The Economic Problems of Nova Scotia Fisheries

By Stewart Bates

WE may begin by stating what seem to be two outstanding features of the fishing industry.

The first feature is the great variety of commodities it produces. As we all know, there are different kinds of sea products—lobsters, cod, haddock, oysters, scallops, hake, and so on. Furthermore, some of them may be processed in different forms: e.g. a fish may be sold either "round or filleted, or frozen, all of these forms being called fresh fish, or it may be dried or pickled or canned. Now each kind of fish is a different commodity: and if it is processed as fresh, or dried, it is subdivided into still more commodities, each with its own market. In that way about 80 different commodities are produced. The fishery is not *one* industry, but many: it is as highly diversified as agriculture. We don't talk about *the* agricultural problem: we talk about the difficulties of the wheat producer, the potato producer, the milk producer and so on, and recognise each of these as different problems. We may have to do something the same for the fishery, and look at the special problems of the different branches.

Another phase of the industry that we have to keep before us is the fact that the various fish products are not produced independently as are hay and potatoes in the case of agriculture. In the fisheries the various commodities are produced jointly: a trawler or schooner on one outing may produce many kinds of fish. But the fisherman cannot determine beforehand the amount of each, at least not to the extent that a farmer can determine roughly how much hay or potatoes he will get[1]. The farmer determines the various proportions by planting. The fisherman, however, takes the proportions as they come within his particular catching method. Now the various kinds of fish landed are not equally plentiful. Some are comparatively scarce like lobsters, salmon, oysters. Others are plentiful in our waters (cod, hake, mackerel), though not equally abundant every year. It is true that the shore fisherman may fish for lobsters at one season, for mackerel at another and for cod at another, but his ability to determine the catch of the various kinds is limited since some are scarce.

The first point to be established about this industry therefore, is the extremely varied nature of the commodities, their great number, the extreme perishability of some of them, and the greater abundance of some than of others.

The second feature that stands out is the fact that the industry grew up to supply an export trade, especially export of the plentiful kinds, like cod, haddock, hake and mackerel. In Canada the annual production of fish amounts to about 120 lbs. per head of our people: but the consumption is only about 30 lbs. The industry, of course, had its origin in the days before the modern methods of refrigeration had been devised, and the fish that were exported, had to be processed into less perishable forms by the use of salt. In other words, the industry grew up to supply an export market in salted fish (dried fish trade).

Now for thirty years the industry has been undergoing some change—not particularly in the methods of catching fish (except so far as schooners and trawlers have improved their techniques) but more in the methods of processing. The trend has been towards a decline in the proportion of fish sold in the dry salted state, and an increase in the proportion of fish that were processed as fresh, frozen, smoked, boneless, or pickled, or canned. Thirty or forty years ago,

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1. The fishing technique used (i.e. the trawl or the hook-and-line method) affects the proportions of the various kinds caught, as well as their amount. The trawl lands varieties not obtainable by the hook-and-line, and it catches a larger proportion of haddock and a smaller proportion of codfish.

the typical Nova Scotia fishing village was noted for having its adjacent fields covered with flakes on which salted fish were being dried hard in the sun. But as many shore communities turned from the dried fish trade to the fresh trade, to lobsters, scallops, and to pickled fish, this typical scene passed away. The dried fish trade became concentrated more and more in Lunenburg, in its famous salt banking fleet. But there were still many shore fishermen whose catch was ultimately dried, and exported abroad as dried salt fish.

These changes occurred gradually from one year to another, and ten years ago the dried salt fish trade was still the mainspring of the whole fishing industry. During the last ten years, however, the changes have been very far-reaching, because of the unprecedented decline in the dried salt fish trade. In 1927 and 1928 Canada exported about 700,000 cwts. of dried fish: now we are exporting less than 300,000 cwts. More and more fishermen were forced into the other branches, into the lobster trade, the fresh fish trade, the pickled fish trade, and even into the boneless and smoked trades. We cannot over-emphasize the importance or the full extent of this decline in the dried fish trade. It caused no great change in the methods of catching fish: the industry still employs the time-worn methods of catching. Indeed the outsider cannot fail to be impressed with the fact that our 15,000 shore fishermen (who form the bulk of our fishing population) still use much the same catching methods as the disciples used on the Lake of Galilee nineteen hundred years ago. Even in the schooner fishery, it is still the dory and the line that are used. The technique has changed little as compared with the methods in some other fisheries, and as compared with the methods in some other industries.

Let us examine the cause of this great decline in the dried fish trade, before we study its effects on the whole industry.

