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**ORGANIZATIONAL CHANGE AND ECONOMIC
DEVELOPMENT IN RURAL NEWFOUNDLAND**

ANDREA MARGARET KENT YOUNG

A thesis submitted to the Faculty of Graduate
Studies and Research in partial fulfillment
of the requirement for the degree of

MASTER OF ARTS
DEPARTMENT OF GEOGRAPHY

Carleton University
Ottawa Ontario

June, 1985

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"ORGANIZATIONAL CHANGE AND ECONOMIC DEVELOPMENT
IN RURAL NEWFOUNDLAND"

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ABSTRACT

The broad framework of this thesis is organizational change and economic development. With a geographic focus of the island of Newfoundland, the central issue is to better understand the relationship between the institutional history of rural regions and the problems of local communities in addressing the social and political issues that influence the pattern of economic development (or underdevelopment) which occurs.

Following a review of the theoretical literature on the subject area, an overview of the history of the Newfoundland fishery from 1582 to 1949 is presented with an analysis of its impact on the pattern of rural organizational development. Following this is an analysis of organizational change in rural Newfoundland between 1949 and 1980, focussing on the process of structural change and modernization which precipitated the emergence of a rural development movement and simultaneously of a complex institutional system able to deal with rural development concerns.

PREFACE AND ACKNOWLEDGEMENTS

Utopia has long been a name for the unreal and the impossible. We have set utopia over against the world. As a matter of fact, it is our utopias that make the world tolerable to us: the cities and mansions that people dream of are those in which they finally live.
[Lewis Mumford The Story of Utopia]

This thesis had its origins in my long-standing interest in the problems of development in traditional societies. Two undergraduate papers, one concerned with utopian communities such as the Hutterites and the other with the significance of folk art as an indicator of 'community health', were probably the first expressions of it. Travel in Latin America, work with an organization concerned with promoting Inuit art, followed by work in a Mexican rural development program all contributed to furthering this interest. There are two underlying premises to this thesis which grew out of my experiences. The first is that development is a long-term process and that the historical experience of a community affects not only its present economic condition but also the attitudes of local residents towards changing their situation. The second is that the institutional structure of a community is a significant factor in the process in that it may inhibit or facilitate the potential for development.

Newfoundland was chosen as the case study area for two reasons. One was that upon returning to Canada from Mexico I was painfully aware of my ignorance of my own country. The other was that rural Newfoundland offered an area that was widely considered to approximate third world rural communities in terms of its 'development problems'. My philosophical idealism of the development process, characterized by Mumford's words, now is tempered by pragmatism. The issues to be dealt with now include not only the question of inspiring 'utopian' thinking but also the problem of creating appropriate organizations to put the utopias into effect.

In a study of this nature, with deep roots in my personal interests and investigated over a period of years, many debts are incurred to people who have helped either academically or in providing encouragement, inspiration, information or hospitality. To all of them I wish to express my gratitude.

My principal academic debts are due to my supervisors, Dr. Mark Rosenberg and Dr. Iain Wallace of the Department of Geography at Carleton University. To both I owe thanks for their patience and advice. I also wish to thank the many members of the Department of Geography at Carleton University who have given me the benefit of their expertise. A special word of appreciation is owed to Dr. Rosemary Ommer and Chris Palmer of St. John's, Newfoundland who gave me hospitality and support while I was in Newfoundland and who encouraged and directed my interest in Newfoundland and maritime economic history. I also wish to express my gratitude to Dr. Raoul Anderson and Dr. Frederick Johnston of the Memorial University of Newfoundland who gave me the benefit of their knowledge of North Atlantic rural maritime communities and of the rural development experience in Newfoundland and to Richard Fuchs of the Newfoundland Department of Rural, Agricultural, and Northern Development who provided me with valuable information concerning contemporary rural development in the province.

Mrs. Catherine Thomas, who typed the manuscript, also deserves special thanks.

At a more personal level I wish to thank my family and friends who have supported and alternately encouraged and cajoled me to complete the thesis. Special appreciation goes to my parents and my brothers James and Mike (who lent me the 'family' MacIntosh); also Mike, to Anne and Alphonse and to Riva and Dave who kept me fed and my spirits up when times were rough. I dedicate it to them with love and gratitude.

Andrea M.K. Young
Ottawa, May 1985

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CHAPTER 1: INTRODUCTION

Organizational change is an inseparable part of economic development. If an economy expands or intensifies its production processes, the institutional structure within which the economy functions, adapts to serve the changing social, political, and economic requirements of the overall system.

Urban and industrial areas usually have complex institutional systems incorporating several levels of government and small to large businesses as well as a variety of community or voluntary organizations. Rural areas on the peripheries of industrial economies, in contrast, traditionally have a simpler institutional structure, often with few internal horizontal linkages and with restricted vertical communication and mobility channels to the outside economy.

In the modern urban-industrial economy, rural and peripheral regions have often tended to be 'underdeveloped'. This is not because they lack the institutions per se, but rather because their historical pattern of institutional development reflects their relative insignificance and subordinate role in the political and economic power structure of the broader system. Rural areas where economic development has occurred, usually have evolved local organizations which work together as an integrated system with institutions performing a variety of functions and linked both horizontally to organizations within the community and vertically to regional or national institutions.

The development problems of rural areas which are economically depressed are complex, involving social and political as well as economic issues. Economic development and planning theories usually focus on three main approaches. The first concerns efforts to increase the overall rate of investment in capital projects and human resources which contribute to the production potential of the local economy. The second is that of supporting economic infrastructure development to ensure the flow of financial resources and marketable products. The

third involves improving coordination between different elements of the economic and social structure to create an organizational framework within which a modern economy can prosper. In other words, it is concerned with the problems related to institutional development which reflect a community's social and political attitudes and aspirations as well as its economic needs. Many rural development programs, both in Canada and the Third World have emphasized the first two and neglected the third.

It is the contention of this study that, in chronically depressed rural areas, 'appropriate' institutional development may be the first step towards establishing a stable and self-reliant local economy. Organizations must reflect local needs and concerns if rural communities are to control and benefit from economic growth in any consistent and long-lasting way. Past patterns of and attitudes towards local organizational structures and present institutional support systems for broad-based economic development all will contribute to the conditions and circumstances encouraging the evolution of appropriate local organizations.

Two underlying assumptions about the development process directed this study. The first is that 'development' is a dynamic process the purpose of which can be characterized in terms of the strengthening or improving the overall health of a community and that 'symptoms' which may appear in one sphere of community life cannot be treated in isolation. Blishen *et al.* (1980:37) have written that:

the strength or weakness of a community is intimately bound to those processes that permit a sense of social bonding, economic opportunity, and political control.

Analyzing the role of developmental organizations thus requires some understanding of how they contribute to these processes. In the context of this assumption, increases in the number of economic opportunities available could not be considered 'development' unless they amplify social dynamics which bind the community together and encourage control over local decision-making.

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The second assumption, related to the first, is that whatever the institutional vehicle for development, it is only one part of a complex and dynamic social structure. In Local Organization for Rural Development: Analysis of Asian Experience (1974), Uphoff and Esman have written that:

Organization for rural development must be seen as a system of institutions performing various functions in the rural sector of a particular country.... Of key significance (is) the extent and effectiveness of linkages between and among institutions, horizontally with other organizations at the same level and especially between local organizations and structures at the centre of government which set policy and allocate resources essential to success in rural development (p. xii).

In this thesis it is hypothesized that economic development organizations act to facilitate the emergence of institutional inter-relationships of an economic nature, which in turn act to strengthen the social processes integrating the various elements in a community. Accordingly the analysis of these organizations starts from the perspective of relating the institutional framework of economic activity to that of social and political activity.

The focus of this thesis is organizational change and economic development in rural Newfoundland. The outports of the coastal regions have always been and are still primarily fishing settlements. They have also been chronically economically depressed, institutionally and politically underdeveloped - and proudly independent. Only in the past twenty years have they begun to develop autonomous local organizations, which, directed by rural residents, have the objective of diversifying the local production base and of encouraging local economic growth.

The principal players among these new organizations were called Regional Development Organizations. They emerged during the 1960's as ad hoc public interest groups protesting the current government's rural development policies. They have evolved since then to become one of the major vehicles for the implementation of provincial government policies in rural areas. These organizations did not appear in isolation

however, but rather as one element in an increasingly complex system of institutions serving rural needs. This included the gradual acceptance and establishment of local municipal councils and an increase in the number of producers' and consumers' cooperatives, of voluntary social and political organizations and of regional offices of federal and provincial agencies. The expansion of the modern industrial economy into rural areas accompanied by road, rail and telecommunication networks and by modern retail and financial organizations was also a part of the increased complexity. Taken together these changes have reshaped the organizational structure of rural Newfoundland.

In the context of the focus noted above, there are two major objectives of the thesis. First, the study seeks to enhance our appreciation of the changing patterns of local organization in rural economies dependent on primary resource production. An important aspect of this concerns an exploration of the relationship between local institutional structure and that of economic activity in the broader society. Second, it is intended to augment our understanding of local development organizations in the socio-economic geography of rural Newfoundland. The approach to this is first to analyze the historical circumstances of rural Newfoundland settlements which constrained the earlier appearance and survival of local organizations concerned with economic and political issues. Then, second to review and analyze the political and economic conditions which precipitated their eventual emergence in the 1960's and integration into the regional institutional structure thereafter.

The thesis is essentially an exploration of the relationship between historical patterns of community structures in rural areas and the propensity for the emergence of local developmental organizations. The methodology followed in the research process was a simple although lengthy one. First, the literature concerning contemporary rural economic development and local organization was reviewed and analyzed. This was then followed by a thorough familiarization with the historical literature concerning the establishment and evolution of

colonial outposts, particularly those of the North Atlantic and their trading links. Chapters Two and Three reflect the materials studied.

Three months spread over two summers were spent in Newfoundland. During this time rural communities were visited, particularly Fogo Island, Trinity Bay, Bonavista and the Upper Trinity South regional development area; rural development specialists and organizers were interviewed and unpublished materials were identified and studied using the facilities of Memorial University in St. John's. Provincial and federal regional development policies affecting rural Newfoundland were also analyzed and local program managers interviewed. Chapter Four reflects this material. The result is an attempt, albeit incomplete, to draw the areas of historical analysis and rural development planning closer together.

The thesis is organized into three main chapters, apart from the introduction and the conclusion. Chapter Two presents a review of the theoretical literature relating to the general area of economic development and organizational change in rural areas. Chapter Three includes an overview of the history of the Newfoundland fishery from 1582 to 1949, and an analysis of its impact on the pattern of local organizational development. The discussion in Chapter Four addresses organizational change in rural Newfoundland between 1949 and 1980 with particular interest in the process of structural change and modernization which precipitated the emergence of RDA's. It includes a brief history of Regional Development Associations and an analysis of their relationship to the changing organizational structure of rural regions.

CHAPTER 2: THEORIES AND CONCEPTS

2.1 Introduction

In this chapter, the basic theories and conceptual issues on which this study is based are defined and discussed briefly in order to establish the context for later analysis. The issues, in the order of presentation are: economic development; development in peripheral regions with marginal economies; rural economy and society; ocean fisheries and economic development; and the role of local organization in rural development.

2.2 Economic Development

'Economic development', as it is defined in the context of present day economic theory, is premised on the restructuring of society subsequent to the Industrial Revolution which began in eighteenth century England. As a term, it is often used, almost interchangeably, with the words 'industrialization' and 'modernization' which reflect distinct facets of the same phenomenon. Taken together they are used to describe both the end result and the process of economic, technological and social change which has taken place in Western civilization since 1750.

As a technical term, 'economic development' is used to refer to the evidence of overall development which indicates an increased capability to provide the means of subsistence in a community based on the more intensive production methods associated with industrialization. It can be measured in terms of increased productivity per unit of labour; increased per capita income; increased production specialization and division of labour accompanied by the movement of labour out of primary production into manufacturing and service industries; increased investment in industrial production technology as a proportion of gross national product; and the extension of the basic institu-

tions and facilities of special economic importance that provide essential services to all elements of the economic system and sectors of society (i.e. financial and educational institutions and public utilities). It is an historical process characterized by institutional re-organization and by spatial restructuring in the distribution of productive activities throughout the economic system. As a concept it refers to the capability of a total economic system to generate the means of subsistence on a continuing basis.

In terms of the development process, industrialization refers to the technological changes associated with the intensification of production processes necessary to increase productivity. Industrialization is at the core of the structural transformations associated with economic development in western society since the eighteenth century. The words 'Industrial Revolution' refer to the dramatic changes which occurred in the eighteenth and early nineteenth centuries. Used with small letters they

usually refer to that complex of technological innovations which, by substituting machines for human skill and inanimate power for human and animal force, brings about a shift from handicraft to manufacture... (Landes 1969:1).

The emergence of a modern economy results from a long-term, gradual process not a single cataclysmic event. It is the end product of an inter-related succession of changes in production processes which must be consolidated and incorporated with concomitant restructuring in industrial and social organization. Geographically the earliest changes occurred in what are now the economic heartland regions of the modern world economic system - England, Europe and North America. The process continues today around the globe, as previously isolated and relatively autonomous rural areas become integrated into the world-wide system of industrial production.

The concept of 'modernization' refers to the social and cultural aspects of organizational change which accompany industrialization and

economic development. It is a term used by social scientists to describe the long-term complex of changes in personal outlook and expectations and in social and political institutions which make possible the continuing technological advances associated with industrialization. The urbanization associated with the Industrial Revolution, characterized as "the concentration of population in cities that serve as nodes of industrial production, administration, and intellectual and artistic activity" (D.S. Landes 1969:6); can be as the social watershed between 'modern' and 'traditional' society.

All the indicators associated with a modern, economically developed society are contingent upon the emergence of urban-industrial centres. These include the establishment of effective central governments (in concert with the appearance of nationalism, national political parties and a civil service); the creation of public education systems (to provide for the dissemination of 'modern' attitudes and technical and professional training); the growth of formal social service institutions (to support the disadvantaged and poor who previously would have been cared for by kinsmen or through informal community assistance practices); and the transformation of the family unit from extended to nuclear (as it loses its primary production role) which is associated with the demographic transition (lower birth and lower infant mortality rates and a longer life span).

From an ecological perspective, economic development can be seen to occur because the resource base of a community has become inadequate to provide basic subsistence to the population dependent upon it (Fig. 2.1). Whether this results from resource depletion or population expansion; in order to survive, local residents are compelled to choose from two broad courses of action. On the one hand they may intensify their use of existing resources through the development of more efficient production methods and practices and through resource substitution (scientific research, technological development and adoption of resource conservation practices). Or they may expand their accessible resource base by extending their territorial boundaries seeking new

Figure 2.1 The Course of Adaptation to Ecological Problems [Source R.G. Wilkinson 1973, p. 105]

locations for presently utilized resources (exploration and colonization). These are complementary strategies for survival. In the historical experience of Western society both the intensification and the extension alternatives have occurred in overlapping cycles. The institutional restructuring associated with industrialization and modernization, which characterizes intensification of production, can be seen to have been balanced by spatial reorganization associated with the development of international trade and colonial empires, which characterize the extension of territorial boundaries. Both are elements of the economic development process.

Whether viewed at a local national or international scale, the process results in economic systems that can be described structurally in terms of core and periphery regions. The cores initiate the momentum for peripheral development as the central region's population outgrows its local resource base. The peripheral areas serve the cores by providing access either to specific raw materials or to space for resettlement for an expanding core population. It is from this process of spatial reorganization that peripheries, as geographically and institutionally definable elements in an economic system, emerge.

At the level of individual or local community decision-making, economic development can be characterized as a succession of overlapping cycles of behavioral adaptation and institutional change in which available resources are utilized on a principle of least effort (i.e. those most readily consumable and requiring the fewest changes in production skills or capital investment practices occur first). McCay (1978:410) refers to an 'economics of flexibility' that is premised on a logic by which minimal, less costly and more reversible responses to environmental change are predicted to occur first. By this model, the progression of adaptive strategies can be seen to begin with those requiring increased time spent on productive activities using existing skills and technology. Following the exhaustion of this option, there would then follow strategies requiring increasing levels of capital investment in the development of new production technologies, new resources and new technical skills.

The implications of the economic development process, as described above, for the institutional structure of society can be described in terms of a transition from pre-industrial, 'traditional' community-life bound together by 'informal reciprocity networks' to industrialized, 'modern' town-life in which 'formal economically-determined contract relationships' (Blishen et al. 1980:30-37) predominate (see Figure 2.2). The transformation from the one to the other can be characterized in terms of a progressive differentiation and specialization in the social and economic functions carried out by individuals and organizations, and of the emergence of a new institutional superstructure which serves to reintegrate the functions to maintain coherence at the level of the system as a whole. Organizationally, traditional rural settlements functioned as relatively self-sufficient and autonomous entities characterized by local social, political and economic linkages which served to reinforce the perceived centrality of the community to residents' lives. Modernization, by increasing the number and economic significance of extra-local institutional links and obligations reduces the internal self-sufficiency of the local community and binds it into the broader economic system. This social and cultural process underlies the emergence of economic peripheries.

2.3 Peripheral, Regional and Marginal Economies

In every country or region, areas can be identified which are poorer, suffer more unemployment with greater seasonal fluctuation, have lower education and technical training levels, are more conservative in attitudes to social as well as economic innovation and change, and are subject to higher levels of outmigration - particularly among the active work force - than the rest of the economy. These areas have been called declining, backward, underdeveloped, marginal, dependent, hinterland, and peripheral - each reflecting different aspects of the problems constraining self-sufficiency and viability in the local economy.

FIGURE 2.2

Continuum of Institutional Transformation in the Course of Economic Development

In the discussion of economic development it was indicated that primary resource regions are incorporated into an economic system in response to spatial restructuring and expansion in the core region. Economically stagnant and declining peripheries are historical artifacts, in a sense, in that they usually result from the evolution and growth of an economic system such that the specialized resource base of a region has lost its competitive edge in relation to other elements of the broader economic system to which it belongs. Stohr and Friedmann (1972: in Berry, Conkling, and Ray 1976:258-9) distinguish different kinds of peripheries in terms of their economic potential by locating them on a matrix of increasing population density relative to increases in per capita income. Core regions are identified as having high income levels and high population densities. Upwardly transitional peripheral regions, characterized as "resource frontiers" have rising per capita incomes and lower population densities; as opposed to downwardly transitional regions - depressed economies - which have increased population densities and stagnant or declining incomes.

Structurally the relationship of the peripheries to the core can be differentiated in terms of the ability of the peripheral region to exact returns on its product in the core region's markets. The products of the upwardly transitional regions tend to be in demand, while those of the downwardly transitional are not. Historically the regions can be distinguished insofar as the more densely populated, downwardly transitional regions tend to have been resource frontiers during an earlier period and to have been superceded as the resource requirements of the core economy changed. Newfoundland is today considered to be a depressed region. Its history of 'boom and bust' cycles is clearly related not only to periods of resource richness and depletion but also to the variability of demand for its staple exports in offshore markets and to the adaptability of the local economy to changes in the external system.

The use of the terms 'peripheral' linked with 'marginal' as a geographic concept derives from the spatial application of two fundamental economic principles concerned with marginal utility or productivity and with the law of diminishing returns. These ideas, which provided the conceptual starting point for the field of development economics, concern the issue of how the use value (utility) and exchange value of goods are determined in a market economy and of what the limits of production should be (i.e. beyond what point does it cost more to produce than can be returned from either use or exchange). The marginal or peripheral regions in an economy can be understood as those areas where production and exchange are at the limits of economic viability. Very simplistically stated, the problems in depressed regions reflect the fact that the returns from the production and exchange of the primary commodity of the local economy are not sufficient to allow the economy to either grow or maintain its status.

The use of the term 'marginal' when used in the context of peripheral regions describes adverse living conditions whether physically, economically, or socially related. In economic terms, its implications are of 'fringe settlement' with distinct attributes related to primary resource exploitation and to the absolute and relative limits to production. Technically the concept of economic marginality relates to "the costs incurred in fringe areas of overcoming problems of distance from markets, the lack of economies of scale and the need for public investment and subsidy" (Francis 1981:57). The locational disadvantages of commercial production at the periphery lead to low levels of return on investment and near subsistence economic conditions. The regional deficiencies in social services (i.e. medical, educational, transport, communications, etc.) and the demographic characteristics of local residents (aging population/high dependency ratio, low education level, lack of managerial skills, lack of job mobility and high levels of selective outmigration), compound the economic problems of production.

