>4</u> <u>Textile</u> <u>Products</u>	<u>5</u> <u>Food</u>
100.0	100.0	100.0	100.0	100.0
102.0	103.9	100.0	100.0	100.5
104.7	105.5	100.0	100.0	102.0
99.9	89.4	99.5	100.4	99.7
100.5	91.3	99.2	100.54	99.3
101.9	94.3	99.2	100.5	99.4
99.1	99.3	99.7	102.4	99.5
101.9	99.5	99.8	102.5	99.5
105.4	99.5	100.0	102.5	99.4
111.1	99.6	101.4	104.4	101.9
108.7	99.9	101.5	105.0	102.4
109.6	100.1	101.7	107.6	103.9
149.0	151.2	148.7	140.2	148.4
147.6	173.7	147.6	141.6	154.0

Notes: Columns 1 and 2: Bureau of Agricultural Economics, Statistical and Historical Research; Columns 3, 4 and 5: U.S. Dept. of Labor, Bureau of Labor Statistics).

(All prices and index figures adjusted to January, 1943 = 100)

TABLE NO. 1.

AVERAGE MONTHLY LANDING PRICE OF LARGE AND SCROD HADDOCK IN BOSTON,
GLOUCESTER AND NEW BEDFORD, JANUARY 1946 - DECEMBER 1947.
(Prices in cents per pound)

	<u>LARGE HADDOCK</u>				<u>SCROD HADDOCK</u>		
	<u>Boston</u>	<u>Gloucester</u>	<u>New Bedford</u>		<u>Boston</u>	<u>Gloucester</u>	<u>New Bedford</u>
				<u>1946</u>			
Jan.	9.0	9.0	9.0		8.5	7.5	
Feb.	9.0	9.0	9.0		8.3	8.2	
Mar.	9.0	8.8	9.0		8.4	8.2	8.4
April	7.0	7.0	7.0		6.4	5.9	3.8
May	8.3	7.0	7.6		7.7	6.3	8.4
June	9.4	7.1	8.7		8.2	6.5	7.8
July	10.7	7.6	10.1		8.9	6.0	9.1
Aug.	10.3	8.2	9.2		8.9	6.5	7.6
Sept.	11.1	8.9	11.2		9.5	8.2	9.4
Oct.	13.0	10.2	11.8		11.7	7.9	10.2
Nov.	12.3	8.8	11.2		10.7	6.5	9.0
Dec.	11.8	8.8	10.3		9.5	6.9	8.6
				<u>1947</u>			
Jan.	11.1	11.2	12.5		8.3	6.5	8.7
Feb.	9.7	8.7	11.3		7.9	6.6	8.5
March	8.73	7.43	9.07		7.71	6.38	8.08
April	7.37	6.65	7.13		6.36	5.85	5.97
May	7.26	6.59	5.96		5.69	5.69	4.77
June	6.74	3.83	6.16		4.77	3.96	4.76
July	6.95	5.05	6.75		4.94	4.16	4.32
Aug.	7.23	5.27	6.81		4.75	4.38	4.40
Sept.	9.15	5.83	8.49		5.90	4.12	5.29
Oct.	10.71	7.54	10.62		7.14	5.74	6.61
Nov.	13.88	8.94	14.29		10.30	6.46	10.61
Dec.	12.34	9.12	13.52		9.77	6.94	10.42

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Source: Division of Marine Fisheries, Department of Conservation, Commonwealth of Massachusetts, Boston.

TABLE NO. ⁴³ 13.

AVERAGE MONTHLY LANDING PRICE OF LARGE AND MARKET COD IN BOSTON,
GLOUCESTER AND NEW BEDFORD, JANUARY 1946 - DECEMBER 1947.
 (Prices in cents per pound)

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	<u>LARGE COD</u>				<u>MARKETED COD</u>		
	<u>Boston</u>	<u>Gloucester</u>	<u>New Bedford</u>		<u>Boston</u>	<u>Gloucester</u>	<u>New Bedford</u>
				<u>1946</u>			
Jan.	8.5	8.5	8.5		8.0	8.0	8.0
Feb.	8.5	8.5	8.5		8.0	8.0	8.0
Mar.	7.4	7.1	8.3		7.3	7.2	7.8
April	6.5	6.4	6.5		6.0	6.0	6.0
May	7.2	6.5	6.8		6.8	6.0	6.7
June	7.1	6.5	8.6		7.1	6.0	7.6
July	7.0	6.5	9.0		6.9	5.9	8.5
Aug.	7.3	6.5	7.4		6.9	6.1	7.5
Sept.	10.5	7.4	9.6		9.7	7.0	9.4
Oct.	11.4	8.3	10.3		10.0	7.7	9.5
Nov.	8.5	7.1	8.0		7.5	6.7	8.6
Dec.	8.4	6.4	7.5		6.5	5.5	7.1
				<u>1947</u>			
Jan.	9.4	8.0	10.1		9.2	8.3	10.4
Feb.	6.9	5.6	8.4		8.8	6.7	7.7
Mar.	5.34	4.21	5.99		6.43	4.88	7.62
April	5.25	4.86	4.98		6.43	4.67	5.66
May	4.94	4.31	4.42		5.06	3.58	4.68
June	6.73	5.63	5.51		5.06	3.50	6.61
July	6.19	4.77	6.64		5.28	3.91	6.38
Aug.	8.44	4.28	5.86		5.91	4.25	5.93
Sept.	13.13	6.95	8.25		8.05	5.76	8.07
Oct.	11.08	6.41	9.02		8.21	6.04	8.71
Nov.	10.87	7.64	12.51		10.40	7.62	11.91
Dec.	10.50	7.55	11.20		9.21	7.45	10.96