The dried fish trade of Nova Scotia, which used to be the dominant producer in the world, had become of only small significance in the world markets after the Great War. Since 1929 the whole world dried fish trade has been in difficulty, but the Nova Scotia fisherman has tended to suffer more than those in many competing countries. Briefly the trouble with the world dried fish trade as a whole is that the world supply has tended to increase and get ahead of the demand. After the War Iceland and Norway enlarged their fishing capacity. In the depression years after 1929 both France and Italy also expanded their fishing fleets, and so more and more dried fish were being produced. On the demand side, we have to remember that the consumers of this product are mainly Latin and Negro peoples. After the War the Negro and Spanish populations in the sugar islands of the Caribbean Sea suffered loss of income, as did also those in Brazil, because sugar and coffee prices fell violently. In the depression years after 1929 these people became still worse off, and on top of this came the political troubles with Italy and then the Spanish war, which ruined the great European markets. As a result of the new supplies and the smaller demands, the world prices of dried fish have tended to keep low since 1928[2].

The fish trade has become more and more disorganised. In the few remaining markets, so anxious are the firms to get a few sales that they spoil the trade still further, by cutting prices between themselves.

For all these reasons there has been, among Nova Scotian fishermen, a widespread attempt to get into other branches of the industry—to the fresh trade, the pickled and boneless trade, to lobsters, and so on. But this transfer to the other branches is not a final or a satisfactory way out, because each of these alternatives has its own difficulties at present.

Take for example the lobster fishery. What prevents lobsters from being a general alternative is their scarcity. The fact that more men fish for them, does not increase the supply: it only means that they sooner fish out the lobster.

7. A quintal (c.w.t.) is 112 lbs.

2. For an authoritative discussion of the economics of the dried fish trade, see the article by O. F. MacKenzie in *Public Affairs*, Vol. II, p. 161.

Or look again at say western Nova Scotia, at those who lost the San Domingo market for their hake: they are fishing for lobsters and scallops for the New England market. When they get a good catch, prices immediately fall. In Boston, news of a good scallop catch at Digby may break the price from 18 cents to 9 cents a pound. This market is narrow. Similarly in the pickled fish branches and in the boneless trade. There is not yet a world market for pickled fish, as was true for dried fish some years ago: indeed New England is the main market for pickle-cured cod, and there is plenty of evidence available to show that when too many pickled fish are sent there results a break in the price. These branches are serving only comparatively small markets and can therefore only absorb a small part of our production, given present prices and qualities.

The other alternative open to our fishermen has been the fresh fish trade. Of course it is not an alternative for all our shore fishermen: some of them are situated at points on the coast, where there are no means available for collecting fresh fish and getting it to market. In other words, whenever we begin to consider the fresh fish trade as an outlet for our fish catch, the question of the extremely high perishability of the article jumps into the foreground and the question of quality becomes a major problem. If fish is shipped in the fresh state, it cannot be transported far without deterioration of quality. If fish is frozen, then the possible range of transport is widened: frozen fish can be carried further and can be kept longer without becoming unpalatable.

Before we can ask if our local fishery is really suited to the development of a fresh or a frozen fish trade, we have to be clear about the nature of that trade.

In the fresh fish trade, three facts seem to be dominant. In the first place, when we try to sell fresh fish in central Canadian or other markets, we have to compete not only with fresh fish caught in the Gaspe area, in the Great Lakes, but also with other products, such as meat and eggs. If we are to be successful, very great care is required in handling the fish from the moment of the catch until the moment it is in the housewife's pan. As Nova Scotia is further from the central Canadian markets than the other fish centres in Gaspe or the Great Lakes, we must have better facilities for handling fish than even they enjoy. That is the first obvious point.

The second point we have to bear in mind if we want to sell fresh fish is that the buyers are rather fastidious. They like a variety, not merely of meats, but also of fish. They don't want to be confined to filleted cod or even haddock and halibut: there are other fish that they consider tasty as well—fish like flounders, or soles, redfish, yellowtail and so on.

The third point is that when we try to compete with other industries like those producing meat, bacon and eggs, we have to strive to get the quality of fish up to that of the other products. Now their quality has been improving rapidly in the past twenty years. Not long ago consumers used to be afraid of the freshness of eggs, but since eggs were graded in 1924 that fear has disappeared and Canada now consumes more eggs per head than any other country. Poultry, bacon and meat, other products that compete with fish for a place on the housewife's table, have all attained a higher quality. The fishing industry, therefore, will have to meet their standards. They are setting the pace, and we may as well realise that the pace is a fast one. Producers of these other foodstuffs are encouraged to improve their qualities by government aid in details of agricultural production, by establishing grading, by marking products, by branding them and putting an expiration date on the wrapper (freshness is not guaranteed after such and such a date).

Now given these three facts—the extreme perishability of fish, especially when not frozen, the consumers' desire for variety, and the high qualities of competitive foodstuffs—is the fishing industry organised to produce fish that will meet these conditions?