In summary, a community or geographic area described as both peripheral and marginal can be expected to be institutionally dependent insofar as the major decision-making centres are located outside its boundaries; economically underdeveloped by virtue of reliance on a resource base which is either impoverished or little in demand; and physically and structurally isolated from the mainstream of the economic system. The questions posed by development economists and planners concern both the 'why' of backwardness and underdevelopment and the 'how-to' of promoting growth and improved living conditions. The 'problems of development' in depressed regions can be analyzed in terms of the institutional characteristics which reflect both the historical and contemporary dominance-subordination relationship between the core and the periphery.

Economic systems are bound together by networks of transportation, communications, and trade through which flow production factors (money, labour, and raw materials), information, and political and economic authority. The core region, as the hub of the system and the most institutionally complex and differentiated element, provides the momentum for the whole. The interaction between the core and its peripheries, at the scale of the world system has been described in terms of a hierarchy of centres and peripheries, of heartlands and hinterlands, from international metropoli to isolated wilderness outposts. In each case the peripheries are definable by the closeness of their institutional links to the core region. In the most extreme cases, the peripheries can be described as specialized appendages, as tributary economies, with little or no control over political decision-making or economic returns from production. The notion of 'branch plant' has been applied to economies existing under these circumstances. The related settlement structure is often characterized by the appearance of 'single industry towns' owned and operated by non-resident corporations.

Six 'feedback effects' have been identified by Friedmann (1966) which consolidate the dominance of cores over peripheries. These include:

- (i) the dominance effect - weakening of the periphery by transfers of unprocessed raw materials to the core;
 - (ii) the information effect - increased interaction and innovation in the core;
 - (iii) the psychological effect - higher rate of innovation in the core due to greater visibility, higher expectations, and lower risks;
 - (iv) the modernization effect - more rapid social and institutional change in the core favouring innovations;
 - (v) the linkage effect - the tendency of innovations to induce other innovations facilitated in the core by high system-wide accessibility;
 - (vi) the production effect - poor accessibility to markets and other producers reduces the option of increased scale and agglomeration economies.
- [Friedmann in N. Hansen 1978:10]

The result is that the peripheral economy appears to be intractably dependent on the core in four crucial ways. First in trade, the products tend to be less innovative, have a low demand elasticity, are sold in a buyer's market and the transportation and marketing systems tend to be externally oriented. Second, this is compounded by the dominance of extra-territorial business organizations in the production and marketing system which leads to the import of production technology inappropriate to local factors and to the export of the profits from the production process. Related to this is the vicious circle of an insufficient local market to support indigenous consumer goods production and production technology industries, leading to a dependence on the import of both. Rising external debts and export of local capital diminishes the capacity of local producers to upgrade the quality of their goods to compete with imported goods and further reduces the local market for locally produced goods. Finally binding all these together is a dependence on external decision-making, both directly through the predominance of foreign owned industry and indirectly through vulnerability of the local community to the impact of political decisions made in the core region which may affect the periphery's terms of trade (i.e. tariffs or subsidies).

2.4 Rural Economy and Society

The term 'rural' as it is used currently, is a somewhat imprecise concept, usually defined in opposition to things 'urban'. Statistically rural regions have fewer inhabitants than urban areas - in Canada, an urban area has a population greater than one thousand (this numerical definition varies greatly from country to country). Economic and sociological definitions of 'rural' society are much less precise.

Historically most of the world's population has been rural. Prior to 1800 there were no highly urbanized countries as we know them today, although cities have long been important as the crucibles of learning, religion, and culture. From the early 1800's onwards, England and later Europe urbanized rapidly as they underwent industrialization. By mid-century, more than half of England's population lived in cities and since that time most of Europe and North America have followed suit.

The exodus of rural populations and the growth of urban places that has taken place over the past two hundred years, principally since the Industrial Revolution is part of a wide-ranging transformation in the nature of western civilization such that it is no longer possible to distinguish clearly an urban from a rural way of life in developed countries. All of the variables which contributed to the urbanization process - the technical advances which permitted greatly increased agricultural productivity; the development of the factory system for processing raw materials; the expansion of transportation and communication networks which followed the development of railways and telegraphs; and the improvements in medical knowledge and public health which made urban life and the demographic transition possible - have also made urban and rural areas structurally and functionally interdependent.

In the twentieth century - in highly industrialized and densely urbanized regions such as eastern North America, southern England and northern central Europe - the boundaries between urban and rural are

difficult to distinguish. Urban regions include both primary producers and urbanites living in 'rural' settings. In more isolated regions, rural residents daily use industrially manufactured goods and frequently interact with urban centres via radio, television, telephone or personal travel. In addition the legal and political institutions which bind urban and rural areas together under regional and national governments, consolidate economic and social interdependence. Geographic concepts such as metropolis or heartland and periphery or hinterland describe this interdependence.

Despite the inter-relations described above, characteristics of economic and social organization can be identified which distinguish rural areas. Rural economies are dominated by activities related to the primary production of foods, fibers, minerals or other raw materials. The rural producers use these either for their own basic subsistence or, with a limited amount of processing, for trade or for some combination of the two. These activities usually are land or resource extensive and require a high production ratio of resources per person.

The production characteristics of the resource base play a significant role in the institutional structure of the rural society dependent on it. Climatic factors affecting the active production period, the potential for resource conservation or improvement, the capital versus labour intensiveness of the production and processing technology will all be reflected in the social organization of production and in community life as a whole. A hostile production environment subject to extreme climatic variation, such as exists in Newfoundland, will result in a highly seasonal and unpredictable active production period and consequently in locally specialized technological and social adaptations which permit community survival.

The uncertainties of production under such conditions will tend to be reflected in a local economic system which builds in, to the extent possible, alternative means of livelihood which are less subject to these variables. Occupational pluralism can be understood as one

kind of response to such uncertainty. Where the principal resource is produced during the summer, the income obtained may be supplemented by any or all of subsistence agriculture, seasonal migration for wage labour and exploitation of resources which have short production periods, low capital investment or skill requirements and which do not conflict with the principal production activities.

Uncertainty and unpredictability in the productive regime are the greatest constraints on economic development in rural regions. They encourage the emergence of conservative institutions oriented to risk reduction rather than to innovation in production and marketing and they tend to limit the authority of the local economic decision-makers in external markets - which in turn compounds the existing conservative attitudes and expectations. Marine resources, particularly under the conditions associated with production in the North Atlantic, have been characterized as uncertain and unpredictable. Agriculture, in temperate climates, in contrast, while subject to climatic and seasonal variation is much less problematic.

Rural social and legal/political structures owe much to the centrality of primary production activities. Historically, family and kin groups have been the core element in the rural economy acting as the centres of production and consumption and of education and occupational training. Ownership of property, marriage and inheritance practices, and religious and political organization all tended to be linked to the patterns of kinship bonds.

The small size of rural communities traditionally allowed most local residents to know their neighbours. Frequent personal contact combined with the cultural homogeneity and the long-term social stability associated with family-based production practices contributed to greater social and political conservatism and to more resistance to economic innovation than is associated with urban communities.

Traditional rural social organization has been characterized as approximating pre-industrial society. Similarly the process of social change experienced in rural communities as a result of the intrusion of

modern urban/society has been compared to the industrialization process as it occurred in the nineteenth and early twentieth centuries in England and Europe. In general terms, this comparison is valid although in the modern world economy, very few rural societies have remained untouched by the effects of industrialization.

2.5 Ocean Fisheries and Economic Development

Fishing, the use of the living resources of streams, lakes, rivers, and the sea for subsistence or commercial purposes has long been an important part of man's ecological adaptation for survival. Archaeological evidence of fishing activities has been found dating as early as 22,000 B.P. [Anderson 1979:8]. From this period to the present, the exploitation of marine resources generally has been carried on as part of a pluralistic economy in which a variety of temporally and spatially discrete land and sea resources are used to provide the necessities of life. The techniques and technology of resource exploitation, the scale of enterprise and the scale of the economy of which it is part have grown but the principal remains that 'man cannot live by fish alone'.

Ocean fishing as a productive activity can be classified in several ways - by distance from the shore to where the fishing takes place, by the spawning or feeding habits of the kind of fish sought, by the method of catching employed, by the kind of fish caught and even by the method of preserving the fish. Inshore, mid-water, or offshore; pelagic, demersal or anadromous; trawling, seining, hand-lining or diving; whaling, salmon, cod or herring fishing; light-salted, pickled, smoked or frozen - all identify kinds of fisheries for which different factors can be described which affect the structure of their organization and the potential for economic development in the dependent community.

The purpose of this section is to identify the factors which distinguish ocean fishing - as a generic primary resource industry -

from other primary resource activities. Of particular interest at this time are the implications of these factors for the economic structure and development potential of rural fishing communities on the North Atlantic littoral.

The evolution of fishing as a productive activity followed the development of civilization as a whole. It began as part of a small scale subsistence land and coastal-riverine hunting and gathering society. With the appearance of agriculture linked to relatively sedentary communities and of increasingly efficient tools and production techniques, the fisheries became more intensively exploited. Fishing in the inshore reaches of ocean waters dates to a very early period. Migratory and deep-sea ocean fisheries, however, appeared only as improved vessel design and more sophisticated catching and preserving methods and larger markets made long-distance voyages - often lasting several months - not only feasible but also profitable. The Phoenicians had seasonal fishing stations on the Mediterranean coasts of Spain well before the Christian era and fishing from these bases continued under the Carthaginians and Romans. These were basically inshore operations. Deep-water fishing only appeared around the tenth century A.D. under the Vikings and Normans.

Population growth, the scientific and cultural revolution of the Renaissance, the appearance of capitalism and mercantilism and the industrialization of western society have all transformed fishing and fishing societies. In pre-industrial periods the major constraint on a fishing economy was imposed by production techniques. In contemporary post-industrial society, one of the major limitations on commercial fish production is imposed by the renewability and reproductive capacity of the environment. Uncertainty and unpredictability in the production regime have always been the bottom line. The pattern of structural change in fisheries economies has been described as follows [Anderson 1979:7]:

- (i) the growth of technologies that are increasingly efficient and effective, mobile, versatile, and capital intensive;

(ii) the growth in the scale and range of marine resources extracted;

(iii) increasing occupational specialization with the industrialization of the fishery;

and (iv) the growth of increasingly complex forms of integration linking fish production with local, regional, state and international markets economies and organization.

'Development' in a marine-resource based economy has tended to be related to strategies which reduce the level of uncertainty under which the fishery is prosecuted.

The factors which contribute to this 'uncertainty characteristic' are those which distinguish ocean fishing from other primary resource industries. These are: the common-property nature of marine resources; a productive environment which is highly seasonal, locationally fragmented and mobile, temporally unstable and physically hostile; production gear which is vulnerable to damage - whether from man or nature; and a relatively inelastic market which is fragmented both by geography and consumer tastes.

It is the influence of these factors on the structural components of a fishery economy and thus on the potential for development that is of interest here. The questions to be posed, relate to how they affect the availability of marine resources for commercial exploitation, the technologies and economies of production and marketing, the formal and informal groups and related institutions which frame all decision-making and the values and myths which underly the attitudes and philosophical premises for economic decisions.

The implications of these variables for the organization of a fishing enterprise can be generally described in terms of strategies to overcome 'uncertainty'. The lack of knowledge and/or control concerning the actual determinants of the biomass involved leads to an assumption of 'unpredictability' of returns which in turn must be built into economic and social planning. The mobility of the fish stocks makes it difficult if not impossible to clearly delimit territory on the basis of quality or quantity available. Flexibility of catching locations

and techniques consequently becomes important. Related to this, the ambiguity of territorial boundaries below the water line means that social and political mechanisms for resolving disputes must be able to accommodate the particular circumstances of different environmental conditions. The hostility of the environment in which unforeseen and frequently unavoidable dangers are constantly imminent in the primary production process is a powerful influence in the mentality of local populations. The fact that fishing communities frequently seek additional sources of income outside of the fishery is evidence of the need to reduce risk associated with the insecurity of the fishery as a basis for a livelihood.

The resource limitations over time and space combined with the common property aspects tends to lead to an over-intensification of either capital or labour unless access to the resource is carefully managed and regulated. The problematic issue of social organization under these conditions is how to minimize the uncertainties related both to the natural productivity characteristics and to the economic constraints.

At the most fundamental level, the economic viability of a community dependent on fish will be determined by a combination of factors including the availability of fish, the efficacy of the techniques adopted for harvesting, processing, and marketing and the volume and value of sales. Also, factors such as the level of dependence of the local economy on external trade, combined with the rate of exchange between the goods produced by the fishery system for trade and the goods required to support that system (i.e. commodities that cannot be produced locally) must be accounted for. These two aspects can be identified as the supply and the demand characteristics of a fishery economy.

The essential distinguishing characteristic of a common property resource is that rights of access for its use are held in common by the community dependent on it. When the resource base is rich and the community small, individuals can be reasonably assured of adequate

subsistence. Population growth or intensified resource exploitation may threaten that assurance and may force the community to establish rules of access and resource use.

The common pasture lands of mediaeval Europe and the open prairies in nineteenth century North America; the great seasonal migrations of buffalo and wild birds; the petroleum reserves in Western Canada or the offshore regions are all examples of common property resources that have gradually come under some regulative regime. The ocean fisheries, although under increasing regulation continue to be essentially a 'common property' resource because of the complex problems associated with regulating them. Many of the economic and political issues related to over-exploitation of the resource and to the economic waste of over-capitalization in production technology result from this fact. The problems of economic development under such a regime reflect the fact that production is based on 'taking resources from the environment' rather than on resource improvement or cultivation. The critical concepts for ensuring economic welfare and continuity of the resource are linked to controlling the rate of exploitation and to the conditions of natural renewability of the resource. In the words of H. Gordon Scott (1954:135):

Wealth that is free for all is valued by none because he who is foolhardy enough to wait for its proper time of use will only find that it has been taken by another.

Social and legal agreements must be established by the participants in a fishery, to control resource use and to enhance, or at least, to allow for the natural renewability of the resource in order to ensure a reasonable return on their investment. Unregulated common property resources cannot be valued by the individual because they are theoretically free to anyone who wishes or is able to use them. Value only begins to be created as conditions which approximate private property rights are established - either through monopoly ownership/control of access to the resource and the means of production or through public regulation in these areas.

The economic theory of the fishery has been dealt with in depth in many articles [Scott 1954; Crutchfield 1956; Hardin 1968] because it has been a critical issue in the preparation of national and international fisheries conservation programs and of regional economic development planning for coastal areas. The most important point in understanding the economics of the primary production phase of the fishing industry and in distinguishing it from agriculture is that as fishing intensity grows, catch will grow at a diminishing rate and become proportionately more expensive because the total potential fish population available is reduced with each unit caught and because, beyond a certain point (the 'average' catch-per-unit-of-fishing-effort) the costs in time as well as money spent for catching will increase. In addition, the greater the number of fish caught, the fewer available for stock regeneration. The result of this is that, since under unregulated conditions there are no substantive barriers to the entry of new vessels, the increasing aggregate returns will be dissipated in the higher costs of excess capacity in production capital or of too large a labour force. The difficulties with the fishery economy in Newfoundland owe a great deal to precisely this problem.

The implications of this for development are that a community will evolve social institutions to approximate the control and capability for resource management which are normally associated with private property. One option is to sanction monopoly control of a resource by an individual or a group of individuals as in a chartered company. Another is to establish formally and enforce regulations concerning resource conservation, resource access, and the introduction and use of production technology which may jeopardize the ecological balance. Informally a community may evolve practices which achieve the same ends: information management tactics establish temporary rights to localized concentrations of fish, unwritten but commonly recognized practices which exclude strangers from local resource access, accepted forms of harassment which prevent local residents from over-use or introduction of unacceptable production technologies [Anderson, (ed.)

1979]. Much of the national and international fishery management debate is concerned with setting and maintaining acceptable regulations to mitigate the threat of resource depletion. At the same time many of the social and economic development policies particularly directed to fishery dependent regions are intended to assuage some of the social problems related to over-capitalization in production technology, to excess labour in the fishing communities and to the under- and unemployment which results when the resource is depleted or production technology is made more efficient.

The productive environment of a fishery economy includes both land and sea - rich land resources mean less critical dependence on fish production for subsistence and therefore less dependence on external trade. Often in the North Atlantic, rural fishing communities are established in areas where land is very poor - almost unarable - and where the agricultural season is very short. As a result, the greatest burden for economic production rests with the fishery.

The 'fishery resources' of a region include not only the fish but also the entire complex ecosystem made up of the living and non-living elements of salt and fresh waters which together contribute to the necessary conditions for high productivity. The coastal waters near Newfoundland and the Atlantic provinces benefit from a fortuitous interaction of oceanographic, bathymetric, and meteorologic characteristics such that almost ideal conditions are created for the cod, seal, herring, flounder, redfish, halibut, and haddock which are caught commercially in the region. The environmental conditions which permit the region to be among the richest fishing grounds in the world [Gulland 1971] also make it among the most hostile for commercial fishing.

At a broad scale, the factors creating this environment are the breadth of the Continental Shelf (it extends more than 200 miles offshore on the Grand Banks); the conjunction of the Labrador Current, the Gulf Stream and the Gaspé Current; and the northern climate. The shallowness of the shelf waters and the constant movement of surround-

ding water masses combine to facilitate the growth of the micro-organisms on which fish feed. Within the region, bottom topography, and coastal configurations interact with the prevailing winds and water currents to create localized patterns in thermal stratification and the redistribution of nutrients and food sources. These patterns change broadly with the seasons and locally with daily weather conditions. The thermal structure of the water is the major determining factor in where and whether fish will be found.

Some fish such as the Atlantic cod, the backbone of the traditional rural Newfoundland economy, have a habitat restricted to a relatively narrow temperature range. A variation of one or two degrees in water temperature accompanied by changes in thermal stratification and in the amount of sunlight penetrating the waters, can mean the difference between a highly productive and a poor season. These variations are further complicated by seasonal migration of fish stocks from the spawning areas to the summer feeding grounds.

Cod are known to eat voraciously; including everything from sea cucumbers, worms, clams, mussels, crabs, lobsters, shrimp, squid and many kinds of small fish, to the occasional duck in their diet [Johnstone 1968:52]. In the Newfoundland area, their principal food is capelin. As a result, the migration patterns of cod are further modified by the habitat requirements and migration patterns of their prey. This pattern of migration and its relation to changing local conditions is described by one writer [Brooks in Macpherson 1972: p. 24]. Each of the other species which are fished commercially move about the region in response to similar ecological constraints.

Fishing is essentially a predatory activity: fishermen are hunters not cultivators. To find their prey they must be intimately familiar with both the biologically determined habits and the environmental conditions which affect the movement patterns of the fish sought. With the exception of the large-scale distant-water factory ships which use electronic fish locators and vacuum systems, the most successful fishermen - the high-liners - tend to be those most skillful in their understanding of the sea and the habits of their prey.

The environmental conditions as described above which contribute to a rich fishery resource base, at the same time create a productive regime which is rife with physical dangers and operational uncertainties for the fisherman. The activity of fishing may be constrained in a variety of ways which potentially threaten the economic viability of the enterprise.

To begin with, it is a highly seasonal and local climate dependent resource. For many months of the year in the North Atlantic, ice and winter weather close down the fishery altogether. Then in the spring and fall local climatological conditions may prevent the fish from spawning or feeding in the accustomed locations. Even when fish are available, day to day weather conditions may be so hostile as to make access to the fishing grounds an extremely dangerous if not a life-threatening proposition. Compounding these considerations, the nature of the gear traditionally used to exploit fishery resources tends to be vulnerable to damage - storms and ice, breakdown of materials, and human treachery all play a part. Since a sea-fishery based economy is one built around 'taking resources from...' rather than on cultivating and improving the productive capability of the environment, the vulnerability of fishing gear and related production technology is a significant concern in fisheries development.

As previously stated, fish are by nature a highly seasonal, locationally fragmented and mobile, and temporally unstable resource. The means used to exploit them must be adapted to these conditions. Production technology has evolved from the spear and single baited hand-line or fishing pole to include fixed traps made of wicker or netting, trawling (bag-shaped net dragged after a boat), seining (encirclement of a school of fish with net), drift or sill netting, and long-lining.