Source: Division of Marine Fisheries, Department of Conservation, Commonwealth of Massachusetts. Boston, Mass.

TABLE NO

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UNITED STATES PRODUCTION OF FRESH AND
FROZEN PACKAGED FISH FOR THE YEARS 1921-1946

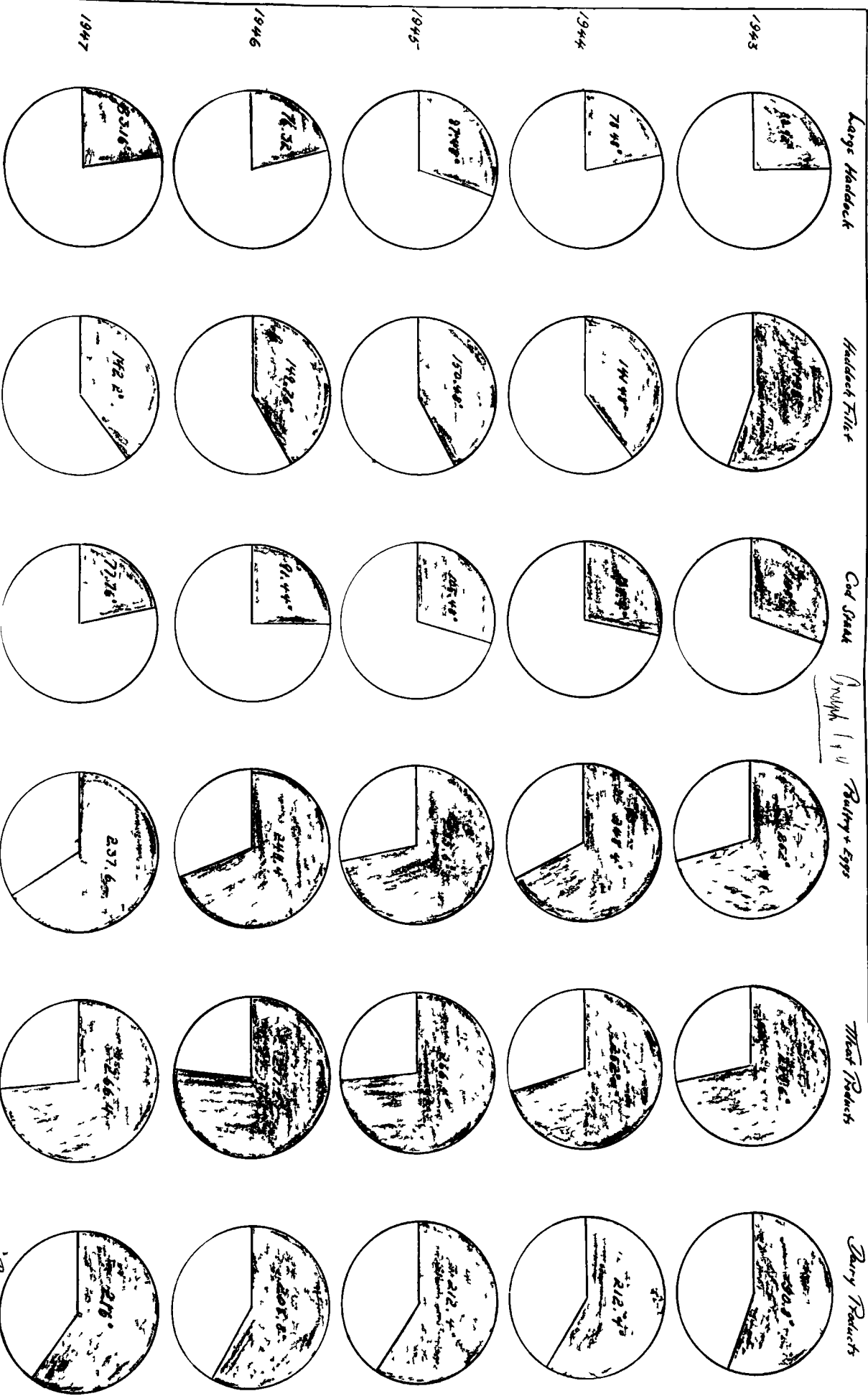
(Poundage in ,000 pounds)
(Value " ,000 dollars)