The first is the fact of the extreme

perishability of fish. Under the present organisation of the industry, the fish may be fresh when it is landed on a boat, but that is only the first link in a long chain. It will have to be carefully refrigerated from that moment, through the processing stage, then through the transportation stage, and then in the retailer's stage. One bad link in that chain almost certainly means bad fish at the other end. From the outsider's point of view there are several bad links, sometimes starting at the fisherman's end of the chain. In summer time especially, it is exceedingly difficult for shore fishermen with their present equipment, to get their fish ashore in a perfectly fresh state. Again the next important link is the transport journey: the refrigeration of railway cars is being rapidly improved. The last link is the retail store, and in central Canada we know that few retailers have fish refrigerators. Who has lived in central Canada knows, just how unpalatable Atlantic fish can sometimes be. It is necessary that almost every link in this chain be improved. The fisherman alone cannot do much, but unless the industry is willing to exercise vigilance throughout the distribution process, unless it has the most up-to-date methods of catching and processing, it is not going to be able to guarantee fresh fish in a market situated one thousand miles away. This is no simple problem and cannot be met by any except bold action.

The second fact that dominates the fresh trade is the consumer's demand for variety. Can our presently organised industry provide variety? Perhaps, but it does not. We can produce plenty of cod, but the consumer likes other things as well as filleted cod or even filleted haddock. The consumer sometimes likes soles, or redfish, but we cannot supply the available markets for these kinds of fish. We have a surplus of the kinds that consumers don't want in abundance: just as we seem to have plenty of fishermen, but yet not enough of a certain kind apparently, because Lunenburg has to get fishermen from Newfoundland every year. It is not only necessary to have some variety of fish but to have this variety with some regularity so that the consumer can get into the habit of thinking in terms of fish as a dish for any day. If there are only a few types available, or if these are only spasmodically available, there is but a small chance of the inland consumer ever getting the fish habit.

The third fact to be considered is the competition from other foodstuffs. Is our local fishery organised to compete with the meat companies, the bacon, poultry or egg industry? You have only to contrast fish as sold with these other products, to find the answer to this question. These other foodstuffs are graded, branded, packed, and sold in a manner calculated to suit the demands of the consumers to-day. But fish are quite different: no one is very willing to accept responsibility for them: they are usually nameless, have no guarantee as to the quality, their age, or their maker. They can be packaged, branded, named and graded just as eggs are, but that would necessitate a great development in the frozen fish trade. At present, however, outside the days of Lent, our fresh fish trade finds it almost impossible to compete successfully with other foodstuffs in the central Canadian market. It cannot provide an outlet for fish which in happier conditions, would have gone into the dried fish trade. The industry needs to readjust its methods of production and of marketing in order to ensure high quality fish, continuous in supply and in variety.

Such is the picture as seen by the outsider. The decline in the dried fish trade has forced the industry into other branches: but their possibilities are limited just now. They are not able to absorb the catch which has become surplus. The trawler has been almost eliminated in the last ten years in an attempt to reduce the surplus and to give employment to fishermen. The outsider cannot help wondering what would happen if we suffered still further in our export trade. Would people then demand the licensing and gradual elimination of the

schooner also? According to the present line of reasoning that would apparently be the next logical step, if the economic conditions got worse.

These difficulties are largely consequences of the depressed condition of the dried fish trade for which our whole industry is largely organised. To the outsider a revival of the export trade seems likely if this country will use the same weapons as its competitors, (i.e. use trade treaties to help, rather than hinder the industry and use transport and export subsidies as foreign competitors do). If the dried fish trade recovered, pressure would be released from the fresh fish trade, and that branch of the industry could squarely face the quality test, and devise methods to ensure grading comparable to other foodstuffs. The potentialities of that trade are great, but cannot be envisaged even, so long as present conditions persist.

The Education of Consumers

By Frances Hall

THE challenge of consumer problems has been recognized in both Canada and the United States. The steps taken in the two countries to meet it have been somewhat different, but the basic issues involved are essentially the same and each has much to gain from an acquaintance with the experience of the other. It is to Canada that we in the United States must look for leadership in two of the most important phases of the work. Not only has the Canadian government pioneered in grade labeling, but it has been helpful in setting up the cooperative project in Nova Scotia which is revealing to the world its possibilities for the low income groups. These we recognize as contributions of outstanding importance. In the United States progress is being made with the establishment of consumer cooperatives and the demand for consumer standards is becoming ever more articulate, but in neither case has the progress been as notable as in Canada. Along certain other lines, however, the consumer movement here has made advances that are highly significant. There follows the story of its development.

One might say that there are four concepts of consumer education. The first can be called buymanship. This means spending our incomes to obtain the maximum value in each particular purchase. It is here that we try to give to consumers all that information which will help them to do their shopping efficiently. Testing bureaus, courses in commodity problems, "guinea-pig" books, all contribute a share. Above this, there is the level of personal management. This concept includes the methods of budgeting, of home management for the broader development of personal and family living, or wise choice-making, not only in use of money, but also of time and energy. The third concept is that of consumer economics. Added to the idea of consumers as individuals developed in earlier concepts is the idea of consumers as members of society, their position in the economic order, and the possibility of improving that position by means of group or government action. This level of consumer education embraces the operation of the economic system as a whole and the reaction of individuals and families to it, as well as their dependence on it. The final concept is still broader and includes what may be called consumer cultivation, that is, the development in consumers of their capacities to enjoy the resources available to them. By including this concept, it becomes possible

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