Industrialization in society at large has precipitated the mechanization of production and the intensification of fishing activity. In the nineteenth and early twentieth centuries steam ships and diesel engines extended the daily range of fishing vessels and increased the speed for transporting processed fish to market; later power equipment

for handling fishing gear increased the scale of catch per unit of labour. Since the 1950's the development of electronic fishing aids has enabled fishermen to map more accurately the marine environment and to locate schools of fish more quickly. At the same time the improvement of communication systems and radar and of fishing vessel design increased the safety of fishermen at sea. Accompanying these changes, the development of freezers and related processing techniques improved the quality of the product reaching the marketplace. The evolution of production technology can be seen on the one hand to be a response to a larger market and a need to intensify production and on the other to a concern to reduce the unpredictability of the production process which may result from variable weather conditions or gear constraints.

The increased fishing intensity resulting from improved gear, mechanization of fishing vessels and better methods of preservation in turn have created new problems related to depletion of the resource base. Until the late nineteenth and early twentieth centuries fish was usually considered to be an inexhaustible resource. Overfishing began to be a problem in specific fisheries in the late 1800's and early 1900's as mechanization took effect. Today one of the major considerations in the development of fishing regulations and resource management strategies is concern to sustain the yield of the fishery resources at its maximum level. The implications of this include laws not only to restrict total catch but also to regulate catching gear and to prevent damage to the resource base which may be caused when conflicting economic activities compete for access to the same environment.

The environmental constraints on the production of fish are compounded by marketing constraints. Once a fish is caught, the central problem becomes one of how to transform it from an extremely perishable raw material, subject to high elasticity of demand and widely fragmented markets, into a desirable commodity of consistently reliable quality. Knowledge about the kinds of fish available and about how best to process them to accommodate the varying requirements of the different markets is of great importance. Access to skilled

labour, to the technology and investment capital for secondary processing facilities and to reliable transportation to markets are equally important.

Access to markets at an adequate rate of exchange to cover production costs is the corollary to the problem of the availability of fish. The demand is relatively inelastic - there is only so much fish that people will eat, regardless of price; and the markets tend to be fragmented - everyone seems to like their fish prepared differently. This means that marketing organizations ideally should attempt a) to regulate the production of fish so that the prices received by the fishermen and their financial backers adequately cover costs; and b) to ensure a reliably high quality product at low cost which will be desirable in a wide range of markets other than those traditionally accustomed to a particular 'cure' (or a reliably high quality variety of cures). The implications of this at the local level are that fishermen and primary processors need the incentive to treat the fish carefully and process it appropriately so as not to jeopardize its quality upon reaching market.

A fishing economy incorporates all those elements between the marine environment and the retail outlet necessary to complete the cycle. It includes the resource base, primary production technology, labour organization, financial backers, entrepreneurs, processing technology, marketing expertise, transportation, and markets - a production, a finance, and a marketing sector. The degree to which the rural community participates in all aspects of the economy and derives benefits from it is a function of several factors including the scale of the overall system and the extent to which the returns from fish production are controlled by external authorities such as international trading companies as opposed to local or regional fishermen's organizations. In isolated rural areas of regions such as the North Atlantic, fishing communities usually comprise only the production sector - and often only a part of that. The decision centres of the economy are usually located at a great distance from the fishery itself and the wealth and power derived from it usually remains in those centres.

2.6 Local Organization and Rural Development

... local organization is a necessary if not sufficient condition for accelerated rural development especially development which emphasizes improvement in the productivity and welfare of the majority of rural people. [Uphoff and Esman, 1974:xi]

Defined in its broadest ecological terms, local organization exists 'to facilitate the reproductive and survival capacity of a group within a given ecological niche'. The decision-making required to fulfil this purpose has been described as a process of 'local governance' which "entails allocation and regulation, mobilization (of resources) and conflict resolution, orienting efforts towards productive goals that are widely shared" [Uphoff and Esman 1974:3] and which is founded on an acceptance of the need for co-operation among community members. The institutional structure within which this process occurs varies greatly reflecting national and local traditions, community and regional economic power structures, cultural patterns of social organization, and the influence of dominant religions or philosophical belief systems.

Whatever the institutional pattern, the function of community organizational networks (both formal and informal) can be characterized as a mechanism to enable the individual to gain

local access to those broad areas of activity which are necessary in day-to-day living (i) production-distribution-consumption, (ii) socialization, (iii) social control, (iv) social participation, (v) mutual support. [R.L. Warren 1963 in Bowles 1981:41]

When it works well, a stable and 'competent' community results in which residents have a sense of local social bonding, economic opportunity and political control [Blishen et al. 1979:37]. The networks provide the framework within which the community as an integrated entity can

evolve and adapt to changing circumstances while continuing to provide at least basic subsistence. This adaptation involves a constant and overlapping process of coordination to plan and set goals, to mobilize resources, to provide and integrate support services, to administer the production and marketing of goods, and to resolve conflicts between producers and service providers [Uphoff and Esmen 1974]:

In Great Britain, Europe and North America, the traditions related to local institutional structures and local government can be traced to the Magna Carta and the special charters granted to late mediaeval and renaissance cities and to the rights and obligations of the citizens of the Greek city states. In these traditions we can find the roots of modern western democratic society and, by inference, we can understand the significance of local organization as the grass roots of any development process.

For the purposes of this paper, the historical experience of greatest relevance relates to the emergence of local government structures and associated community development organizations in Great Britain and North America during the eighteenth and nineteenth centuries. The subsequent transformations in the twentieth century which occurred following the industrialization of society and the related regional (and global) integration of economic activity are important considerations in understanding the emergence of Regional Development Associations in Newfoundland in the 1960's.

In the late twentieth century, the organizational structure of a rural community may be made up of a variety of institutions which together constitute an institutional system with horizontal local linkages and vertical regional/national linkages. As general categories there may be local government, state administration, political organization, associated organizations, and private sector financial organizations. Each institution provides a potential channel for carrying out some aspect of 'local governance' and associated development activities.

The relative importance of one channel over another or the presence of one to the virtual exclusion of others is a reflection of the culture and history of the community and of the relationship of the community to the 'outside' economy. In the nineteenth century local organizations, particularly local governments, had limited functions and were relatively autonomous within their immediate sphere of influence and delegated authority. Over the course of the twentieth century, the institutional system has been required to perform an ever greater number of functions as the complexity of community issues has increased. The generalist organizations of the nineteenth century have gradually given way to a multiplicity of special purpose organizations which are usually coordinated by the municipal council. This process has been associated with the regionalization of the rural community as previously isolated hamlets became functionally drawn into larger urban-oriented systems.

Historically, the evolution of the role and authority of rural local organizations can be characterized as a progression from relative functional autonomy and freedom of action to structural integration into regional economies made up of many interdependent communities. Today local governments must balance, on a day-to-day basis, the conflicting pressures of serving an increasingly comprehensive and far-reaching national government and economic system and of preserving sufficient local control to preserve the vitality and integration of the community.

In the British and Canadian tradition, local governments have the constitutional status of subordinate corporations and are formed by parliamentary acts or charters. Their powers are delegated and derive from a combination of authorizing statutes, of judicial interpretation and of local initiative. These include a mix of 'obligatory duties' usually supported by 'grants-in-aid' from the central government and permissive powers which offer considerable opportunities for initiative. The latter are the source and define the limits of local autonomy. Each local authority is considered independent within its

authorized sphere of power although it may be linked with adjacent authorities to form a regional government. They may exert considerable influence over the central government if the local politicians take an activist policy development role by eliciting local participation in decision-making and by acting as spokesmen for local interests through participation in the nation-wide local government federations or in a variety of advisory councils and committees.

Despite the fact that local government institutions exist as the creatures of a higher level of government, the relationship is ~~not~~ usually hierarchical but rather more of a partnership from which each benefits. In the beginning (eighteenth and nineteenth centuries) local governments usually limited their activities to the provision of physical infrastructure services such as roads, water, sewage systems and related public health and safety facilities. In developed urban centres today, the great bulk of municipal council responsibilities relate to the provision of social services (education, public health, housing, welfare, town planning, parks, roads and bridges, lower instance justice, food and drugs inspection, water supply) and the facilitation of municipal enterprise (industrial park facilities, economic development committee, neighbourhood development committee support). The local freedoms based on statute are circumscribed by the financial constraints of local governments. These are related to a limited authority to raise local revenues and to the expenditure controls which result from a budget largely derived from shared cost programs by which the central government stimulates and regulates local spending on predetermined projects).

{ The development of comprehensive central governments and bureaucracies in the late nineteenth and early twentieth centuries resulted from the combined effects of an industrialized economy. The growth of fast and reliable communication and transportation networks increased the effective administrative space of these governments. Technological changes affecting industrial production and service provision have led to a perceived need for central and regional economic planning. The

growth of the nation state and the passing of social legislation led to the emergence of national political parties responding to social and economic issues across the broad base of society. Local institutions, including municipal councils as a result became increasingly significant because they are politically and bureaucratically accessible to communities and thus able to appreciate and articulate local concerns and to provide a counterbalance to central decision-making which may neglect local interests. Their role expanded to include that of providing a forum for resolving local conflicts, for developing local leadership and organizational capabilities and for dealing with external events when they threaten local economic or social cohesion.

Co-operatives and similar 'grass-roots' developmental organizations emerged during the nineteenth century as a vehicle to counteract the breakdown of traditional values resulting from the expansion of industrial production. They were based usually on a social philosophy emphasizing the ideal society as one in which all men co-operated with and helped one another. Many of the social service functions now dealt with by local governments were first included in the activities of co-operative organizations.

The Rochdale Society of Equitable Pioneers, established in 1844, was the first legally constituted co-operative. The principles of co-operative organization widely adopted internationally were drawn from writings in the Society's publication called The Co-operator and published in G.J. Holyoakes Self-Help by People - History of Co-operation in Rochdale (1858). (Co-operative principles of organization include: open voluntary membership, democratic control, limited interest, dividend on purchases, education, trade only in pure goods, true weights and measures, religious and political neutrality). Rochdale originated as Branch #24 of the Grand National Consolidated Trades Union and the ideas espoused were practiced in many other working class organizations of the day including Mechanics' Institutes, church affiliated 'friendly' societies, and community-based mutual-aid and self-help societies. Education and social development were important

elements of their activities and they provided some of the earliest life and health insurance schemes for their members.

Many of the social welfare issues dealt with by the co-operatives have long since been incorporated into public policies which now are administered through local and state government agencies that are active in rural communities. The forms of co-operative organization most common in the late twentieth century are producers' and consumers' co-operatives, and credit unions.

Related to and emerging out of the co-operative movement, was the 'community development' movement. It has a mixed background including such diverse organizations as the Settlement House movement in cities such as Chicago which assisted new immigrants around the turn of the century and the mission affiliated self-help programs which were linked to rural community schools and hospitals in British colonies from the 1920's to 1940's [Lotz 1977]. Since the 1950's, it has become an acknowledged field of study and endeavour concerned with under-developed communities - whether they be in urban or rural, in frontier or city-centred regions or in industrialized or developing countries. In 1955 the United Nations tentatively defined it as:

a process designed to create conditions of economic and social progress for the whole community with its active participation and the fullest reliance upon the community's initiative.' [in Lotz 1971:24]

By 1971 it had broadened its perspective to recognize that:

It is also a method or approach that emphasizes popular participation and the direct involvement of a population in the process of development, and that has until now been largely concerned with rural development. When community development activity is formally organized with a separate administration and staff it can be considered a programme. Finally to the extent it represents a philosophy of development, sometimes with an almost religious fervour, it can be called a movement. [in Lotz 1971:18]

The impact of community development as a philosophy is evident both nationally and internationally. In Canada, it appeared in the 1960's and 1970's, under the guise of many programs concerned with fostering citizenship participation, and internationally in many forms including international and 'self-help' oriented programs such as CUSO (Canadian University Students Overseas) or the United States Peace Corps, and in community-based rural planning approaches such as the 'ujaama' program in Tanzania. The recent 'development-from-below' versus 'development-from-above' debate among rural and international development proponents in many respects is a reflection of the growing concern among economic and regional planners that national-scale economic initiatives must be complemented by locally based initiatives if they are to be effective.

In many parts of Canada, community development programs have been established as an adjunct to the existing local government institutional structure. Rural residents in areas where local government is often minimal or non-existent, have become involved in development programs promoted by university or regional government extension workers concerned to encourage local economic initiatives.

CHAPTER 3: FISHING FOR A LIVING: THE FISHERY AND RURAL DEVELOPMENT IN NEWFOUNDLAND OUTPORTS (1582 to 1949)

3.1 Introduction

When thousands of farmers in the other provinces were cultivating the land and building beautiful farms... creating illuminated expanses of green fields and smiling meadows..., our people, our Newfoundland people, were trying to cultivate the boisterous North Atlantic Ocean..., trying to wrest a meagre living from the ocean. And after 500 years of that backbreaking toil; the Atlantic Ocean is still as uncultivated as it was in the beginning, and we have nothing whatever to show for it... but 1300 little villages stretching for 6000 miles along our coastline.

[J. Smallwood in Head, 1976, 247]

The Newfoundland economy has historically been a rural one both in population distribution and economic base. The fishery, particularly cod, salmon and seals, provided the original basis for settlement. Even today it is a mainstay of survival in many rural communities and for the region as a whole. Exploitation of marine resources during the Island's formative years (1700-1890) dominated the development of local institutional and social structures. The traditional economy began to fail in the late 1800's, as a result of resource depletion and rural overpopulation. Subsequently the Newfoundland fishery lost its competitive advantage in the rapidly changing international economy of the early 1900's, the colony succumbed to a period of stagnation from which it has never fully recovered.

The history of, and the problems related to rural development in Newfoundland outports are inextricably bound up in the fortunes of the fishery. The fishery was the source of great wealth for those who controlled it and financed it. But for those who actually produced the fish to be sold at market - the outport fishermen - it was more often a source of poverty, misery, frustration, and sorrow.

The economic system of any fishery includes three major elements - the production, finance, and marketing sectors. The outports in Newfoundland historically comprise only the production element and are isolated geographically and politically from influence over the financing and marketing of their fish. The wealth and power which some countries and regions have derived from the international fishery was possible only because of their centrality to the economic structure of the industry and to their related ability to control directly or indirectly the whole fishing operation. [Ommer, 1979; Innis 1954; Gordon 1954].

British and European-based fishing merchants in the seventeenth, eighteenth and nineteenth centuries gained great wealth because they controlled the whole enterprise and thus could determine the point and level of profit to be taken. The fact that during that period a strong fishing industry was considered to benefit a country's international political authority by augmenting its control of the high seas, lent the fishing merchants a position in the international and national power structures not attributable to money alone. For British merchants and politicians, fishing outposts established in regions such as Newfoundland were a means to an end, but not an end in themselves.

In terms of the concepts discussed in Chapter Two, the outports of Newfoundland today can be identified as economically underdeveloped and institutionally dependent on external authorities. Their fishery-based economies are marginal and they are on the periphery of the political system. All of the constraints on development associated with these conditions have affected the outports since settlement in the 1800's. In sum, the historical experience of the outports as a production link in an international fishing industry, has contributed significantly to the problems with which these communities have had to deal in the mid to late twentieth century.

The objective of this chapter is to review the history of Newfoundland for the purpose of identifying fishery-related factors which contributed to the development problems and the modern-day predicament

of the outports. Of particular interest is the historical context of institutional development in the outport areas. For the purposes of this study, the historical period discussed includes the years following discovery and the claiming of British sovereignty in 1582 up to 1949 when Newfoundland and Labrador became Canada's tenth province. The period prior to the official sanction of settlement in the region in the early 1800's is discussed briefly in order to identify the international context of the fishery. The years between 1811 and 1890 can be considered as the formative years of the outport system during which the 6,000 miles of Newfoundland coast were peopled - first by migrants from England and Ireland and later by migrants from within the newly settled Newfoundland.

The years between 1890 and 1933 were a period of stagnation and decay during which the traditional fishery was neglected as the government attempted to diversify the regional economy. The population of the outports came to be viewed by St. John's merchants and politicians more as a reminder of their failure than as a resource for development. The decline of the fishery combined with other political as well as economic problems and ultimately led to the collapse of the island dominion in 1933 and to its replacement in 1934 by a Commission of Government appointed by the British Government.

During the years following the establishment of the Commission of Government in 1934 until Confederation with Canada in 1949 some attempts were made to remedy the causes of the bankruptcy and to establish the conditions of economic growth but lack of financial resources and a local political mandate or support rendered the Commission almost ineffective. International events in the form of World War II finally brought the region into the modern world economy.

The present chapter is organized into five sections following the introduction plus a brief summary. These are:

- 3.2 The broader environmental and historical context in which the Newfoundland fishery developed;
- 3.3 Discovery and early settlement (1497/1582-1800);
- 3.4 The residential fishery, extension of the settled frontier and the limits of growth in the traditional fishery (1800-1890's);

3.5 Industrialization or bust - the stagnation and collapse of the regional economy (1890's to 1933).

3.6 The Commission of Government and World War II (1934 to 1949).

3.2 The Broader Context of the Development of the Newfoundland Fishery and the Outports

The origin of the Newfoundland outports is found in the seasonal use of shore space for light-salt and sun fish 'curing' practised by the northern European ship fishery - particularly sixteenth century English merchants. The merchants' European fishing outposts set the pattern for settlement in rural Newfoundland. The Newfoundland outports were a direct extension of the expanding European economy in which the international, long-distance fisheries of the North Atlantic played such an important role. Today, by virtue of Newfoundland's membership in Canadian Confederation, the outports have been bound into the North American continental political and economic system. History, cultural traditions, and a continuing reliance on the resources of the Northwest Atlantic perpetuates an active participation in the 'North Atlantic Maritime economy'.

The North Atlantic maritime region, as a political and economic entity was created by the expansion of the European economy that followed the voyages of exploration and discovery in the sixteenth century, the flowering of Dutch and British mercantilism, and the growth of colonial empires between the seventeenth and nineteenth centuries. Today the nations which verge on this body of water represent the original 'core region' of the global industrial economy. As an environmental and resource region, the rural communities settled near the fishing grounds share a common dependence on the vagaries of the weather, and productive capabilities of the various fish stocks in their areas, and the fickleness of the international markets in which they must trade their product.

The importance of the North Atlantic fishery in European history cannot be understood by an analysis of the development of fishing techniques or of the quantities produced and consumed, but rather by relating the development of the fishery to the emergence of the modern international economy. The period under discussion in this chapter ranges from the mid-1500's to the mid-1900's - 400 years during which extremely radical and complex changes occurred which transformed Western society beyond all recognition.

During the first 300 years, sailing ships were the primary means of long-distance travel both within Europe and outside it. Control of the sea lanes and control in international politics were closely linked. In the early years the merchant navy and the ship fishery were as important to national security as a dedicated military navy. As one writer expressed it in 1722:

It is a certain maxim that all states are powerful at sea as they flourish in the fishing trade.

[Wm. Wood, A Survey of Trade, London in Innis, (1954)]

Purpose-built battleships only existed in a limited way prior to the 1700's [McEvedy 1961; Davies 1974]. In 1661, England passed the first 'Navigation Act' to force all trade with her to be carried out on British-owned ships. By 1735 the British merchant marine surpassed that of the Dutch and the establishment at that time of a professional 'fighting' navy led to a dominance on the high seas which did not fail until the early 1900's.

The exploration of the North Atlantic by Europeans began in earnest in the 1400's. The region includes some of the richest and most productive fishing areas of all the world's oceans. Increased fishing effort in the North Sea and a growing demand for fish in European markets* pushed English and French fishermen westward to the fishing banks of Newfoundland where they established a seasonal ship fishery. The English use of a light-salted sun-dried cure for cod led

* Between 1600 and 1715 European population increased about 30% and from 1715 to 1815 it increased about 75%.

to the building of shore premises on the island and to the eventual British assumption of territorial rights.

Many other nations were exploiting the North Atlantic fisheries in the 1500's including Spain, Portugal and Holland. The granting by Queen Elizabeth I of a patent in 1582 to Sir Humphrey Gilbert to establish a colony was a recognition by Britain that her territorial rights had to be substantiated by settlement. Even though the colony was not successful, the continued shore use by British fishermen for the dry fishery led to the emergence of the fur trade and ultimately from that, the westward exploration and settlement of continental North America [Innis 1942].