<u>Year</u>	<u>Total Pounds</u>	<u>Value</u>
1921	50	
1922	250	
1923	1,750	
1924	4,000	
1925	8,000	
1926	18,300	
1927	30,000	
1928	65,050	9,790
1929	82,700	14,541
1930	80,013	12,579
1931	65,073	9,451
1932	51,975	5,741
1933	62,731	6,966
1934	80,105	9,001
1935	107,495	11,202
1936	113,356	12,147
1937	116,992	12,860
1938	129,976	12,314
1939	137,268	14,029
1940	129,419	14,345
1941	182,951	23,930
1942	173,361	33,991
1943	158,638	37,589
1944	172,294	40,821
1945	204,926	48,370
1946	188,480	46,282

Source: 1921-1930, Fishery Industry of the United States,
U.S. Dept. of Commerce, Bureau of Fisheries,
Washington, D.C.

1931-1936, C.F.S. No. 389 "Packaged Fish" 1931-1946,
U.S. Dept. of the Interior, Fish and
Wildlife Service, Washington, D.C.

The increase and decline of primary producers share of the retail dollar - February 1943-1947 as shown on fish, haddock, haddock fillet, and cod steak and agricultural products, poultry and eggs, meat products, and dairy products.



Reported by
HAROLD STINECK

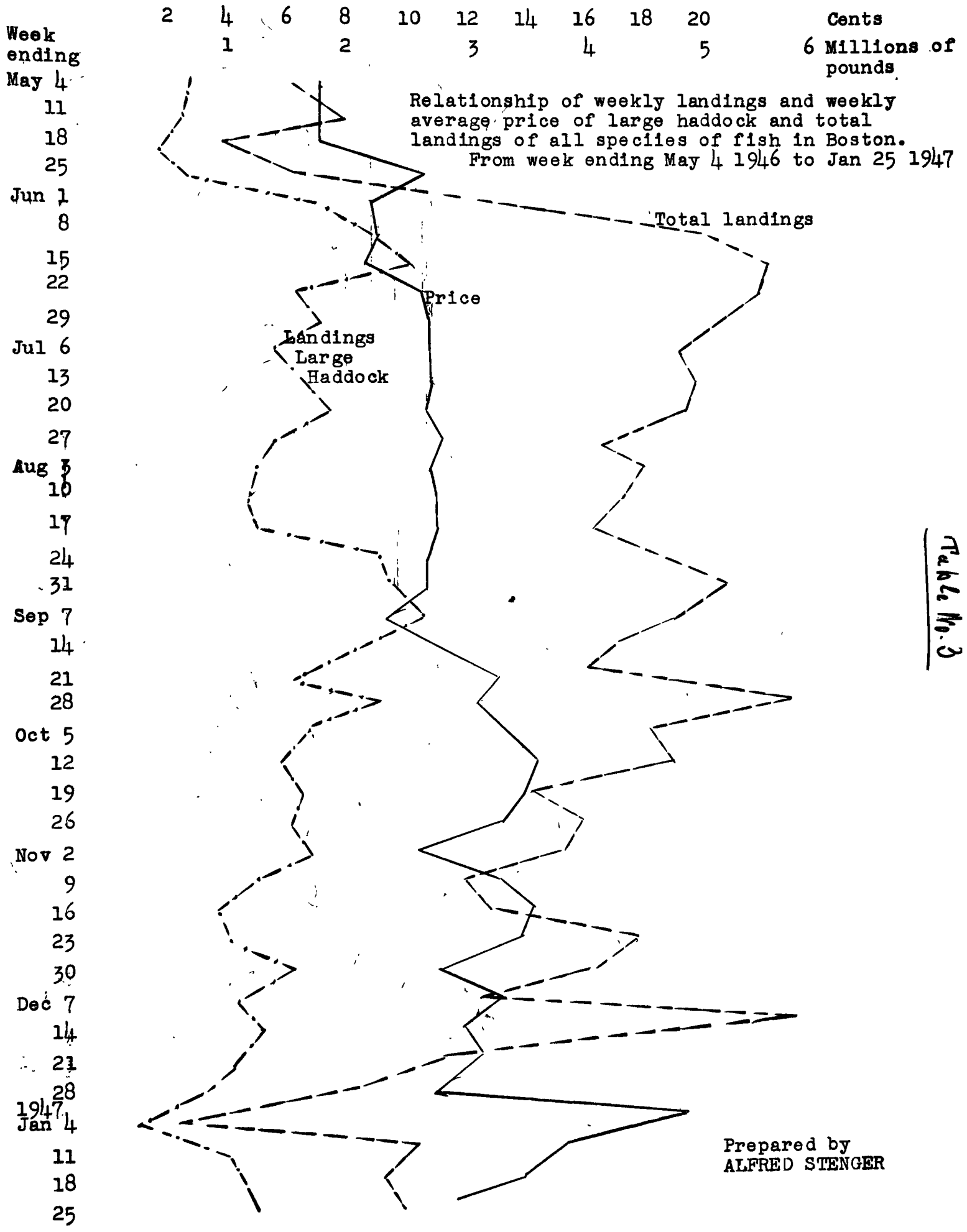


Table No. 3

Prepared by
ALFRED STENGER

Week ending

2 4 6 8 10 12 14 16 18 20
1 2 3 4 5

Cents
6 Millions of Pounds.

May 4
11
18
25
Jun 1
8
15
22
29
Jul 6
13
20
27
Aug 3
10
17
24
31
Sep 7
14
21
28
Oct 5
12
19
26
Nov 2
9
16
23
30
Dec 7
14
21
28
1947
Jan 4
11
18
25

Relationship of weekly landings and weekly average price of Scrod Haddock and total landings of all species of fish in Boston.

From Period May 4 1946 to Jan 25 1947

Landings - Scrod Haddock

Price

Total Landings

File No. 4

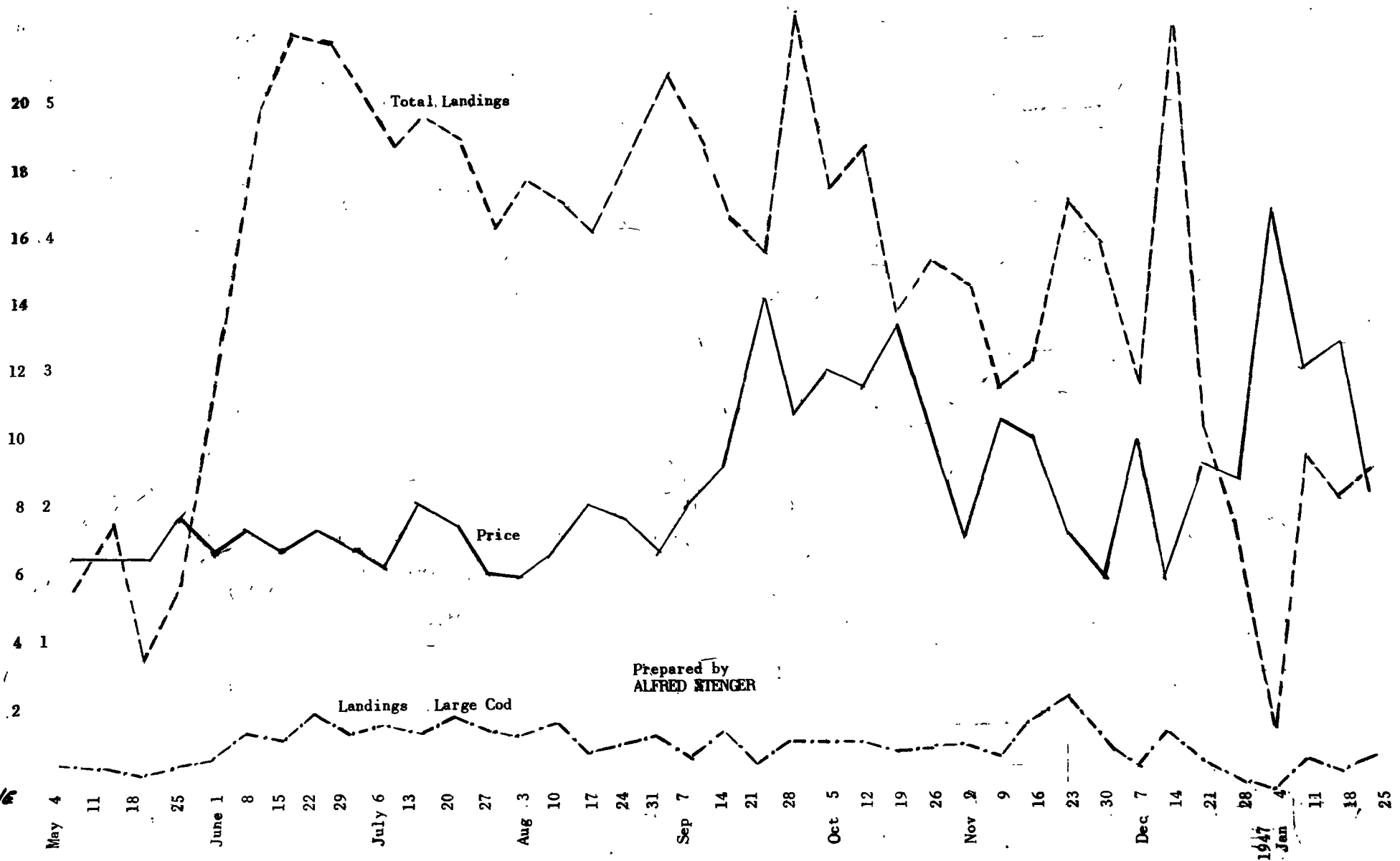
Prepared by
ALFRED STENGER

Table No. 5
Large Cod

Relationship of weekly landings and average weekly price of ~~Pollack~~ and total landings of all species of fish in Boston.