In summary, the strongest pull to overseas exploration and settlement of the North Atlantic in the sixteenth century was the fishery which in turn led to the discovery and exploitation of other resources such as furs and the rich agricultural lands of the U.S. and Canada. The Newfoundland fishery was an important contributor to the British international trade network which supported economic expansion in England itself. As H.A. Innis [1942:52] has written:

A three-cornered trade from England to Newfoundland, Spain, and the Mediterranean provided a basis for expansion and gave England an industry with an abundance of shipping, an outlet for manufactured goods and provisions, a supply of semi-tropical products and specie, substantial profits and ideal possibilities for the development of a mercantile policy.

In addition it provided a cheap source of protein with which to feed the Imperial Navy overseas and the growing urban and industrial populations at home.

After 1850, the importance of the fishery in the international economy diminished in relation to the growth of the industrial economy. As it expanded first in England, the U.S. and then in continental Europe, the international economy restructured around it. The fisheries were replaced, as profitable commodities to invest in, by other resources - notably minerals and lumber. And manufacturing industries replaced natural resources as the leading sector in the economy. The

decline of fisheries in relative importance was followed by an absolute decline as a result of resource depletion and overpopulation in the fishing communities.

In regions such as Newfoundland where the institutional system was almost entirely structured around the fishery, governments were presented with the challenge of restructuring the local economy and of adapting it to the new circumstances of the international system.

3.3 Discovery and Early Settlement (1582-1800)

The history of Newfoundland as a European appendage officially began in 1497 with its discovery by Jean Cabot. From that time until 1582, the shoreline and coastal waters were considered 'international' and were exploited freely by the Basques, Portugese, Spaniards, French and English - particularly the latter two. Only the English, because of their high cost of salt, actively used the shore to cure fish (light salt, sun-dried) before shipping home and so held a greater claim to possession of the territory. Not until the 1580's with the ascendancy of Britain as a world maritime power and the decline of Spain was it formally claimed as a British colony (The Spanish Armada was defeated in 1588). Even then, although the claim of territorial sovereignty was for the shoreline of the island as a whole, it applied effectively only to the Avalon Peninsula.

From 1582 until 1811 it was a colony primarily for commercial fish exploitation not settlement. As described by William Knox, the Undersecretary to the Board of Trade and Plantations, the colony was

a great ship moored near the banks during the fishing season for the convenience of English fishermen.
[Mackay, 1946:53]

Its role as a provider of preserved, transportable protein for both growing home populations and trading partners and as a training ground for seamen was important to the expanding British Empire [Fay, 1956: 38-46, 128-145]. After several aborted attempts to establish 'plantations' in the late 1500's and early 1600's, laws forbidding

(from the 1630's), settlement were passed by the King. Clandestine occupation of isolated bays and coves occurred nonetheless. By 1800 there was a resident population of over 10,000 [Head, 1976:232].

From 1582 when the British claimed Newfoundland as a territory until the 1770's when the Anglo-American Wars (i.e. War of American Independence) took place, the local economy of the island was dominated by the migratory fishery. Permanent settlement was forbidden by British law and all control over production and marketing rested with the merchant firms of the West of England, the Channel Islands and Bristol. It was a seasonal fishery structurally linked to the regional economies of the home ports of the merchants. From its inception, the rationale for encouraging the fishery was closely linked to its contribution to British Imperial interests. These included the opportunity to train seamen for naval duty, to provide a valuable foodstuff for trade with Spain, Portugal and Mediterranean countries for provisioning the army and navy serving in the colonies in hot climates [Innis, 1940:30-52].

At the beginning of the period 'local organization' was strictly seasonal, being limited by law to the use of shore space for processing and curing fish. Because of the high capital costs of long distance fishing, large merchant firms controlled the entire fishing operation - from financing, to fishing, to marketing. They organized the annual flow of people and provisions to Newfoundland - chiefly to the Avalon Peninsula in the early years - and of dried cod to its international markets.

With the expansion of the fishery in the late seventeenth century, secure access to shore facilities and the efficient organization of shore operations became more important. The merchants began to leave behind caretakers to guard and improve the facilities over the winter. Before 1600, "planters", who owned property, buildings, boats and equipment but who were bound to specific merchants for financing and provisioning were beginning to appear. By the 1660's independent "byeboatkeepers" who either owned their boats and equipment or rented

them seasonally from planters were starting to outnumber the company-bound planters. These changes accompanied an evolution in the structure of the merchant fishery. By the end of the 1600's, the basic elements of a residential fishery had been established. Throughout the sixteenth and seventeenth century there was a gradual shift from the big company mercantilism of the 1500's to a more competitive and aggressive commercialism based on multiple backer financing using a variety of smaller boats [Stiles, 1971:19].

By the mid-1700's the merchant fishery, the byeboat fishery, and the residential fishery existed side by side - although not always peacefully. The settlers were slowly gaining in numbers and the English fishing merchants' role was evolving from that of control over a vertically integrated fishing operation to that of a trader, linking the resident merchants to sources of provisions for the seasonal fishery and to the international markets. Even as the resident population increased, throughout the eighteenth century it was still very much a seasonal and migratory economy. Most of the settlers were men [Head, 1976:145] and most of the labor force which actually did the fishing migrated seasonally. Frequent European wars throughout the 1700's had weakened the migratory fishery and the development of the eastern seaboard colonies (13 colonies and the Maritimes) meant that a residential fishery could be supplied less expensively from there than by the merchants from England [Ryan, 1971:41]. The American War of Independence in 1776 gave added weight to Newfoundland's strategic role in Britain's control of the North Atlantic and in her overseas trade networks. Despite this, Britain clung to its vision of the colony as an outpost of England - officially denying the right of permanent settlement and refusing to establish public institutions such as courts or local government until after the first great wave of immigration between 1811 and 1816.

By the end of the period the island was "Something more than a fishing station, something less than a colony" [O'Flaherty, 1979:70].

There was little or no interaction between the settlements except as occurred under the auspices of the merchants. Each bay tended to be affiliated with one or several merchant firms originating from the same region in Britain, year in year out such that, as settlement occurred, each community was both institutionally and culturally a colony of the region from which the merchant sailed or provisioned his ships. Beyond very localized areas such as coves or bays there was little cause for interaction among residents other than carried on by merchants or their agents. Justice was the responsibility of the fishing admirals the captain of the first ship arriving in a harbour each spring and the provisioning of boatkeepers and 'servants' i.e. fishermen was the responsibility of the merchants.

As large merchant ships gave way to small trading ships and increasing numbers of men were left on the island over the winter, the larger centres increasingly became the locus for year-round trading and provision poor relief i.e. food and minimal shelter. Class structure was fairly rigidly defined by economic roles.

The merchant stood at the top and was in contact with the outside world and translated North Atlantic economies into decisions that directly affected both descriptions of men below him...

The boatkeeper was the man who owned the equipment and directed the operation of the shore fishery and could be either migratory or resident...

The third and largest group of people at Newfoundland was that composed of servants or labourers, employed in the actual fishing and curing operations.

"They are either employed by the merchant or boatkeeper. If by the latter, they are subject to all the vicissitudes of his circumstances."

[Head, 1976:142-3]

As the transition to a resident fishery occurred towards the end of the eighteenth century and the beginning of the nineteenth century, the independent boatkeepers and planters were squeezed out. Depending on their circumstances some were of yeoman class with considerable capital stock in boats and gear and employing large numbers of servants while others were poor independents with only one or two boats

employing few if any servants), they shifted roles to join either the merchant sector or the fishing sector. Those who moved 'up' became merchants or merchants' agents, and frequently maintained ties with the merchant houses in the West Country or Liverpool who previously had been their principal provisioners. Some of these 'home country' merchants, in accordance with the changes, became trading rather than fishing merchants. Those who moved 'down', formed the basis of kin-based fishing enterprises which dominated the inshore fishery in the nineteenth and twentieth centuries. These production units, referred to as 'crowds', were agnatic - based on fathers and sons, brothers or cousins fishing together. They formed the institutional core element in subsequent local economic and social organization up to the middle of the twentieth century.

While the principal merchants continued to be at the top of the local hierarchies, a gradation of merchant-planters and fishermen evolved in which position was defined according to the size of fishing enterprise controlled [Nemec, 1972:30]. The growth of the Banking fishery based from Avalon and South Coast settlements during the eighteenth century contributed to this because the ships used were small enough to be affordable:

Unlike the older fishing ships, bankers were small (normally 30-80 tons) and carried crews of at most eleven or twelve men ... Being of small size they were cheap to obtain and equip, and their running costs were comparatively low. As a result many of them were owned by their commanders and the bank fishery gave rise to a large number of small and moderately prosperous entrepreneurs. [Matthews in Nemec, 1972:12]

A similar process of internal structural differentiation occurred on the Northeast Coast with the emergence of the Seal and Labrador fisheries during the nineteenth century.

The overcrowding of the inshore fishery (i.e. the shortage of both shore space for curing and sea space for fishing) provoked both the expansion of the banking fishery and the spread of the population westward and northward during the latter half of the 1700's. The ceding of the French Shore from Cape Bonaville to Cape St. John to

England in 1783 opened the Northeast Coast. Although some merchants had already set up shore premises - it was soon followed by permanent settlement. Throughout this period the fishing was entirely a male occupation. The men did both the fishing and the curing and the skills and jobs involved were quite specialized. Most fishermen were uneducated and skills were acquired on-the-job. Once the migratory fishery collapsed, kin groups provided the principal form of labour recruitment. In tune with this, the internal organization of communities was defined by virilocality and by patrilineal inheritance practices. Women and children were important in subsistence agriculture production and seasonal food gathering activities and skills not restricted by location or equipment.

With the evolution of a residential fishery the merchants' control over the season's catch was continued by the emergence of the 'truck system'.* By this system, cash was rarely exchanged. Goods were sold to the boatkeeper on credit who in turn provisioned the fisherman. The season's catch paid off the credit advanced at the beginning of the season. "Though accounts were kept in sterling the payment would be made in fish at the value assigned to the commodity come fall" [Head, 1976:142]. It was a way of establishing a relationship of indebtedness that could not easily be escaped - by either the boatkeeper or the fisherman. For the merchant it secured a relative monopoly of access to an otherwise common property resource. For the boatkeeper it provided some insurance against starvation because, in order to secure the shore premises for the next season, the merchants were obliged to pay winter wages as well. The indentured servants and small fishermen did not have the same hedge against the uncertainty of the fishery as the boatkeepers [Head, 1976:143]. The credit links were an important tool of the merchants in England for maintaining a

* This system was widespread and very old. The Hansa merchants in the 1400's had a similar credit arrangement with Norwegian fishermen. The Hudson's Bay Company had a similar system for trading with trappers in Northern Canada until the 1940's.

monopoly over the returns from the fishery and for ensuring the quality of cured fish offered for trading. The 'truck system', as initiated in the eighteenth century, on the South Coast was transferred to the merchant-fisherman relationships on the Northwest Coast in the nineteenth century and formed the basis of outport economic organization in most parts of the island until the 1950's.

3.4 The Residential Fishery, Extension of the Settled Frontier and the Limits of Growth (1800-1890's)

Newfoundland history in the nineteenth century - the real history, that of the common people - seems to exhibit continuity rather than progress. Whatever took place in high level discussions in London or St. John's, for the mass of the people, the essential conditions of life remained unaltered. Each year brought its labourious contest with an unpredictable sea and life was a succession of ifs and chances. If the fish failed, hardship and possibly famine followed the next winter: it was that simple. [O'Flaherty, 1979:70]

The dates 1800-1890 circumscribe the formative years of the region as a political and economic entity. At first it was little more than a scattering of isolated fishing stations populated seasonally by men contracted to merchants based in England. By the end it was a self-governing colony of the British Empire populated by second and third generation English and Irish immigrants, still fishing for a living but taking the first tentative steps towards a land-based industrial economy. The associated settlement pattern of hundreds of small outports stretched along the South and Northeast Coasts linked to St. John's by regular coastal boats, by a net of financial obligations between central merchants and their rural/outport debtors, and by the reciprocal interests of elected representatives and their constituents, set the context for local responses to international events in the twentieth century.

The Napoleonic Wars between 1794 and 1816 signalled the final transition from a migratory to a resident fishery. The defence needs of Britain during the Wars claimed most of the men and ships which had come seasonally to the coastal waters to fish [Head, 1976; Fay, 1956]. Two waves of immigration from England and Ireland between 1811 and 1833 provided the base of the colony's permanent population. Thereafter settlement moved outwards from the Avalon Peninsula - along the South Coast to Cape Ray and along the Northeast Coast to Notre Dame Bay. By 1855 elected government was granted, in spite of protests about a lack of effective representation from the fishermen. Throughout the 1800's, as the frontiers pushed westwards, distinct regional economies evolved along the two coastlines. They became progressively differentiated in accordance with the patterns of resource availability and exploitation providing the bases of local subsistence.

By the 1880's the cod fishery reached the limit of its extensive growth. The rural population increased faster than productivity. Technological improvements in transportation (steam ships) and catching techniques (the trawl and cod trap) put pressure not only on the resource base but also on the social structure and spatial distribution of catching and processing activities of the industry. The Northeast coast suffered most. It had developed a diversified regional economy based on the exploitation of salmon, cod and seals both inshore and on the Labrador Coast which had at various times contributed up to seventy-five percent of the colony's total exports. The advent of the steamships with their higher skill and capital investment requirements and an increased capacity for transporting processed fish to market spelled the end of the small schooners on which the regional fishery depended.

A world-wide economic depression in the 1890's exacerbated internal difficulties and a collapse of both the cod export markets and the seal fishery precipitated major restructuring in the regional economy. St. John's became the functional core of the region as well as its political centre. A gradual transformation of the cod fishery had been in process since the 1850's with the introduction of steam-

ships, trawls, seines and cod-traps. Improved transportation and communications systems throughout the colony facilitated the growth of financial and banking institutions, and the concentration of larger and more efficient facilities for the import and export trade. At the same time, the imposition of import duties - the government's primary source of revenue - encouraged the emergence of local manufacturing industries supplying goods to the fishery.

Beginning in the 1860's, the colonial government had attempted to implement a 'national policy' oriented to diversifying the economy and reducing its dependence on the fishery. While many aspects of it were unsuccessful and had little impact on the colony, the building of a transinsular railway had wide-ranging ramifications for the economic and political structure of the region. Billed as 'the doorway to the future', the heavy debt load which building and maintaining it created plagued the colonial government until its bankruptcy in 1933. In 1894, the failure of world markets for cod provoked a financial crisis in St. John's. Many financially over-extended fish merchants withdrew from the outports, some closing down entirely, others selling out to new and inexperienced local businessmen in order to concentrate their interests in import and export trade based from St. John's. The three major banks closed their doors (they were closely linked to the larger fish merchants) and were replaced by Canadian banks. From this time forward the Island's economy was increasingly oriented and bound to Canada and the U.S. rather than to Britain. The crisis spelled the end of the first national policy based on indigenous, small scale development and the beginning of the second.

By 1904 a second 'national policy' was in place which emphasized the development of primary resource extraction industries using foreign investment. The principal of this was that "possession of a scarce natural resource provided cost advantages for entry into international markets" [Alexander 1976b:70]. The problem was that survival in the regional economy depended on having a commodity to export in order to trade for the food and materials which the local population could not

reproduce itself. Fish had proven unreliable. Land-based resources such as timber, coal and iron were seen to offer the only possible alternatives because they were in demand in the expanding industrial economies of Europe and North America. The policies reflected a significant shift in attitudes towards possible paths for future development of the regional economy. The tiny national income, the trade oriented entrepreneurs and the limited labour skills associated with the inshore fishery were seen as constraints to indigenous industrial development. Large scale primary resource development with the associated importing of both capital and skilled labour was the strategy selected to overcome the constraints.

In the first half of the century the dependence on cod was mitigated somewhat by the development of sealing along the Northeast Coast as a winter and spring supplement to the traditional summer and fall cod fishery. The seal fishery encouraged settlement of the northern coastline which in turn permitted the emergence of seasonal 'floater' and 'stationer' cod fisheries off the coasts of the Northern Peninsula and Labrador which alone provided a major portion of the colony's annual exports until the 1880's. [Black, 1960].

By the mid-1850's, when responsible government with an elected assembly and executive were granted, the region was the world's largest supplier of sun-dried light salted cod - a commodity much in demand in the tropical colonies of Britain, Spain and Portugal and in the industrial centres of Europe. It had a growing population, an expanding coastal frontier and, if judged from appearances in St. John's a flourishing domestic economy with an abundance of untapped land resources.

Throughout the early and middle years of the century, the area between Conception and Notre Dame Bays developed a distinct regional economy using hundreds of small owner operated wooden sailing schooners. Based from the Northeast Coast centres of Twillingate, Fogo, Wesleyville, Bonavista, and Trinity, this region related to the world economy directly via merchants based in England, not through

those based in St. John's. The viability of this economy was a product of its dependence on three temporally and spatially distinct resources. The seal fishery was prosecuted in winter and spring all along the coast either by landsmen near shore or from schooners on the ice. The Labrador fishery depended on the northern cod stocks on the banks off the coasts of Labrador and the Northern Peninsula during the summer. And the local inshore fishery was prosecuted during the summer and fall relying on the cod coming in close to the coast to feed. The first two utilized wooden sailing schooners and the latter small rowing dories. The relatively low level of capital investment needed meant that large numbers could and did participate.

After the 1850's, the introduction of steamers both for sealing and the Labrador fishery shifted the centres of control south to Harbour Grace and St. John's. The reason was that the higher capital investment and technical skills needed to build and run steamers required a higher scale of financial and technological expertise not generally then available in the outports along the Northeast Coast.

The introduction of steamers precipitated the decline of the regional economy along the Northeast Coast. As sealing became centred in St. John's so did the Labrador Fishery (Map 3.1). Progressively fewer vessels and fewer men were involved even though more seals and more fish were harvested at a time. The increased use of seines and bultows (and, after 1877, the cod trap) created pressures on the resource base and on the processing and marketing sectors of the industry which led to reduced quality of fish available for market and this increased the variability in prices paid. The result was that the basis of the Northeast Coast economic and social stability - a lucrative seal fishery supplemented by cod fishing and occupational pluralism, combined with direct access to markets - was removed.

From the 1860's on, the colony as a whole suffered serious economic decline. Frequent failures of both seal and cod fisheries combined with instability and depression in the international economy

POPULATION ENGAGED IN THE LABRADOR FISHERY 1884-1911

PERCENT OF DISTRICT
POPULATION

• Less than one percent

led to the demise of the fishery as the leading sector of the economy. Poverty was endemic and poor relief payments so high* that the government was forced to look to the development of land-based resources as an alternative. Conditions were so bad that:

A missionary living in Portugal Cove in 1861 held the gloomy opinion that in spite of Newfoundland's 'long and tedious history' as far as he could tell the 'original character of the colony as a fishing station remained intact'. [O'Flaherty 1979:70]

By the 1880's when the traditional fishery of Newfoundland had reached its limit of extensive growth, the outport populations had grown rapidly and individual families could no longer catch or earn enough to make a living. Overharvesting of seals and salmon threw the fishing communities back onto the 'vagaries of the cod fishery'. Increasing pressure to produce was accompanied by a decline in the quality of fish sent to market and subsequently a decline in prices paid and a loss of markets. With a world depression and Newfoundland's financial crisis in the 1890's, emigration to the industrial centres of New England and Canada was the only option available for many of the Island's young men and women. In 1884 there were nearly 60,000 men employed in the fishery. By 1897 there were only 37,000 [Alexander 1976:58].

The building of the transinsular railway and the opening of mines and lumber camps near the railway route offered opportunities for outport residents from the Northeast Coast to earn wages seasonally to supplement the meagre income from the fishery. The withdrawal of the merchants from the outports and the increased importance of the government in promoting economic alternatives to the fishery meant that outport residents gradually began to depend on their elected representatives and government agents to link them to the broader economy.

* Hiller, 1980:75. In 1861-65 they averaged 23% of current revenues.

The gradual deterioration of the cod fishery and the progressive transformation of the regional economy after 1860 which accompanied the introduction of steamships and the railway resulted in the 'metropolitanization' of St. John's as the centre of the regional economy [Careless, in Wade ed. 1967:118-119]. It began slowly but the world-wide depression of the 1880's and 1890's precipitated the collapse of several major merchant firms, and the consequent failure of two principal local banks. This resulted in the withdrawal of most large merchants from the outports and in their taking a new role as wholesalers and financiers and import/export brokers. Combined with the entrance of three Canadian banks into the local financial circle, the region's political and economic authority was rapidly concentrated in St. John's. The consequence was a centralization of economic and political authority which affected all aspects of rural life.

The withdrawal of the large merchant firms permitted the emergence of a new generation of small outport businessmen. These new merchants had closer community ties than the previous generation but had less control in the industry because of lack of knowledge of the whole operation experience in the industry and a lack of financial stability. The central merchants, now insulated from the uncertainties of fishermen's credit needs, were able to consolidate their control over both the importing and distribution of food, dry goods, and fishing supplies and the exporting of cured fish without having to worry as much about the 'annual voyage'. They made use of the improved transportation and communications systems and the expanding financial and trading institutions centred in St. John's to establish 'spheres of influence' throughout the region based on privileged access to local and international information, goods, and credit.

The entrance of three Canadian banks was the beginning of the realignment of the Newfoundland political economy away from Britain as the core of its institutional environment, towards North America. The associated tying of the Newfoundland currency to the Canadian dollar was the most obvious change. At first this appeared advantageous in

that it permitted access to the 'modern banking' facilities of Canada and to trade with the United States for which entrance was otherwise restricted; however it had its drawbacks. On the one hand the banking and credit regulations of the Canadian banks were oriented to serving a land-based production base, not one dependent on marine resources. The merchants found themselves pressured into conforming in their use of credit to inappropriate time frames. On the other, the commodities produced by the Newfoundland economy - salt cod, seals, pit props, etc. - had very limited markets in the U.S. The government found itself having to conform its development strategies to the production of saleable commodities - the raw materials for American industrial production - minerals and pulp and paper. This was aggravated in the early 1900's by need to juggle the Island's balance of trade between buying supplies from the North American market in hard currency and selling its staple commodity in the international market in soft currency. This was to prove an almost insurmountable hurdle for the economic survival of the colony after the First World War and in the 1920's with the dropping of the gold standard in international currency exchange.

In the course of all these changes the development of the fisheries was neglected. The economic and political elites broke down into fractions who owed their wealth and allegiance to the import and export trade associated with the fishery and those aligned with the building of the railway and the development of the Island's timber and mineral resources. As the nineteenth century closed, the colony had outgrown its original reason for existence but had not yet satisfactorily established an alternative basis for survival. The neglect of the fishery as an avenue of local economic development in the twentieth century, may, in some measure, be attributable to the industry's progressive isolation from channels of international economic decision-making during the last decade of the nineteenth century.

Institutional Structure

Native gentry there is none; a resident landed proprietary there does not exist and consequently society is reduced to two classes: the one mercantile composed not of native 'merchants and adventurers' and indeed to a considerable extent even these, non-resident to whom may be added the officers of the government all strangers too; the other, the humble fisherman, whose destinies are riveted to the soil of their nativity. [From the recordings of the Legislative Assembly of Newfoundland, 1838 in Innis Cod Fishery 1940:387]

The establishment of responsible government with an elected assembly and executive in 1855 marked a temporary truce in the long-standing political struggle between non-resident and resident merchants and officials. It did little however to diminish the influence of the merchants in the Newfoundland economic and political life - whether in St. John's or the rural outposts.

In 1833 John McGregor wrote that:

the administration of Newfoundland was in a great measure an exclusively mercantile or trading government, which as Adam Smith very justly observes 'is perhaps the very worst of all governments for any country whatsoever. [British America. London, 1833 in Innis 1940:381]

One of the concerns voiced prior to the granting of Dominion status to the colony was the lack of representation of the majority of residents - the fishermen. The social structure in place during the 1700's continued almost undisturbed well into the 1800's. The merchants remained ensconced at the top, educated, well-travelled, and well-connected with British, financial institutions and international trading/marketing networks. The fishermen, at the bottom, by and large were poor, immobile, uneducated and very much subject to the influence of the local merchants who provided the vital links between the rural settlement and the world. The principal difference was that, except for some parts of the Northeast Coast, the vertical integration of the industry ended at St. John's rather than in England.

Until the mid-1830's (the mid-1850's along the Northeast Coast), some merchants continued the practice of supplying their planters and of supporting them on a year-round basis. Changes in the structure of

commercial organization of the overall system as well as an increase and expansion in the local population were the causes. One major change was that merchants could no longer be assured that planters would sell their season's catch to them. The emergence of itinerant pedlars and independent travelling traders selling provisions at lower prices and buying fish at higher prices during good years jeopardized the merchants' control over the system. Another change was the greatly increased costs of provisioning and equipping a planter from England and of paying wages for servants if they could be obtained combined with a highly variable price for fish in international markets which severely reduced the merchants' profit margins.

As a consequence, the merchants had to adopt a new strategy which would compensate for their loss of control over the fishery. This strategy was to shift the burden of uncertainty about actual returns from the fishery onto the individual fishing enterprise by adopting the 'truck system'. As already had occurred on the south coast in the eighteenth century, the merchants stopped paying all the wages, bait, boat hire, and freight or supporting their planters or boatkeepers over the winter. They adopted the role of 'trader' in fish and provisions allowing the fishermen to buy all they needed - provisions, gear, and boats - on credit in exchange for the season's catch.

They focussed on the profits to be gained from supplying the fishermen with gear and necessities rather than with improving the efficiency and effectiveness of the production operation. Through the 'truck system' they avoided the risks associated with permanent investment in production capital: physical hazards of production, poor catch, etc. and were able to invest in wholesale and retail trade.

The fishermen, in contrast, were obliged to diversify their options as much as possible. In the words of one writer, the

merchants were able to effect a 'shifting of the actual costs of subsistence onto households' by eliminating wage relations with inshore fishermen and, thereby, encouraging the latter to garden, hunt, tend livestock, construct their own huts and homes, etc. (Antler 1977 in Brym and Velss 1978: 396)

The implications of this were that where possible a fisherman and his family would attempt to introduce non-merchant dependent economic activities into the annual production cycle. For most of the 1800's this was limited to local subsistence production. The seal fishery, to some extent escaped the merchants' control as did some aspects of the Labrador fishery if only because the participants were under contract to non-local skippers or merchants and were paid up at the end of each season. Railroad construction and the initiation of mining and lumbering at the end of the century introduced a new option for acquiring income which was not dependent on the local merchant.

The institutional relationship based on credit between the merchants and the family based fishing units was the core of rural social and economic relations. It created bonds of mutual obligation, respect and responsibility vertically, from the fishermen to the merchant. At the same time it inhibited the development of horizontal ties among fishermen other than those associated with kinship because secrecy was one of the basic rules of the relationship [J.F. Paris 1966]. At the level of formal institutional organization, the merchant acted as the intermediary between the community and the outside world in other ways than simply economic exchange. On the northeast coast the church of the merchant was frequently the same as that of his affiliated fishermen.

The consequences in terms of local organization were two-fold. On the one hand fishing became a family enterprise with men fishing and curing and women and children gardening, gathering and tending live-stock. On the other, the merchant's role in the community was enhanced because of the continuing debt obligations of the fishermen to their 'patron'. The 'truck system' which had first appeared in Newfoundland during the eighteenth century was a central element in community organization of rural outports throughout the nineteenth century and persisted until the mid twentieth century.

The capital investment, skill training and labour recruitment practices of a fishery organized in this way meant that the family

became the focus of all important decision-making concerned with production and subsistence survival. Land and equipment ownership, marital and inheritance practices that characterize 'tradition' rural outport life all can be related to the centrality of the kin group as the basic production units. Common family gardens divided internally as the fishery units divided; shared ownership or responsibility for and decision-making about fishing gear; virilocal kin groups which encouraged the retention of unmarried sons and the emigration of daughters for work or marriage; and patrilineal inheritance practices which compelled the sons to continue working together because much of the fishing gear was not easily divisible became characteristic elements of rural life [Anderson, 1972].

The merchant in turn became the focus of decisions concerned with exchange between the settlement and the outside world. The merchants' role was enhanced within the community by the practice of each kin group via the 'skipper' bargaining individually for terms of sale and exchange of provisions and fish. And outside the community, the merchant became the main point of entry for the distribution of poor relief, government jobs, places on sealing vessels, etc. The necessities of seeing the merchants, ministers, travelling magistrates and elected representatives led to their becoming the focus for most official interaction between the rural residents and the government. Appointments to local road and school boards or church committees usually occurred on with the advice of the merchants.

After 1848 the churches were given responsibility for education so that many, although by no means all, communities built school-houses which served as occasional meeting houses. Funding from government, administered by churches. Because the educational system was divided along denominational lines, larger communities often had two schools, one Catholic and one Protestant. This was not only an inefficient allocation of resources but also strengthened religious divisions within the settlements from one generation to the next as children attending each school had little to do with each other. It has been said that where

there were two churches (and schools) there are two merchants [Faris 1960]. Where there were two, the internal fragmentation was even greater because the fishermen tended to be aligned with the merchant of their own religion. This was characteristic of the Northeast Coast more than the South Coast where the majority of fishermen tended to be Irish Catholic and the merchants English Protestants. The local schools rarely went higher than the primary levels and the merchants' children normally attended school in England or St. John's.

The strongest divisions have traditionally been between Catholics and Protestants. Among the Protestants however there are also divisions: United Church, Anglican, Methodist, Salvation Army, Jehovah's Witnesses, etc. . . Because education was placed in the hands of the churches in 1848, the influence of the merchants in the selection and support of teachers was felt there as well. Any government funds or projects reaching the communities came through the merchant because he was the only acknowledged central authority existing at the settlement level. Similarly the government agents, magistrates, fisheries officers, etc. looked to the merchants in matters affecting fishermen. Starting in the 1860's local Road Boards were 'elected' and were responsible for keeping open trails and attending to any wharf or breastwork repairs that were necessary. The merchant again undoubtedly played a central role in their operation.

In most communities there was no forum for the fishermen and their families to interact outside the kinship group. In some areas fishermen's benefit societies were initiated by concerned clergy. These were closely affiliated with the sponsoring churches and their activities reflected this. The service which they frequently provided was a form of insurance for fishermen and their widows in the event of injury or death at sea. Unfortunately these tended to work best in periods of prosperity and, as the fishery failed with increasing frequency towards the end of the century, many such societies became insolvent.

After 1880 the Loyal Orange Order (LOL) was introduced to Newfoundland. It grew rapidly along the Northeast Coast where the majority were protestant. It was the first organization to successfully provide a focus for rural communities as a whole (at least for the men of the outports), from the merchant to the shareman, to participate in some common activity other than fishing [Houston and Smyth 1980].

The rapid growth and successful continued operation of the LOL from that early date until the 1950's has been attributed to the fact that it fulfilled an important social function, providing a forum for interaction and a channel for the development of leaders outside the rigid structures of the fishery. In the rest of Canada - particularly Ontario - its growth depended on the ongoing conflict between Catholics and Protestants. On the Northeast Coast where it was highly successful most outports were predominantly protestant so localized religious conflict was insignificant. The structure of the regional fishery along the Northeast Coast - inshore trap fishery, Labrador Schooner fishery, spring offshore seal fishery - provided many opportunities for men to work together in larger groups than the immediate family. The LOL provided the means for men to interact at a wider intra- and inter-community level on a year-round basis.

Both these elements in the regional community structure - the strength of the LOL and the opportunity for interaction with other communities in the workplace - were important in the future development of the Fishermen's Protective Union between 1908 and 1924.

As the century progressed and the outports increased in size, their spatial organization reflected the pattern of internal economic and political relationships. To begin with, all settlement was oriented to the sea. Shore space and access to the water were the primary criteria for land ownership. The merchants' premises dominated the harbour and the fishermen's properties were strung out along the shoreline. The church tended to be on a hill overlooking the settlement. Buildings associated with the church such as the school, a

fishermen's benefit society hall or an Orange Lodge usually were built nearby.

Some communities had several merchants or merchant's agents while others had none. The fishermen's houses also tended to be oriented to the merchant with whom they dealt. The merchants' premises were made up of a large collection of buildings varying with the scale of the operation and whether the operation relied strictly on inshore boats or also included schooners involved in sealing and the Labrador fishery. The number of people actively employed could range from a handful to well over a hundred depending on the season and the particular fishery exploited. Employees could include storekeepers, under-storekeepers, joiners, coopers, coopers' apprentices, masters of voyage, cullers, cooks, sawyers, shoremen, youngsters, boat masters, midshipmen, foreshipmen, blacksmiths, sailmakers, laborers, longshoremen, etc. [Ryan 1981:47].

Each 'common garden' of the individual fishing enterprises incorporated the traditional shore facilities of wharves, stores for equipment, stages for drying fish, the requisite garden plot for subsistence agricultural production plus the houses of the sons and brothers still working together. Neighbours were either kin or church related.

Occupational pluralism characterized the typical household economy of the Northeast Coast. The seal and Labrador cod fisheries complemented the inshore fisheries and the land based gardening, hunting and gathering (see Figure 3.1). The family household economies incorporated each into their over-all strategy for survival. Each year some members would go sealing in the early spring. In May or June some (possibly the same ones) would go north to the Labrador for the summer while others stayed behind to prosecute the local inshore fishery. If the season had been poor an inshore fall fishery would go on until October or November. All of these, together with the land-based subsistence agriculture, hunting and woods-work made a viable household economy. The central concern for both the merchant and the fishermen was to reduce the uncertainty associated with fishing in the hostile Northwest Atlantic.

RURAL NORTHEASTERN NEWFOUNDLAND ACTIVITY CYCLE OF A SUBSISTENCE HOUSEHOLD

Fishing
Farming
Wood work
Hunting
Gathering

- Wood work: Fire-wood, fencing materials, saw-logs and other building materials
- • Hunting: Birds, terrestrial mammals
- • • Gathering: Wild fruits and berries

NOTE: All boundaries are approximations and represent decreased activity

FIGURE 5.1 Rural Northeastern Newfoundland Activity Cycle in late 1800's
[after C. Sanger in Mannion 1977:137]

In summary, widespread and persistent poverty among the outport fishing villages was the norm throughout the period. Not unexpectedly it has been attributed to the indifference of the merchants towards the welfare of both the fishermen and the fishery. Their major concern it has been argued was assuring themselves of a minimum profit level:

... so long as the value of the catch stayed sufficiently above the value of supplies advanced at the start of the season, the merchant had no interest in whether or not average levels of productivity of labor in the fishery were rising or falling. [Antler 1975 in Brym and Neiss 1978:396]

The frequent failure of the fishery throughout the nineteenth century and the progressively worsening competitive position of the Newfoundland industry in the international markets [Ryan 1981:43, 51] put into question the viability of a colony economically dependent on fish. The introduction of steamers during the 1850's in the seal and Labrador fisheries hastened the decline. They did it in two ways. On the one hand they exacerbated production problems of having too much fish to cure too rapidly (i.e. gluts, already being caused by changes in catching techniques - trawls, seines, etc.) by initiating the 'race to market' mentality (first ship to market got highest prices). On the other because of the large capital requirements for ship and equipment ownership, they amplified an already existing trend towards the centralization of economic as well as political authority in St. John's - widening the gap between outport residents and the 'fishocracy'.

By 1870 the economy was stagnating. The cod fisheries were overcrowded (i.e. individual families could not catch or earn enough to make a living) and the seal and salmon fisheries were overharvested [ECC 1980; Alexander 1976b]. The world economy also was sinking into depression. The introduction of the cod trap in the 1870's increased the catching capacity but, rather than improving the stability of the fishery, it added to the existing problems of a fickle market and catching gluts and poor quality curing which jeopardized the reputation of Newfoundland cod with international buyers.

3.5 Industrialization or Bust: 'Go for Broke' (1900-1933)

... There has been an abnormal and monstrous growth ... of idle and (comparatively) luxurious intermediary classes, who under the wing of the so-called general government, farm the outports ... for their own advantage, and have so enormously over-weighed ... this fishing country with the extraordinary expenditure super-imposed upon the producers that the outside numbers whose soul and centre is St. John's are literally consumed by its trunk. [Murray 1895 in McDonald 1980:151]

As Newfoundland entered the twentieth century, it was in the midst of major structural changes in its political economy. During the 1890's it had narrowly escaped bankruptcy and the financial crisis of that decade had dealt a lethal blow to the already weak traditional cod and seal fisheries. As a consequence the island was forced to search for new 'engines of growth' for the regional economy. Economic diversification policies of the 1860's and 1870's had emphasized industrialization, using indigenous capital drawn from the fishery. After 1900 it became apparent that neither the fishery nor local capital and entrepreneurship were sufficient to generate economic development.

The years 1900 to 1933 encompass the Island's attempt to restructure its regional economy. During that time it was challenged to adapt both to radically changed international markets and to severely constrained internal resources - neither of which it had much control over. Ultimately it failed in its attempt.

In 1933, once again faced with bankruptcy, political as well as economic this time, the island's politicians reluctantly submitted to a British-appointed Commission of Government. In 1949 in order to escape from the anomaly of its position, it chose to join Canada.

In this study, the significance of this period is not that the colony failed to develop a viable economy but rather that, in the context of the demise of the fishing industry and the resulting attempts

at system-wide institutional restructuring, a network of organizations appeared in the Northeast Coast region of the rural economy which sought to revitalize and re-establish the fishery. Throughout the nineteenth century only the most rudimentary of local social and political institutions had existed in the outports. Local community and national organization by and large reflected the structure of the traditional fishery economy. With the decline of the fishery in the 1880's and 1890's, the vertical integration of the industry broke down with the result that the direct economic bonds which had linked the fishermen through the local and St. John's merchants to the international markets were seriously weakened.

Competition within the merchant class and the emergence of a parallel economy based on the extraction of land-based resources served to concentrate economic and political power in St. John's and to alienate the outports. The same process strengthened the position of the fishermen by making them less dependent on the merchants for the sale of their fish and for seasonal wage employment and by encouraging them to form larger production units (Brum & Veis, 1978). Both of these laid the groundwork for the emergence of a grass roots organization supporting the outport fishermen at the Northeast Coast.

At the national level, changes in the economic and political structures paralleled each other. In 1900 the Island had a domestically owned, one-product export economy with most of its political and social institutions based on the exploitation of the traditional fishery. By 1949 it had a largely foreign-owned three-product export economy with a split in the institutional structure between the traditional fishery and the mining and pulp and paper industries (Alexander 1970a,b). The decline of the economic importance of the fishery was accompanied by a decline in the influence of the traditional merchant elite in the Legislative Assembly and, indeed, in society at large. The persistence of the fishery as a source of employment and as the basis for the dominant settlement pattern gave it a continued importance in the political life in the colony out of proportion to its economic role position.

As the 'fishocracy' lost its pre-eminent position in Newfoundland society, a new elite emerged which owed nothing to family connections with the traditional merchants. Its existence was the direct result of the economic diversification policies of the late 1800's, particularly the building of the transinsular railway. D.G. Reid, the Canadian engineer and capitalist who had completed the railway [1895] had become a major force in the Island's political as well as economic life. On the one hand, in the course of the railway's construction, millions of dollars in cash were pumped into what had previously been almost entirely a credit economy. Reid's control over that money gave him a personal empire which rivalled that of the government and the merchant elite as a source of patronage. On the other, he had acquired rights to extensive timber lands as well as the ownership of the railway, the St. John's drydock, the coastal steamer service and, for a couple of years, the Island's telegraph service. Around him had grown up a group of small businessmen including some of the new outport merchants and lawyers whose wealth derived from subcontracting for the railway construction or in the mining and pulp and paper industries.