From week ending May 4, 1946 to Jan. 25, 1947

Cents
Millions of pounds



Prepared by
ALFRED STENGER

Week ending	2	4	6	8	10	12	14	16	18	20	Cents
		1		2		3		4		5	6 Millions of pounds

May 4
11
18
25
Jun 1
8
15
22
29
Jul 6
13
20
27
Aug 3
10
17
24
31
Sep 7
14
21
28
Oct 5
12
19
26
Nov 2
9
16
23
30
Dec 7
14
21
28
1947
Jan 4
11
18

Relationship of weekly landings and weekly average price of Market Cod and total landings of all species of fish in Boston. From week ending May 4 1946 to Jan.25 1947.

Landing - Market Cod
Price
Total landings

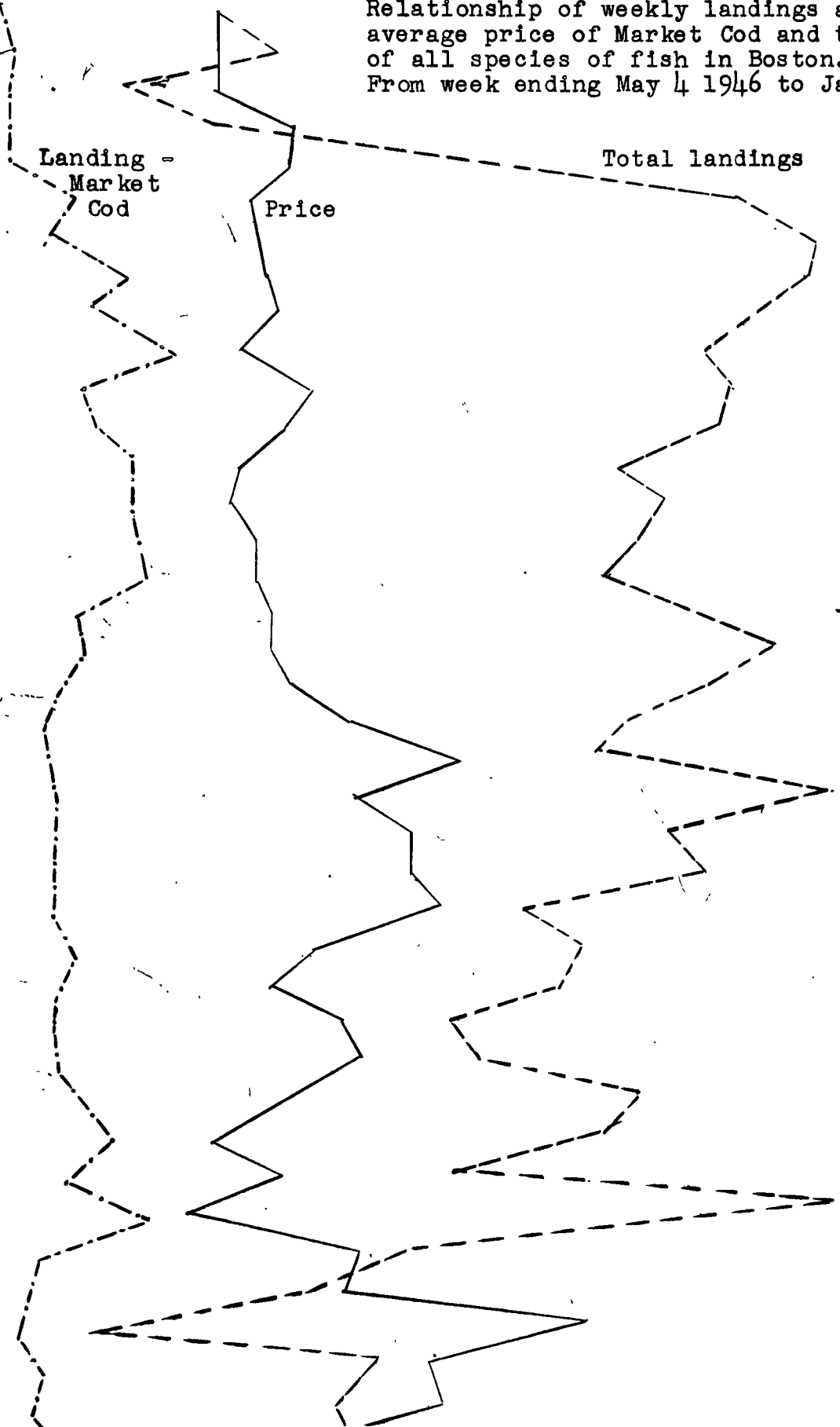


Table No. 6

	2	4	6	8	10	12	14	16	18	20		Cents
		1		2		3		4		5		6 Millions of pounds.