In the economic diversification period of the late 1800's, the government had taken an active role in promoting resource and industrial development. Under the influence of Reid, who sought to protect his territory, and with an increasing number of 'Reid's men' active in politics, the government became an increasingly active participant in the Island's economy. By 1897, the question of Reid's place in the colony's economy and politics had split the governing elite into pro-Reid and anti-Reid factions. The Conservative government elected that year ran on the pledge of "No more concessions to Reid" [Noel 1971:28]. Nonetheless the Minister of Finance, A.B. Morine, was retained by Reid as his solicitor. The precedent set by Reid and 'Reid's men' for the unscrupulous use of government influence for their own benefit during that administration set a pattern that, by 1933, pervaded political behaviour in all sectors of the governing elites and precipitated the breakdown of political party alignments and the entrenchment of a 'politics of shifting factionalism'.

The absence of any political institutions outside the Legislative Assembly, which had characterized the nineteenth century, continued into the twentieth with two significant results. The first was that since the politicians had neither access to information about the felt needs of the populace nor channels through which they could be held responsible for their actions, the electorate, with the generous use of patronage, came to be used merely as a tool for re-election. The second as a result of the first, was that the Assembly could not serve as a forum for conflict resolution and consensus making. Issues were used, along with the redistribution of contracts and relief, as tools for swaying the voters in favour of one personality or another, rather than as the basis for coherent planning and policy-making for future economic development. Both of these, in turn, discouraged politicians from supporting or promoting political development in the outports. Not unexpectedly the political culture of the outports reflected this. One former Governor of the Island wrote of outport residents that

They regard their member as one who has to look after their personal interests in every detail. He must be ready to watch over them when they are ill and get them free medical treatment; he must get them free tickets for the seal fishery [that is, a berth on a sealing ship], employment on the railways, free passes from place to place, billets for their sons and daughters, and must even strive to sell their fish above market price at the bidding of any ignorant or mischievous agitator. In fine; there is nothing too ridiculous for electors to expect of their member; and failure in any single case may send back a constituent to the outport to which he belongs, to become the centre of a clique resolved to displace the member from his seat in parliament. [Sir Ralph Williams, How I Became Governor, London 1913, in Noel, 1971:20.]

With the decline of the fishery, the earlier function of the merchant of linking the outport residents to the outside world was transferred to the elected member.

In 1908, the Fishermen's Protective Union (FPU) was established with the express purpose of improving both the fishermen's position and that of the fishing industry in Newfoundland economy and society. Sparked by a charismatic leader, William Coaker, it spread rapidly because the early members actively proselytized the movement in their own communities and in others.* During the seal and Labrador cod fishing seasons, there were many opportunities for fishermen from different outports to discuss their concerns. This helped the movement grow rapidly until it came to include almost every settlement on the Northeast Coast [Brym & Neis 1978].

At its height the movement had over 20,000 members. They were organized into local councils and there were 11 elected members in the House of Assembly sitting under the Unionist banner. The Union published a daily newspaper, The Fishermen's Advocate, in St. John's; it ran a co-operative trading company with 40 cash stores in outports between Cape de Verde and Green Bay; and a town on the Bonavista Peninsula called Port Union served as its headquarters. By 1923, in the face of widespread deterioration in the political stability of the country, the FPU withdrew from active politics. When world-wide economic depression struck in the 1930's, many of its social assistance activities ground to a halt because most of the membership were either unemployed or severely impoverished. A number of its economic enterprises continued.

In analyzing this period several questions about the emergence and the demise of the FPU are of particular interest. The first concerns the national restructuring of political and economic institutions, which made the emergence and political success of the Union possible. The second concerns the question of what led to the demise of the FPU and why it failed to improve conditions in the fishery and in the

* It was the first time that fishermen from many different areas of the Island, but particularly the Northeast Coast, had come together to exert their potential influence in the political process (see Appendix C).

outports; the third addresses the problem arising after the demise of the FPU as an active political and economic force, of whether its existence increased the propensity of rural communities to initiate and support 'developmental' organizations; and if not why not.

One economic historian has written that:

For a complex of reasons Newfoundland's fishing economy deteriorated steadily in the first half of the twentieth century, and it is from the history of these decades that the Island earned its reputation as a woebegone country. [Alexander, 1976 a :32]

Others, writing of the 1930's, comment that the outport life as the island entered Confederation in 1949 was much the same as it had been in the 1800's. Despite the complexity of the changes which occurred in the national and international systems between 1900 and 1934; life in the outports remained superficially unchanged.

Viewed chronologically two phases can be identified during this period with respect both to events affecting the political economy of the island and to changes in the rural economy. These are 1900 to 1919, 1919 to 1933.

Of the 1900 to 1919 phase, the first decade can be recognized as an extension of the 1890's in that structural changes most dominant in the political economy persisted into the first decade of the twentieth century. The fishery continued in decline with increasing competition and conflict between merchants of differing sizes and political influence. And the emerging industrial economy based on the building of the railway and the exploitation of minerals and timber became increasingly powerful. The first eight years of the period saw a minor economic boom which encouraged the illusion that, despite deterioration in the structure of the fishery and the rampant corruption in the conduct of the government business, the economy was growing and 'modernizing'. The sudden emergence of the FPU, its rapid growth along the Northeast Coast, and its acquisition of political influence in the 1913 election startled and unnerved the establishment merchants in St. John's who were out of touch with the outports.

The First World War between 1914 and 1918 had long range implications for economic, political and social life in Newfoundland. Economically the war provided a few years of exceptional prosperity. "Money was plentiful, the demand for fish rose rapidly, and prices soared to heights never attained before. The shortage of shipping was met by pressing Newfoundland sailing vessels into service" (Mackay, ed. 1946:65). Both government and people became accustomed to spending at levels far above what could be maintained in peacetime. War loans, veterans pensions and the cost of the existing national debt were all financed by borrowing from New York and London. Economic expansion was almost entirely due to increased production and higher prices rather than to any structural change in the economy. Dried-fish competitors were unable to maintain production, demand rose rapidly, and the biggest catches in Newfoundland's history led to the highest prices ever and full employment.

The FPU began the decade in a strong position but gradually lost force. To begin with, the dynamics of Union organization and promotion changed once there were sitting members. Most importantly Coaker had less time to devote to campaigning. And without his messianic appeal, the movement lost momentum. With its entry into politics, the Union had become branded as 'protestant' in the Catholic South rather than recognized as a workers' cooperative movement. Finally in 1916, with the formation of a National Coalition Government over the issue of whether to legislate a Conscription Act, Coaker's support of the Bill lost him the previously unquestioning support of the Northeast Coast fishermen. His supporters were adamantly anti-conscription and the issue drove 'a sharp edge of discord' between themselves and their leader. The movement never fully recovered.

The war gave Newfoundlanders a false sense of success and prosperity. As they entered the post-war/pre-depression period of 1919 to 1933 most were unaware of how precarious the economic security of their nation was. There was a massive national debt (\$43 million in 1920) [Noel 1971:451] and a large annual deficit financed by external

Following the cost of the war and the railway debt, the building and maintaining the railway made up most of it. The fishery, which was the largest employer and still the mainstay of the economy, was badly managed, over-extended, technologically out-moded and undercapitalized and internationally utilized for the poor quality of its product. It was in a poor position to compete with the fisheries of Norway and Iceland which had been modernized and rationalized with the government's help. The mining and saw and lumber industries which were largely foreign-owned, provided few full-time jobs and transferred most of their profits out of the country. The prosperity of the war had precipitated a 'revolution of rising expectations' among the island's residents such that they not only expected to be able to purchase goods not previously available but also had become accustomed to a level of government services above that of the pre-war period. The war and the National Coalition Government had produced a toll of internal political discord. It had not, however, stopped the widespread practice of patronage and graft which in the eyes of some observers, threatened the political stability of the colony. After the relative calm and economic security of the war years the post-war years loomed like a time-bomb.

At the end of the war, the regional economy still had the same prewar problems of an out-dated and internally chaotic fishery and of foreign-owned mining and lumbering industries. The huge debts acquired to finance, build and maintain the railway plus the war effort, meant that politicians had little room to manoeuvre to encourage industrial and social development when the post-war economic depression hit and international fish markets disappeared. With the direct and indirect costs of the war, more than \$10 million was added to the already large national debt. This increased at approximately \$2 million a year throughout the 1920's.

Socially and politically the impact was more insidious. On the one hand, the economic prosperity encouraged a high standard of spending because of the ready availability of cash and ready-made goods

While the regional economy did not afford to support a peace time, first as a result of wartime propaganda, the feeling of 'nationalism' was strengthened, which in later years, constrained the Liberal government from pursuing the possibility of union with Canada. The effect of the heavy casualties at the front, 20% of the Newfoundland Regiment was killed in action, cannot be measured except to speculate about the demoralizing effect on a small society which was deprived of many of what might have been the country's best young men. Politically, the war served to neutralize some of the power of the IPU because of the economic 'indom' condition and in the end to demoralize the movement by forcing the leader, William Coaker, to make compromises which were politically unpopular with his followers.

In 1914 the National Coalition government was dissolved. An Alliance of Unionists and Liberals contested the election as a 'Liberal Reform' party in order to defeat the old 'people's party'. It received a majority of 24 out of 36 seats. In the new government the Unionists held 11 seats and Coaker was appointed Minister of Fisheries.

With Richard Squires as Premier running on the pledge of 'Make Newfoundland Safe for Democracy' and 'Bid Newfoundland of her Grafters', the Liberals had no clear idea of any specific reforms. Alliance with the Unionists was little more than political expediency of the Legislative Assembly.

The emergence of the Fishermen's Protective Union in 1908 as a major force in the Island's political economy was seen in terms of the structural breakdown of the fishery and of the consequent strengthening of the economic and political position of the fishermen relative to the merchant class. [Neis 1981]. Its demise, in 1924 needs to be understood in terms of the deterioration of national political organization to a state of 'shifting factionalism' governed more by the 'pork barrel' than by genuine commitment to issues. In such a situation the Unionists, whose influence had been intended to be that of a 'balance of power' party rather than of a major controlling group, found themselves without consistent political allies. In 1924, reluctant to be

used by the other parties who wished to gain the support of the Northeast Coast fishermen, broker on behalf of the union, those to withdraw from active politics. The Union Trading Company and co-operative stores continued until the 1930's when the economic depression forced them to close or to reduce severely their operations.

Throughout the nineteenth century, the vertical integration of the fishery industry had been gradually eroding. By the 1890's almost the largest of traditional merchants had withdrawn from the outports to St. John's. They left the local retail and fish trade to small, independent merchants who, frequently, had been either clerks in the outport branch stores or middle-sized fishing skippers. The introduction of steamships, cod traps and builows, repeated failures in the cod fisheries from the 1860's onwards, and the collapse of the seal and offshore fisheries meant that the fishery became at once more capital intensive, more dependent on one commodity and more unreliable as a source of profit.

The breakdown of the system into independent constituent parts - the international marketing agent, the St. John's wholesaler and provider of credit, the local retailer and fish trader, supplemented by the itinerant speculator and the fisherman - reflected an increasingly complex local and international environment in which no one element could secure control of the entire system and thus be assured of relatively stable returns on investment.

Most large merchant firms rationalized their operations in St. John's and became wholesalers of imported goods and creditors to the small outport firms; and exporters of fish to world markets. Some withdrew from the trade altogether and invested in the growing land-based resource sector. Control over the fishery was increasingly concentrated in a few hands who proved to be more concerned with exacting a profit from the import and export trade than in maintaining and improving the industry as a whole.

The outport business was left in the hands of poorly financed and inexperienced retailers. They bore the dual burden of dependence

on St. John's merchants for credit and market information and on the inshore fishermen for both their supply of fish and their market for retail goods. With the offshore and Labrador fisheries largely taken over by firms based in St. John's and with fishermen increasingly able to earn a little off-season cash in the lumber camps or in construction, the new generation of outport businessmen bore the brunt of the risks associated with the fishery.

At the turn of the century, the fishing industry was fragmented into discrete parts which, while being essentially interdependent, were also in competition for whatever part of the whole system was within their grasp. The merchant class which previously had operated under unwritten, but nonetheless acknowledged self-made rules of behaviour [Veis 1981], was torn by internal competition which prevented the establishment of a consensus within the industry as a whole. External threats from international competitors in the salt cod markets and internal threats from other sectors of the regional economy were met by intensified competition rather than by a 'common front'.

The merchant class consisted of a range of firms which differed in terms of size, access to credit and resources, and economies of scale. At one extreme were the large import-export merchants who were based in St. John's and controlled the rural economy through a web of wholesaling and credit links. Of the largest some continued to be vertically integrated with the outports and the offshore fishery, others concentrated either on exporting or wholesaling or on the offshore and Labrador fisheries. In the middle were merchants of substantial size who maintained premises in the larger outports (e.g. Harbour Grace) and were involved to some extent in both wholesale and exporting. At the bottom were the small outport businessmen who provided the essential link between the most isolated fishermen and the market through their function as both retailers and fish traders. In addition to these were local fish speculators who, while deriving their primary income from other sources (i.e., railway construction, mining, lumbering, etc.), were drawn into the export trade in response to

rising prices. With little or no overhead, they could buy a schooner-load of fish at higher prices than others, sell it more cheaply and still make a profit. Their presence amplified the instability then inherent in the system.

Each group had a distinct organization, financial base and profit-seeking strategy. Competition rather than co-operation characterized the system as a whole. Wholesalers competed with retailers, large export merchants vied with each other and with large and small merchants, and speculators competed amongst themselves. Some strategies encouraged high prices, others encouraged over-investment in production. Price volatility, overcapitalization and gluts in foreign markets, and unreliability in the quality of salt cod available for export resulted.

Inadvertently these strategies also strengthened the position of the fishermen relative to the merchants. They received higher prices at least in good years, were less dependent on a sole source of credit and income, and were encouraged to form larger production units thus providing a broader base-level of social organization in the outports than previously. In addition, with the availability of seasonal wage employment in lumber camps or railway construction they gained access to cash which was not dependent on the whims of the fishery or the merchants.

In the end, the decline of the fishery which was precipitated by external forces (depletion of the resource base and economic depression in international markets) was amplified by the progressive deterioration in the internal structure of the industry. The implications for Newfoundland society were broad. The competitiveness which pervaded relations within the merchant class infected all public life. In the political arena in St. John's, what little political party or class cohesion had previously existed, became a struggle over personalities. Outside the Legislative Assembly, voting patterns were more determined by the distribution of patronage and religious affiliation than by any consistent adherence to issues. In the rural regions the political

alienation of the outports from St. John's, when combined with the strengthened position of the fishermen both economically and in terms of social organization when the right leader appeared, led to the emergence of the Fishermen's Protective Union in 1908. It was the only political entity then present which could act as a countervailing force to the self-interest of the merchants but its economic base was shaky and its regional strength strictly confined by sectarian interests.

The decline of the fishery was accompanied by the growth of a parallel economy based on the exploitation of alternate primary resources in demand in the industrial markets of Great Britain and North America. In the 1870's a series of economic diversification policies were initiated with the objective of developing an industrial base using indigenous capital and labour and complementing the role of the fishery in the regional economy. The financial crisis of the 1890's during which the government narrowly avoided bankruptcy weighed down as it was with heavy debts from railway construction and poor relief payments and a devastating fire in St. John's threw any such plans for future development into jeopardy. By the early 1900's it was recognized by those in power that the tiny national income, the trade oriented entrepreneurs and limited labour skills associated with the fishery were an inadequate basis for industrialization and, indeed, were constraints on development. Reorientation of the export economy away from the fishery towards raw materials needed by industrial countries (i.e., pulp and paper, minerals) seemed to be the necessary path for economic growth. It was argued that the Island had "... possession of a scarce natural resource [which] provided cost advantages for entry into international markets" [Alexander, 1976:70]. Neither the social nor the economic costs of large-scale primary resource development with its associated import of capital and skilled labour were considered. Between 1905 and 1932 more than twenty agreements were signed with international companies [Alexander, 1970] for the development of these resources:

By 1910, as a result of tariff agreements between Canada in which Newfoundland was included and the U.S. which permitted duty-free import of pulp and paper, American capital began to overtake English capital in the exploitation of timber lands. Because the investment tended to be in the form of direct rather than portfolio capital, not only did this indicate closer financial ties with North America but it set a pattern of vertical integration in the industry in which technology, management and skilled labour were imported as well. In some respects this development process can be seen as analogous to that which took place in the early 1800's with the fishery. In this case the government replaced the merchants in the role of 'enabler' or 'promoter' but, as before, most of the returns from the ventures went to the home countries of the investors - in the form of profits, wages to imported skilled labour, or payment for imported technology. Unfortunately, the government in its eagerness to attract capital, foreswore most of its rights to a reasonable rent for the use of the country's resources.

By 1933 when the Island was in a state of virtual bankruptcy, the new resource sectors were dominated by large foreign-owned companies, and were the largest producers of export revenues for the region. As 'engines for growth' however, they were a dismal failure, unless the benefits accruing to the new intermediary class of lawyers, brokers, contractors, fish speculators and politicians who owed their wealth to them, are so considered. Few permanent full-time jobs for Newfoundlanders were created, even though they provided a source of wage employment for fishermen in the off-season. Since little secondary processing was done on the island there was little opportunity either for distributing the wealth created by the industries more widely through the local economy or for encouraging the development of a labour force would have been socially adjusted and technologically adapted to an 'industrial' way of life.

By the 1930's the regional economy of the colony was made up of two distinct institutional systems - one framing the declining fishery;

the other, the expanding resource sector. The principal forum for interaction of the two was in the Legislative Assembly. The fishery dominated the economy insofar as the majority of the active labour force were fishermen and most of the population lived in fishing settlements. The land-based resource industries dominated the economy insofar as they produced the greatest portion of export revenues and new wealth for the educated middle class. The development of the latter fueled the deterioration of the fishery by creating additional sources of conflict and competition among the merchants in the conduct of their daily business and in their political spheres of influence and ironically by strengthening the bargaining position of fishermen. Because the non-fishery economy was so highly integrated with organizations outside the island and had so few institutional links locally, it did not encourage any measurable degree of institutional restructuring in the traditional fishery sector. Instead it acted to entrench a 'dual economy' in the region. As a result the outports appeared 'residual' elements in the Newfoundland economy meriting welfare support and maintenance because such a large proportion of the general population depended on it. The dire state of the industry as a result of years of neglect meant that modernizing it and reorganizing it would have required a very large commitment of both capital investment and political will - neither of which were available in 1933 when the Government declared bankruptcy.

3.6 The Commission of Government and World War II: Bankruptcy and Recuperation (1934-1949)

In 1933 the world-wide economic depression had wiped out Newfoundland's export markets for salt cod - the largest contributor to its national income - and severely affected markets for its other export commodities. The country had a national debt of \$100 million: Ninety-five percent of it was held outside the country; and 50 percent of the entire annual revenues were required to pay the interest on it.

The drop in customs and excise revenues resulting from the depression and the high level of unemployment - one-quarter of the population was on relief - made the country a poor risk for its foreign creditors. Faced with annual relief payments of a million dollars and interest payments on its debt, the Government declared bankruptcy.

The declaration signaled a total breakdown of the island's institutional and economic system. The Amulree Commission appointed in 1933 by the British Government to review the causes of Newfoundland's problems made a scathing assessment of the situation. It "argued that the country had squandered precious resources over the years, borrowed recklessly on precarious prospects, was riddled with political corruption and patronage and was administered by a public service that was slovenly and incompetent" [Alexander 1977:2]. In 1934, Britain selected to administer the country by a Commission of Government in order to give the people "a rest from politics" and to attempt to re-establish a stable economic and institutional system in the region. This arrangement remained in effect until 1949 when the region elected to join Canada as its tenth province. The Commission saw Newfoundland through some of its darkest days. It had not caused the problems and it only had limited powers to ameliorate them. In the final analysis, conditions in the international economy determined the welfare of Newfoundlanders: During the depression of the 1930's, outport residents suffered the extreme hardships resulting from dire poverty in a hostile environment - including starvation and illnesses such as tuberculosis. By 1939 almost 50 percent of the labour force was unemployed and dependent on government-provided 6/-a-day relief payments.

During the 1940's the country's economy benefited from an increased demand for salt cod as the world economy inflated, and from the building of U.S., Canadian and British military bases which were widely spread across the island from St. John's to Goose Bay, Labrador to Stephenville. Millions of dollars came into the regional economy, providing full employment (and the basis for local construction industry), creating a cash economy in the rural regions and shifting

the composition of household income from domestic or subsistence production to wage labour and imported goods. The illusion of prosperity which this created, in turn generated a 'revolution of rising expectations' among the outport and urban residents alike which was unlikely to be satisfied by the anticipated post-war economic slowdown accompanied by a return to dependence on the traditional fishery.