Week ending
 May 4
 11
 18
 25
 Jun 1
 8
 15
 22
 29
 Jul 6
 13
 20
 27
 Aug 3
 10
 17
 24
 31
 Sep 7
 14
 21
 28
 Oct 5
 12
 19
 26
 Nov 2
 9
 16
 23
 30
 Dec 7
 14
 21
 28
 1947
 Jan 4
 11
 18
 25

Relationship of weekly landings and weekly average price of Pollock and total landings of all species of fish in Boston.

From Period May 4 1946 to January 25 1947.

Landings Pollock

Price

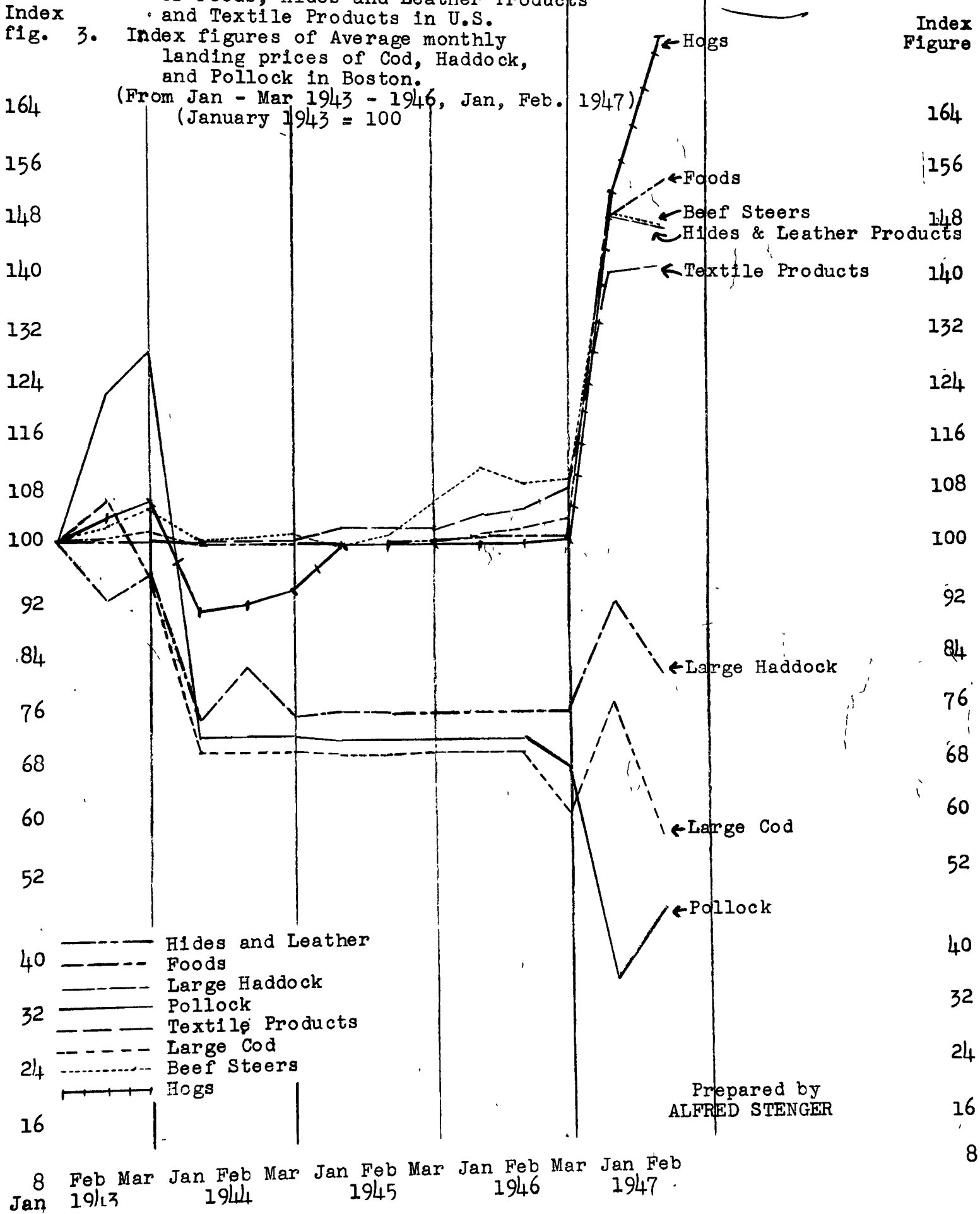
Total landings

Pollock Price

Prepared by
 ALFRED STENGER

1. Index figures of Average Wholesale Price of Beef Steers, Hogs in Chicago.
 2. Index figures for Average Wholesale Prices of Foods, Hides and Leather Products and Textile Products in U.S.
 3. Index figures of Average monthly landing prices of Cod, Haddock, and Pollock in Boston.
- (From Jan - Mar 1943 - 1946, Jan, Feb. 1947)
(January 1943 = 100)

Table No. 8

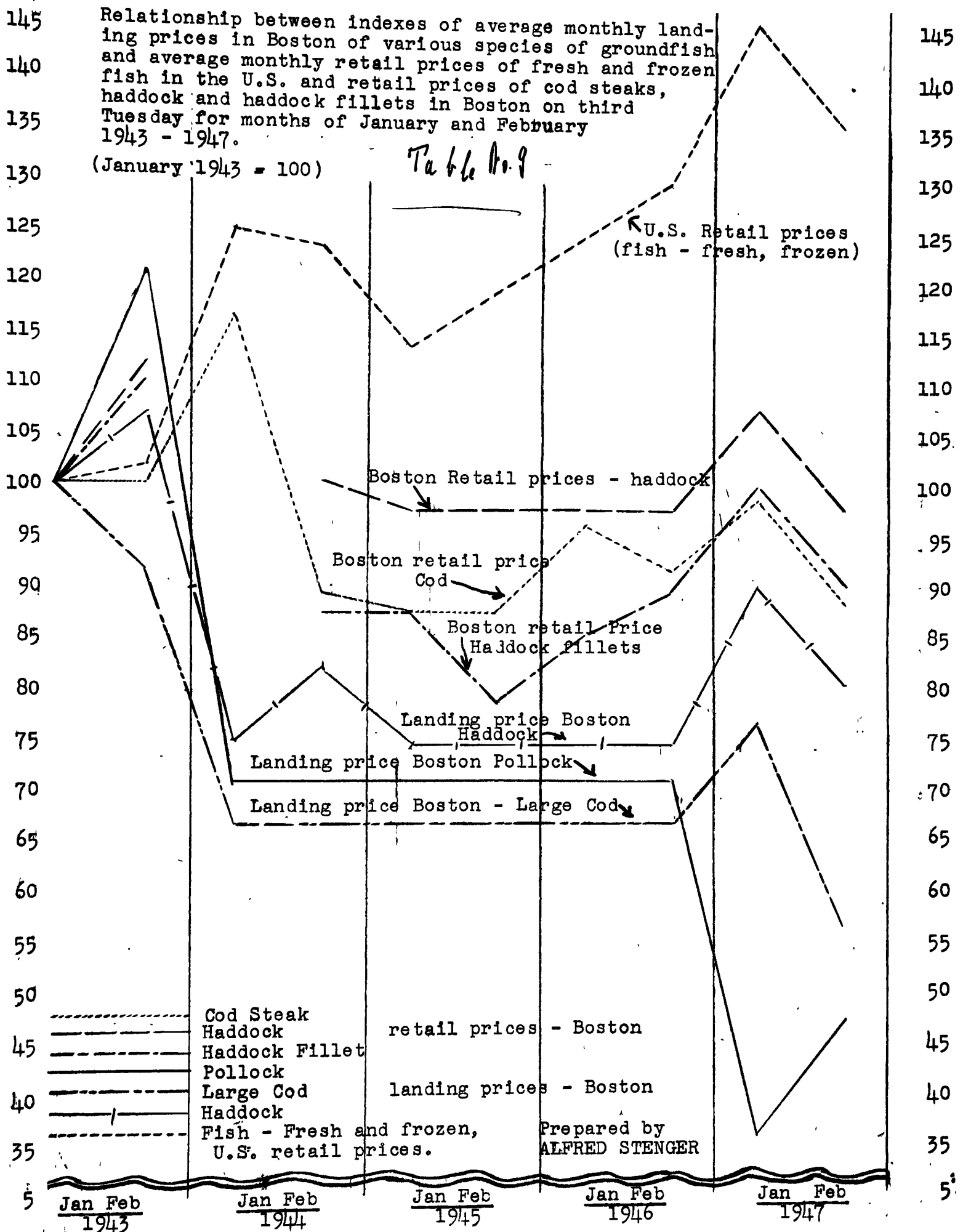


Prepared by
ALFRED STENGER

Relationship between indexes of average monthly landing prices in Boston of various species of groundfish and average monthly retail prices of fresh and frozen fish in the U.S. and retail prices of cod steaks, haddock and haddock fillets in Boston on third Tuesday for months of January and February 1943 - 1947.