In 1945, with the end of the war, the U.K. began to divest itself of its colonies and dependencies which it could no longer afford to maintain. The following year in Newfoundland a 'National Convention' was convened 'to determine the future needs of the island and the best way to achieve them'. Eighteen months of deliberation with reports by nine sub-committees resulted in a referendum campaign, and a decision to become a Canadian province.

On March 31, 1949, Newfoundland officially became a part of Canada and as a result the beneficiary of all the social programs and financial support provided by the Canadian federal government.

The superficial appearance of the island economy and its spatial system changed very little during this period. The continued dominance of the cod fishery in rural communities meant that there was no break in the traditional social structure with a split between fishermen and merchants. The central merchants' power lay in their role as suppliers of credit and provisions to the smaller outport merchants and as central brokers and shippers of the island's exports. In the words of one writer about the period:

Newfoundland was a constellation of outports, isolated and self-contained, their people strangers to those of neighbouring villages, save as the menfolk met at sea or on the Banks. [Chadwick 1967:83]

- as it had been since settlement during the 1800's. However the experiences of the first thirty years of the century which ended in the declaration of bankruptcy revealed that the structure of the regional economy had irreversibly changed. The outports would eventually feel the effects of the changes too.

The studies undertaken during these years, the efforts of the Commission of Government to improve the institutional system and the irreversible effects of changes in the post-war world economy laid the foundation for the period of rapid modernization in Newfoundland which was to begin to take effect immediately following Confederation.

The Amulree Commission was appointed in 1933 to study the causes of Newfoundland's state of affairs and to make recommendations for future development. The report produced was the first of many which since then have tried to unravel the web of social, economic, and political circumstances constraining the island's development. [Appendix 3.2]. Its conclusions were that the political patronage system and the corruption of the public administration, the consequent dissipation of national resources, the social dependency and poverty of the majority of the scattered rural population and the total absence of local government outside of St. John's, all contributed to the downfall. It, like almost all reports thereafter, staked the country's future on the development of the fishery. And given the conditions of the fishery - which were seen as a microcosm of the island's political economy - policies and programs to implement a massive reorganization from the top to the bottom of the industry, were seen to be required.

In brief, at the top the commercial structure of fishing was seen to be weakened by merchants' and fishermen's excess reliance on 'the credit system'. The merchants' power lay in their role as suppliers of credit and provisions to the smaller merchants and as central brokers and shippers of the colony's exports and imports. But their flexibility under changing economic conditions was at the same time limited by the net of long-term debts which that entailed. At the bottom, skippers and sharemen alike, were 'serfs' in the system with little hope of independence. Widely dispersed in small settlements and lacking an autonomous power base through local organizations, they were suspicious and distrustful of any governmental authority structure. The fish trade as a whole was disorganized with no mechanism to ensure quality control in the production and marketing sectors.

The reorganization recommended by Amulree was directed initially to restoring Newfoundland's position in the traditional saltfish markets and increasing net returns to sales, and therefore, to improving the physical infrastructure and technological base of the industry. This included:

- (i) the establishment of a Department of Natural Resources with complete administrative control of the fishing industry: a Salt Codfish Board reporting to the Department would be responsible for regulating trade practices; foreign market representatives were to be appointed reporting to the Department; the island was to be divided into Fishery Districts with officers serving as inspectors and interpreters at the local level of national policies;
- (ii) the abolition of the 'truck' system;
- (iii) encouragement of fishermen's co-operative societies;
- (iv) the revival of the deep-sea and fall fisheries in order to expand outport and increase fishermen's earnings; and
- (v) the imposition of a co-operative marketing system on the trade.

The principles behind the recommended reorganization were very similar to those laid out in the Bonavista Platform for government regulation of the fishery by the Fishermen's Protective Union in 1912 (see Appendix 3.1), [Noel 1971]. The recommendations were implemented only in part by the Commission of Government for reasons of both limited financial resources and limited political direction from Great Britain or support among the Newfoundland power structure.

Four major investigations into the conditions of the Newfoundland economy and the fishery and into its potential for development followed between 1934 and 1948. [See Appendix 3.2] Even though these studies and policies were only implemented to a limited extent, they laid the groundwork for the modernization of the Newfoundland fishery and economy which began in earnest in 1950.

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From the perspective of local organization, the legacy of the period was the hiatus in political development. A generation of Newfoundlanders grew up with no experience of political parties, elected assemblies or local government. Some attempts were made to encourage co-operatives but with limited success. Government, whether local or regional, was regarded with suspicion and politicians with distrust. Newfoundland politics after Confederation with Canada reflected these years of neglect. Without a younger group of leaders waiting to participate in provincial and federal politics, the early years of provincial status saw many of the pre-Commission politicians back.

3.7 Summary

In summary, the history of organizational change and economic development in Newfoundland during the years between 1582 and 1949 can be divided into two phases. The first from 1582 to 1890, and the second from 1890 to 1949.

During the first period, 1582 to 1890, the groundwork was laid for everything which is characterized as 'traditional' in Newfoundland society. The fishery dominated local, national and international economic affairs and both national and outport institutions were shaped around it.

The social and economic divisions between fishermen and merchants and between the outports and St. John's were firmly established. The outports, because of the isolation and, in most cases, the ignorance of their residents, were viewed disdainfully by St. John's residents and treated as subordinates in all political and economic dealings. In turn, St. John's merchants were kept in a dependent position in their dealings with London and the international markets.

The pluralism of the outport economy, in which the fishery formed the economic core and with a variety of seasonal activities supporting it, was also entrenched in local community structure. The

geographical isolation of the outports and the dominance of the fishing merchants reinforced the continuity of their structures as 'fishing outposts' linked more closely to the international fishing economy than to the regional political system.

The period between 1890 and 1949 laid the ground work for the perception of the island as an impoverished, demoralized and economically stagnant region. The class structure continued as before, with the St. John's economic elites dominating the rural areas. The building of the railway and the development of mineral and timber resources created two competing factions in the St. John's political authority structure. As each one struggled for dominance, political competition became rampant and the economic stability of the colony suffered.

The emergence of the Fishermen's Protective Union (FPU) in 1908 was a sign of the declining influence of the fishing merchants and of the growing political influence of the fishermen as a class. The gradual breakdown by the 1920's of the regional political system into a 'politics of shifting factionism' led to the eventual demise of the FPU as a political party since their influence on policy-making was dependent upon their ability to ally with one of the larger political parties. The local activities of the FPU as a producers' and consumers' co-operative continued, although in a diminished capacity, in some areas of the Northeast Coast region up to the present day.

The period of the Commission of Government between 1934 and 1949 was intended to permit Newfoundlanders with a 'rest from politics'. Administratively, the civil service was reorganized and a number of studies provided the Commissioners with ideas for revitalizing the regional economy. The island's poverty and a lack of political authority in the 1930's prevented the Commissioners from implementing most of the study's recommendations. By the 1940's, World War Two overtook local affairs and the island was swept along in an expanding economy. The building of military bases in many places across the island led to the creation of a wage-based rural economy and a 'revolution of rising expectations' in the outports with which the post-war

politicians would have to deal. The rural-urban dichotomy continued during these years with St. John's becoming even more dominant as administrative and economic decision-making for the island became almost totally centred there. The absence of any kind of official political process either nationally or locally strengthened the 'primate' role of the capital.

After 1895, Newfoundland's ties with England gradually loosened. The currency and banking system was aligned with Canada and most of its staple goods were imported from North America. The continued dependence of the island on British Imperial markets for export created severe economic problems when after World War Two, the international economy split into sterling and dollar trade areas.

From the perspective of organizational development the situation prior to 1949 was one of hierarchical linkages from the kin-based production units (the 'crowd') to the local merchant (or his agent) to the St. John's merchants and finally to the international markets [see Figure 3.2]. Local authority and decision-making rested largely with the merchant who, understandably, was primarily concerned with his own economic survival (i.e., profitability). He was caught between the exigencies of exchange in the international market (get goods to point of sale cheaper and faster than competitors) and those of staple production in the hostile North Atlantic Ocean. Despite the unreliability of the production environment and the individualism of the producers, the production factors were relatively controllable by the merchant while the exchange factors were not. The small scale highly localized character of traditional production practices meant that the merchant had the means to monopolize exploitation of the resource by dominating the fishermen's access both to production facilities and equipment and to the market.

The 'truck system' of continuing credit between the individual fishing unit (the 'crowd') and the merchant was the tool for maintaining that control. This credit relationship between the merchant and the individual 'crowd' was privately negotiated and based on trust

FIGURE 3.2

Organizational Structure Linking Outports to National/International Economy (1859-1949)

and honour rather than on publicly acknowledged and agreed upon contractual terms. Pre-industrial, indeed feudal in character, it created a community of isolated dependency relationships. Economic decisions in the outports were made on an individual or crowd basis, not collectively by the fishermen as an organized group. An individual's decision to remain in or emigrate from the community depended on his or her long-term potential in the 'crowd'. Beginning in the 1880's large numbers of young men and women left. Only the advent of social assistance in the 1950's significantly reduced the propensity to migrate.

The physical isolation compounded the cultural and technological lack of sophistication of outport populations in limiting both the availability and perceptions of economic options. As in most rural areas, planning horizons were immediate. In times of crisis when the fishery failed, the decisions made were those which improved the 'crowd's' capability to survive in the short term. Intensification of subsistence production was complemented by incorporating external resources into the local economy through exploitation of the Labrador Fishery and of other species than cod. A pluralist economy was the norm rather than the exception because of the uncertainties associated with dependence on production in a hostile and unpredictable environment and on exchange in a distant and unreliable market. Survival strategies were oriented to reducing these uncertainties.

After 1900 the availability of seasonal wage-employment outside the community (e.g., mining, lumbering, construction) provided an additional supplement to the meagre income from fishing. The period of ascendancy of the FPU (1908-1924) altered the local structure temporarily but without a significant reorganization of the whole fishing industry, the larger framework of the outports continued essentially unchanged until well into the 1950's.

CHAPTER 4: ROOTS OF GRASS: MODERNIZATION IN RURAL NEWFOUNDLAND AND THE EMERGENCE OF LOCAL DEVELOPMENT ORGANIZATIONS

4.1 Introduction

Newfoundlanders will subscribe the earth for a man who has fallen through the rickety bridge but do nothing about mending the bridge. Every man can build his own house, his own boat; but he won't build a parish council. They have all the crafts except the political. [A.P. Herbert, Independent Member, London 1951:257]

... it is the symptoms of underdevelopment, unemployment, social alienation and the like that attract attention while the underlying causes remain untreated. Like a carpenter trying to drive a nail with a paint brush, development associations must approach highly complex and deeply rooted social and economic problems with tools not specifically designed for the purpose. [The Rounder, Jan. 1976]

Modernization was described in Chapter 2 as the long term 'complex of changes in personal outlook and expectations and in social and political institutions which make possible the continuing process of technological innovation associated with industrialization'. Linked with the structural changes occurring as a result of industrialization and economic development it leads to the emergence of a 'modern society'.

In rural and isolated areas, the impact of urban-centred industrialization and system-wide economic growth is usually indirect - being felt through the gradual infiltration of industrial artifacts into daily life or through urban market demands for raw materials from rural areas for industrial production. Modernization often precedes the actual industrialization of rural economies. This occurs as a result of the spread of the economic and social infrastructure which is associated with the industrial economy. Rural areas in all parts of Canada have undergone a rapid transition from a 'traditional' to 'modern' economy since the end of World War II [Tremblay and Anderson

1966]. In Newfoundland this period of transformation has been all the more dramatic because of the initial poverty, isolation and general underdevelopment of the population.

In 1949 when Newfoundland joined Confederation, outport life was characterized by dependence on the traditional saltfishery, Victorian morals, and low levels of skills and education. Over the next thirty years, the extension of year-round transportation and communication networks, accompanied by the evolution of an increasingly mature institutional system reaching from the provincial capital to the smallest rural settlement, made the benefits of the twentieth century available to all. The expansion of educational and social services throughout the island, as a part of the process, exposed the generation of Newfoundlanders growing up since the war to the attitudes, expectations and responsibilities of life in modern society.

Notwithstanding these changes, as a general rule outport economies have not become 'industrialized' per se - just more closely integrated into the national and international industrial economy. The persistence of "the symptoms of underdevelopment, unemployment, social alienation and the like" have been attributed in part to this fact. Continuing dependence on the fishery as the basis of local economies is another significant element.

After 1965, the institutional structure of rural Newfoundland communities began to evolve organizations which represent local interests, while at the same time being linked to external regional, provincial and national organizations. The emergence and success of three types of organizations addressing different aspects of rural concerns was the most striking evidence of this evolution. Their development represented a significant shift in attitude from the long-standing expectation that 'someone else' would take care of the community needs (i.e., 'mending the bridge' or 'building the parish council'). This was replaced by the recognition that greater benefits are achieved by working together with others in the community who also stand to gain. The organizations include the Regional Development

Associations (RDA's), the Newfoundland Fish, Food and Allied Workers Union (NFFAWU) and municipal councils.

The intent of this chapter is to review organizational and structural changes in rural Newfoundland between 1949 and 1980 with a view to identifying the role of developmental organizations in improving the rural economy and the conditions affecting their emergence and establishment. The organizations of particular interest are the Regional Development Associations insofar as their presence, until the late 1970's, was more ubiquitous than the other two and as their purpose was to engender economic and social development in rural communities and local regions as a whole. Municipal councils, until very recently, have tended to act more as provincial government agents for delivering local services than as representatives of political interests. The NFFAWU has, understandably, been principally concerned with representing their members' interests in getting better returns from the fishery.

The chapter is organized in three main sections plus a summary: section 4.2 provides an overview of rural development in Canada between 1950 and 1980; 4.3 addresses structural changes in the Newfoundland economy as a whole; and 4.4 reviews the emergence and role of RDA's in rural development efforts since 1965.

4.2 Rural Development in Canada 1950-1980

Rural economies in all parts of Canada underwent dramatic changes between 1950 and 1980. The modernization process described as occurring in Newfoundland affected all rural areas. When the isolation was less severe (such as in southern Ontario) it began earlier and took place more rapidly. Everywhere the economic and social distress of the Depression period followed by the war years, had eroded traditional community life and affected the expectations and attitudes of the rural populace.

There was a shift out of agriculture and primary production which was linked to rural depopulation and outmigration. This was accompanied by a trend towards the creation of large corporate farming units using 'industrial' production technology and to the demise of the traditional mixed family farm. Rural society became more closely linked with urban areas. This occurred by the extension of road and communication networks, the integration of rural and urban educational and social service organizations and the invasion of rural areas by suburbanites living in dormitory communities. In turn as urban areas grew, spawning 'dispersed cities' around their outer limits, rural areas evolved from homogeneous isolated settlements to become regional systems based on functional interdependence between local communities.

Structural changes in the national and international economies underlay this transition. The growing dominance of the U.S.A. in the world economy was coupled with the expansion of the role of multinational corporations in controlling industrial production facilities, technology and markets [Bourgault in Glenday, Guindon & Turowetz 1978:23]. Canadian trade as a result became increasingly dependent on the production of raw materials - prompting the creation and entry of large corporations into rural economies. The continued strength of central Canada in manufacturing and the increased dependence of the national economy on the import of manufactured goods, accentuated the existing regionalism. There was an "increasing rationalization of the means of production (which) has ... seen the concentration of economic power into fewer and fewer hands at the expense of independent commodity producers, be they small businessmen or farmers" [Glenday, Guindon & Turowetz (eds.) 1978:85]. Federal and provincial government power in the national economy increased at the same time, at the expense of older municipal, town or village organizations [ibid.] as programs to deal with the problems of uneven economic development between regions came into their purview.

Canada has a long history of rural and regional support programs, beginning in the 1930's and 1940's with The Prairie Farm Rehabilitation Act (PFRA) and the Maritime Marshland Rehabilitation Act (MMRA). The intent was to revitalize the rural economy by improving resource productivity and overcoming some of the hardships of rural life that had caused outmigration during the Depression and war years. At a time when small prairie and maritime farms were being phased out by mechanization, such programs enabled small operators to remain in business and avoid economic pressures to sell out. The Rowell-Sirois Commission on Dominion-Provincial Relations in 1937 recommended the initiation of fiscal transfer between rich and poor provinces to enable the provision of standard public services throughout the country. In accepting the recommendation, the federal government laid the groundwork for the economic basis of Canadian co-operative federalism which prevails to this day. In financial terms this 'equalization formula' meant that during the post-war years, the Atlantic Provinces' government revenues were supplemented by up to 20 to 30 percent in federal transfers.

In 1956, Prime Minister St. Laurent announced a policy to support poor regions and farmers. To substantiate this he appointed a Special Senate Committee on Land Use (1957) to study the problem. Although it did not present its final report until 1964, it established the basis for many of the rural and regional development policies brought in by the Government during the 1960's. In general terms it recognized that there was widespread distress related to poor land quality, poor farm management practices and to inadequate farm size and agricultural financial institutions. One difficulty in defining the problem was the question of how to measure poverty. There appeared no simple definition of it, and accordingly there appeared no simple resolution to the distress it caused. These perceptions led to the conclusion that there was a need to deal with the broader question of development in rural regions as a whole and to organize programs to help rural populations 'adjust' to the situation. This 'adjustment'

implied that the best opportunities for many rural residents lay outside the rural economy because technological advances in the production processes had dramatically reduced the need for labour on the farms. The heavy capital costs associated with new machinery also meant small producers were often unable to compete and were forced out of business.

The Gordon Commission Report on Canada's Economic Prospects published in 1957 recognized that whole regions would benefit from programs to improve the economic infrastructure (including basic public facilities) and the knowledge of and access to resources [Brewis 1969:99, 173].

The 1960's opened with about 40 percent of rural non-farm families having incomes of less than \$3,000 - 70 percent in Newfoundland [ref]. The passing of 'An Act to Provide for the Rehabilitation of Agricultural Lands and the Development of Rural Areas' (short title: Agricultural Rehabilitation Act - ARDA) in 1960, initiated a practice of federal-provincial co-operation in supporting rural and regional programs. It was based on formal co-operation between governments and entailed cost-shared programs. The principle was that the federal government would advise, recommend and support some research projects while provincial governments would accept most of the responsibility for the direction of policy and would select the programs most appropriate to their own needs. This was formalized on a province by province basis through General Agreements which spelled out operating procedures and authorized specific types of joint action.

In 1966, the federal government established a separate Fund for Rural Economic Development (FRED) to complement the ARDA programs. It was directed at designated areas characterized by widespread low incomes and major problems of adjustment but having "development potential" [Brewis 1969] where comprehensive development programs were to be initiated. It signalled the beginning of a shift in public policy away from projects emphasizing productivity of land towards comprehensive regional planning. The ARDA program was reformulated in

1965 on this basis. The General Agreements put in place after that date recognized that the difficulties facing many rural communities and small producers required social and community development programs as well as technical and financial assistance. They usually included eight parts dealing with i) research, ii) land use and farm adjustment (consolidation), iii) rehabilitation of the underemployed, iv) provision of rural development staff and training programs, v) increased support to areas in need of special assistance, vi) carrying of comprehensive rural development programs in special areas, vii) expansion of public information services to encourage community interest and support, and viii) soil and water conservation [ref.]. The first agreement was signed with New Brunswick where, as it was also the case elsewhere, the largest proportion of costs at first were for education and training.

The strengths of the program as originally conceived were its philosophically admirable and broad goals. Its weaknesses, resulting from the breadth of its objectives, were poor organization and ineffective administration. By the mid to late 1960's it was evident that regional disparities were not being reduced as the rate anticipated. In 1969, the Department of Regional Economic Development (DREE) was established. Its mandate was to investigate the problems of regional economic disparities and to develop 'comprehensive and co-ordinated plans' to fight unemployment caused by regional inequalities of job opportunities. All the federal and regional development agencies and programs which had been located by function, in line-operation departments, were centralized in DREE. By 1971 the Department was fully established even though many of its programs continued to operate semi-autonomously until 1973 when there was a major reorganization. This was required to address some aspects of its operations which had been severely criticized [Goulding, 1981:16-28]. These included the regionalization of its operations and an effort to increase support to small businesses. Throughout the 1970's DREE was the federal government's primary vehicle for implementing regional and rural development policies.