(January 1943 = 100)

Table No. 9



ATLANTIC COAST OF CANADA

INSHORE & DEEP SEA FISHERIES
 SHOWING
 WITH DISTANCES FROM PRINCIPAL FISHING PORTS TO BANKS AND TRANSPORTATION LINES

Department of the Interior
 HON. THOMAS G. HURRY, MINISTER
 H. H. SOWATT, DEPUTY MINISTER
 MAP OF THE
 DEPARTMENT OF FISHERIES
 MINISTRY OF MARINE AND FISHERIES
 F. C. LEWIS, CHARTERED SURVEYOR

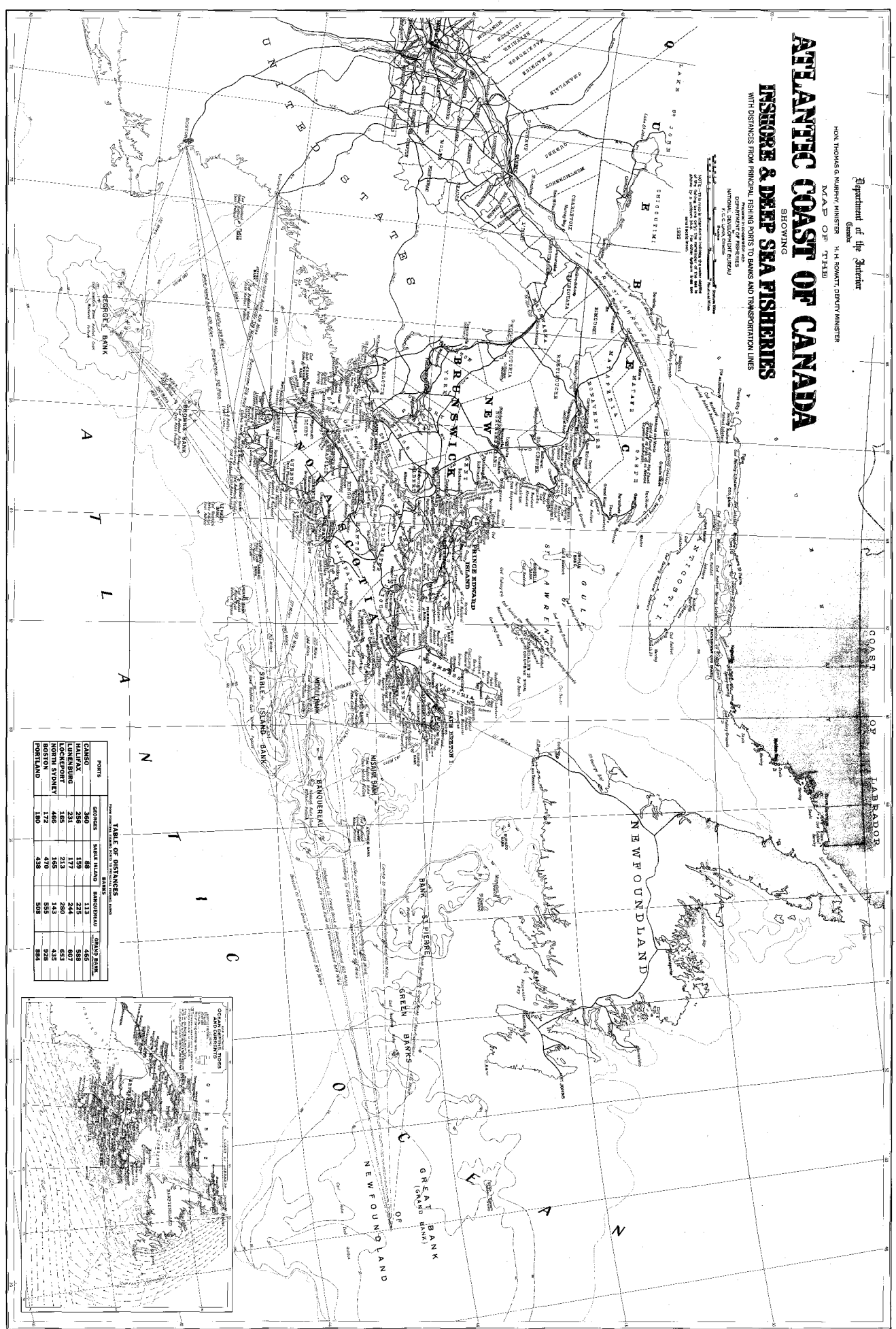


TABLE OF DISTANCES
 FROM PRINCIPAL FISHING PORTS TO BANKS AND TRANSPORTATION LINES

PORTS	GRAND BANKS	GREEN BANKS	ST. LAWRENCE BANK	SABLE ISLAND BANK	ST. JOHN'S BANK
CHALFOUR	360	88	113	225	388
HALIFAX	256	139	225	246	397
LOUISBURG	221	217	246	246	432
NOVA SCOTIA	466	185	143	555	324
BOSTON	172	470	555	508	385
PORTLAND	180	438	508	385	385