For a province such as Newfoundland which was considered a 'have-not' province, both broadly in terms of revenues received through equalization payments and specifically through participation in federal programs identified under the DREE-co-ordinated General Development Agreement (GDA); DREE was probably the greatest influence on rural organizational development during the 1960's and 1970's. Under the GDA's, the approach to rural development was to encourage the establishment of an institutional structure capable of implementing the government's development assistance programs. These programs were concerned with the problem of how to provide economic opportunities for rural residents. At first they were aimed at moving workers to the jobs. Improvements to the transportation and communication systems meant that the daily or weekly distances which individuals were willing to commute to work, without relocating, was much increased. Later the emphasis shifted to creating jobs 'in situ' where the people resided. The result was the 'reorganization' of rural communities with an increasingly complex local system of complementarity between rural communities for access to social and political activities as well as for jobs and service provision.

In addition to the policies directed at regional economic development, the federal government also sponsored a variety of programs through the Departments of Secretary of State and Manpower and Immigration. These were intended to improve the level of political participation of disadvantaged groups and to provide at least temporary work for some of the wave of 'baby boomers' just entering the labor force.

One of the results of this approach was the development of a complex federal-provincial bureaucracy which existed for the express purpose of equalizing economic opportunities among regions. This began with the obligation of provincial governments which accepted ARDA General Agreements, that they would establish effective regionally based organizations to implement the ARDA programs.

4.3 Structural Changes in the Rural Newfoundland Economy (1949-80)

Between 1949 and 1980, the structure of the rural economy was transformed from a traditional to a modern society. Many cultural values and perceptions remained but the infrastructure and economical context changed dramatically.

At first it was an 'isolated constellation of outports' dependent primarily on fish for economic survival, linked physically (by water or train) and institutionally to St. John's - the only significant urban centre in the region. The region had a weak and sporadic history of democratic political institutions and economic mobility and social life were constrained by isolation, ignorance, poverty and Victorian values. There were 1,300 settlements scattered on islands and in bays along 6,000 miles of coastline, most with fewer than 500 residents. Only a few were linked by road to each other or to the trans-insular railway which joined St. John's and Port aux Basques. The population was 78 percent rural.

By 1980, the island had become an integrated network of seven peninsular rural-urban systems, each centred on an intermediate urban 'service' centre (see Map 4.1; Carbonear, Bay Roberts, Clarenville, Gander, Grand Falls, Cornerbrook and Stephenville) connecting the rural regions - now internally linked by roads, services and jobs - to the provincial capital. Fishing still dominated the provincial labour force and economy but its primacy was reduced by government transfer payments, some small scale industry and the promise of offshore oil and gas.

The 1,300 settlements had telescoped to 725 but less than 200 were actually abandoned. Larger communities had absorbed smaller ones by growth or by changes in geostatistical definition. Rural population had dropped to 41 percent.

Throughout the period most of the rural labour force continued to work seasonally in fishing, mining, or construction. In the 1950's most still worked in their home community during the cod season,

Map 2-2

The Urban System of the Island of Newfoundland

MAP 4.1 The Urban System of the Island of Newfoundland (Source ECC, 1980:17)

migrating seasonally to work in lumber camps, to go sealing or to fish the Labrador cod stocks. By 1980, more than half were forced to find work away from home because there was either no local employer or insufficient local work. Many were able to commute daily or weekly because of the road system. But seasonal or permanent migration to find work elsewhere in Canada or in the U.S. continued to be an important survival strategy for many. The growth of the Newfoundland community in Toronto during this period is evidence of this [Anonymous 1979, "The Biggest Outport" in Weekend Magazine 29 (March):8-10].

Apart from the ongoing 'modernization' of the international economy, the most significant factor contributing to structural change in the Newfoundland economy was the active role taken by federal and provincial governments following confederation with Canada in 1949.

Newfoundlanders had decided to become the tenth Canadian province after a lengthy and often rancorous debate among those favouring independence, those wishing union with the United States and those in favour of joining Canada [Noel 1971]. The final decision was made on the second vote of a referendum with a bare majority of 51 percent. Immediately upon joining (March 31, 1949), Newfoundlanders found themselves to be beneficiaries of all the assistance programs then available under the Canadian social security system. For the first time in most people's lives, rural residents had a regular cash income which was dependent neither on the vagaries of the cod fisheries nor on the uncertainties of international market demand for their primary products (although it is alleged that the province's first premier benefitted politically from the assumption by many, that the continuation of social assistance was directly linked to his re-election). Thereafter the influence of federal-provincial relations on the rural economy became more complex.

There have been innumerable studies and reports describing and examining the causes and implications of the dramatic changes in Newfoundland society following Confederation. Some have emphasized the character and role of Joseph E. Smallwood - the province's first, and

for twenty-three years thereafter, only, premier - on provincial development policies [Gwynn 1974; Matthews 1978]. Others focussed on a particular industry (i.e., fishing), on the federal-provincial policies relating to it, and on its role in regional development [Copes 1972]. Still others analyzed the role of government in stimulating, shaping and constraining economic, political, and social change in the province [Matthews 1978].

In the late 1960's and 1970's, both the federal government through its ARDA program and Memorial University under the auspices of the Institute of Social and Economic Studies (ISER) supported a series of anthropological and socio-economic studies to examine the impact of changes on rural communities. Official Royal Commissions were followed by unofficial commissions [The Report of the People's Commission on Unemployment, St. John's, 1978]. More recently, the potential conflict of petroleum development in the offshore area with the fishery has prompted the Provincial Government to oblige the oil companies to conduct environmental and socio-economic impact analyses [Nordco 1981, Nordco 1982]. The provincial government's policy position during the 1970's (and early 1980's) was that the roots of Newfoundland culture are to be found in rural society and are closely related to fishing as a way of earning a living. This has provided the impetus for government departments such as the Department of Rural, Agricultural, and Northern Development to conduct research to substantiate the position and to provide the basis for program development and implementation [Thompson 1983; Newfoundland 1982]. The Federal government departments such as DREE and the Department of Fisheries and Oceans (DFO) carried out and sponsored studies to review and evaluate existing programs and policies and to develop new ones which would reflect the new situation [APEC 1976, 1978]. In 1978, the Economic Council of Canada was commissioned to conduct a study of the Newfoundland economy and to make recommendations on possible paths out of the persistent and intractable problems plaguing the province [ECC 1980].

Drawing from these sources, the intent in this section is to identify the principal factors contributing to the structural changes outlined above and to provide a brief description of the implications of these on rural life and economic activity. The discussion will be chronological, based on a breakdown by decade: 1949-1959; 1960-1969 and 1970-1980. The rationale for this is that these years roughly approximate changes in the approaches taken by governmental organizations to rural development and in the evolution of local organization in rural areas.

1949-1959

Innocent of any experience in administration and a neophyte in politics, Smallwood had to govern a province which had the greatest liabilities and the least resources of any in the country. He had to contend also with a society that was archaic and ultimately decadent. What passed for commercial enterprise was controlled by a quasi-monopoly of timid and conservative businessmen, barely aware of the industrial revolution, let alone the atomic. Among the public at large, decades of paternalism had withered initiative and the willingness to accept responsibility. Newfoundland for practical purposes was without even such nurseries of democracy as municipal councils, co-operatives, and trade unions. [Gwynn, 1974:125]

On March 31, 1949 (at 11 pm), Newfoundland became the tenth Canadian province and Joseph E. Smallwood became the first provincial premier.

The Terms of Union which articulated the reciprocal responsibilities and benefits of confederation were financially advantageous to the so-recently-bankrupt region. Canada assumed a net debt of \$47.6 million with \$10.3 million of the remaining debt being carried forward as an obligation of the Newfoundland Government. In addition \$4.5 million worth of outstanding loans were repaid. A cash surplus of \$45.1 million accumulated during the war years was left with Newfoundland, subject to the conditions that it be used for maintaining,

improving, and extending public services and developing the province's resources base [Noel 1971: Chapters 16 & 17, Appendix 3].

The introduction of the Canadian social security system payments (Mothers' Allowance, Dependent Allowance, Unemployment Insurance, Old Age Pension, and Workmen's Compensation) made large sectors of the population eligible for financial assistance overnight. The increased level of personal disposable income (Family Allowance equalled 10 percent of total wages and salaries) enticed mainland retailers to move into the province creating a rapidly growing service sector linked to the expansion of small and medium scale retail outlets. The 'revolution of rising expectations' begun during the prosperous war years found an outlet in the increased range and quality of goods and service which became part of Newfoundland life in the 1950's [ECC 1980, McCutcheon 1976]. The influx of cheap Canadian mass production goods forced small local manufacturers out of business with the result that the nascent local import-competing sector almost disappeared. At the same time, central Canadian agricultural goods became available at low prices because of transport subsidies and the removal of import duties. The incentive for local subsistence production was much reduced.

The loss of import tariffs and the resultant reduction in government revenue were compensated for by federal equalization payments. The floating exchange rate in international markets aggravated Newfoundland trade problems and accentuated the province's reorientation towards the North American economy and its dependence on Canadian fiscal support policies and transfer payments.

The two most significant influences on the rural economy during the 1950's were the decline and virtual collapse of the traditional fishery and the provincial government's policies to modernize the provincial economy. This included promoting industrial development 'at any cost' [Matthews 1978] and at the same time centralizing the rural population by closing isolated outports and moving residents into larger regional centres where public services could be economically provided and industries encouraged.

The fishery was affected by a multiplicity of factors. To begin with it was out-of-date, undercapitalized and viewed pessimistically by the provincial government as a potential leading sector in the regional economy [Alexander 1976 & 1977].

At the international level, the distant-water fishery developed rapidly [Warner 1983]. With the use of high-technology harvesting and processing equipment, the large fleets of factory trawlers dominated the North Atlantic fishing banks and radically depleted fish stocks once considered abundant and perpetually renewable. At the beginning, Newfoundland fishermen took almost 100 percent of cod from the Northern Cod Stocks off the Labrador Coast (ICNAF Area 2: see Map 4.2) and a good portion of it on the other areas of the Grand Banks. By the mid-1960's, Europeans, Russians and Japanese took more than 90 percent of a much increased catch. By the mid-1970's, after years of record catches for all species, the North West Atlantic fishery seemed under threat of extinction. The Canadian declaration of a 200-mile fishing zone was a response to the threat.

Nationally, the federal government was unwilling to subsidize the industry to permit it to make the changes required to compete internationally. The fishery may have dominated the Newfoundland and maritime regional economies but it was viewed as a small 'uneconomic' resource industry in the context of the Canadian economy as a whole. When Premier Smallwood sought federal help for assistance in 1953 he was refused aid beyond that available under the 'normal services' provision of the Terms of Union [Alexander 1976:259]. The federal government had responsibility for enacting laws to protect, conserve and develop the fisheries in co-operation with the provincial government. Some support was given for technology development (longliners, gillnets, mechanical dryers, etc.), to conduct a resource inventory and to establish research facilities. But little was forthcoming at the scale or in the context of a coherent national policy as was required. Several committees and commissions studied the problems of the fishery during the decade. The consensus was that the traditional

MAP 4.2 ICNAF Fishing Areas on the East Coast

inshore salt fishery should be allowed to decline and that policies should support the development of an offshore fresh-frozen industry. The implications of this for rural areas were found in the government programs aimed at restructuring the fishery system - resettlement of the smallest outports and gear and boat subsidies for larger boat construction. The inshore fishery came to be viewed as a 'residual' area of employment. Public policies supporting small-scale outport fishing activities were continued on an ad hoc basis on the premise that the inshore fishery was in the process of being phased down - and that it was required only as an 'employment of last resort'.

Immediately after the war, loss of overseas markets and currency devaluations made Newfoundland fish too expensive for its traditional markets [Alexander 1976:259]. The Bank and Labrador fisheries disappeared by the early 1950's as capital reinvestment in ships and gear dried up. Saltfish output was cut back to the inshore catch - particularly in the Northeast Coast region. As the viability of this aspect of the fishery declined, the highly valued traditional light-salted 'shore cure' virtually disappeared. This was caused when the supply of labour evaporated. Compulsory education took the children (Mothers' child allowance depended on school attendance) and fresh-frozen filleting and processing plants took the women. The expansion of the 'fresh-frozen' industry was aided by the collapse of the traditional fishery and by a 'fish stick boom' in the American markets.

Provincially the higher level of capital investment required by the 'modern' fishery led to a weakening in the Newfoundland ownership and control of the fishery. Whereas in 1950 it was effectively wholly-owned by Newfoundland firms, by the 1960's offshore companies such as B.C. Packers, Booth, and National Sea were beginning to dominate. In 1970 more than 50 percent of processing and catching facilities were owned and controlled by these non-resident firms [Alexander 1977].

Studies such as the Walsh Report of the Newfoundland Fisheries Development Committee (1953) framed the provincial government's policies towards the industry [Alexander 1974; Hedlin-Menzies 1963].

It focussed on the need for a balance between development of the fresh-frozen fish industry with its need for medium- to large-size communities and the phasing out of the traditional small-scale rural inshore fishery. Despite the creation of a Newfoundland Development Authority, the recommendations of the Commission were only partially implemented.

The Smallwood government's policies to modernize the provincial economy were premised on the assumption that the fishery could not provide an 'engine of growth' and that other avenues for development must be sought. Smallwood recognized that the problem had to be addressed on many fronts - improved access to education and improved transportation and communications were essential even before policies concentrating on trade and industry. The early budgets reflected this with 12.6 percent being spent on education and 11.4 percent on transport and education as opposed to 0.3 percent on trade and industrial development [Matthews 1978:94-95]. As part of the early emphasis on a broad-based development, Smallwood established Public Utilities, Resources and Conservation, and Hydro-Electric Power Commissions; loan banks for co-operatives and fisheries were set up to complement the activities of the Newfoundland Co-operative Union;* and a Newfoundland Federation of Fishermen (NFF) was established with government sponsorship.†

* It was an island-wide body sponsored by the government to act as leader in a 'social revolution' but it was "spoon-fed by the government so it never acquired a sense of true responsibility, and debilitated by its own financial ineptitude, (it) withered". [Gwynn 1972]

† After 1956 the NFF General Secretary became the Minister of Fisheries. It was viewed passively as an arm of the provincial government which could lobby on behalf of fishermen. Disillusionment with it led to a drop in membership from 9,000 in the early 1950's to about 3,500 by the mid-1960's [Gwynn 1972].

The two policies which have received the most criticism were the industrialization and the resettlement programs. Between 1949 and 1955 Smallwood tried to reorient the resource-based economy by 'crash industrialization'. A subsidy program was initiated to encourage small manufacturing industries to set up. Many were attracted (cement, gypsum, wallboard, hardwood products, textiles, rubber goods, heavy machinery, batteries, boots and shoes and leather goods) but by 1955 most were in trouble and were closing down. Few had brought the jobs or revenues promised and the majority were kept going by government grants. The basic problems resulted from lack of competitiveness with outside markets because of i) the high cost of importing raw materials for processing; ii) an unskilled and expensive labour force; iii) technologically obsolescent equipment and poor management; and iv) inadequate government control over the subsidies granted [Noel 1971; Gwynn 1974]. There were accusations of misuse of public funds against Valdmanis - the 'tzar' of economic development - when he resigned and left the province in 1955. These merely confirmed the worst fears of many that the island was still vulnerable to the kind of corruption which had plagued earlier Newfoundland governments - in spite of fifteen years of a Commission Government.

Following the failure of the industrialization efforts, Smallwood shifted his economic development efforts to natural resource exploitation. Most of the projects for this began in the 1960's with support from the Federal Government's 'Roads to Resources' policy initiatives.

Related to both the problems in the fishery and the industrialization efforts was the initiation of a small scale rural resettlement strategy. This was formally articulated as a deliberate government policy in 1953 with the objectives of reducing the number of very isolated outports which were too small to receive public services (which, by the Terms of Union, the provincial government was obliged to provide) and of encouraging development of a modern fishery. The initiative reinforced an existing trend by providing \$150 per family

for removal costs (only if all families in an outport moved). In the beginning it was administered as a program under the provincial Department of Fisheries. It was significant because it demonstrated that philosophically the government recognized the need to restructure the rural settlement system.

1959-1969

During the 1960's, the major factors affecting rural restructuring were the continuing deterioration of the provincial fishing industry, the government's policies affecting rural resettlement and the federal-provincial agreements to complete the Trans-Canada Highway and related infrastructure.

The growth of foreign fleets offshore continued apace. By the late 1960's, the combined Canadian and foreign catches surpassed the maximum sustainable yield of commercial stocks. The result was that, although the total catch reached an all-time high in 1968, the average catch per fisherman declined. With the higher operating costs induced by the extra gear required, the industry was becoming even less viable than it had been. The expansion of the international offshore freezer-trawler fleet was accompanied by increasing dominance of the fresh-frozen industry and associated company-owned trawlers over Newfoundland inshore production. The traditional inshore fishermen remaining in the more isolated outports were faced with dependence on a dying industry. The Canadian Saltfish Corporation was established in 1969 to oversee its demise.

Government policies affecting rural communities focussed on several different aspects of economic and social activities. Most federal initiatives with implications for rural Newfoundland were related to growing concern for reducing regional disparities. They included: the 'Roads to Resources' agreements under which the Trans-Canada Highway was completed in 1965 and the secondary road networks expanded or improved; job retraining programs under the Department of

Manpower, ad hoc fisheries support measures for inshore fishermen under the Department of Public Works (building community stages, wharves and breakwaters) and the Department of Fisheries (inspection services, fish culture and related scientific research, grants to develop and test new gear and processing methods, and vessel and gear insurance); and the Area Development Agency (ADA) administered by Industry Trade and Commerce Department (I.T.C.) provided some industrial subsidies.

Rural electrification programs to replace local low yield operations with larger more powerful hydro-electric power plants were supported under the federally-funded Atlantic Development Board and the Atlantic Provinces Power Development Act. The ARDA and FRED agreements by which federal monies were used to fund studies of resources and community structure in different regions and thus to provide an information base from which to develop programs. With few exceptions these were carried out to a lesser or greater extent with provincial government support and participation. By 1969, the establishment of the Department of Regional Economic Expansion was established to coordinate these many different programs at the federal level and, by means of the General Development Agreements, to ensure that provincial needs and interests were taken into account. Provincial policies for rural development were largely driven by federal programs since most financial support came from there. One result of this was the creation of an institutional structure at the provincial level to interpret and deliver the programs desired to serve Newfoundlanders needs.

The provincial resettlement program which had begun in the 1950's was much expanded in the mid-1960's when it began to be partially funded by the federal department of fisheries (as the Newfoundland Fisheries Resettlement Program). Its objectives were more firmly established and reoriented in that it became a key provincial element in the federal government's regional development approach based on encouraging the emergence of self-sustaining 'growth centres' throughout the rural regions of the country. In Newfoundland, 77 medium and smaller sized communities were selected as 'reception centres' based on

their connections with the provincial road and communication network and their fishery (or resource) and industrial development potential. Starting in 1965, able-bodied men and young families were directed to these selected centres when they applied for resettlement (households received \$1000 and individual members \$200 each to cover expenses of relocation [Copes 1972]).

In 1967, revisions to the program increased financial incentives to move and widen coverage to include individual households moving from 'other than the smallest' and most impoverished settlements. The major concern became the destination of those moving. Additional assistance was made available to those moving to 'major fishery growth centres' (i.e., offshore fishery centres) and to other 'approved land assembly areas'.

The program was viewed, from the perspective of federal economic development planners, as supporting the rationalization of the fishery as well as a means of reducing other income support expenditures that had to be provided - even in the most isolated outports. By the late 1960's, the combined effects of the resettlement program and the extension of transportation and communication systems were to dramatically reduce the isolation experienced in rural areas at the time of confederation.

During 1968 and 1969, the resettlement program came under increasing criticism from community activists because it was felt that it was being used as a vehicle for 'systematically destroying' a way of life without providing a viable alternative [Matthews 1976]. Economists had promoted it as the basis for improving economic efficiency in the overall regional system in terms of both restructuring the Newfoundland fishery and developing industries and public service provision [Copes 1972]. Rural residents reacted by disputing the benefits of a more 'efficient' and 'viable' economy when the social vitality of a community was destroyed. The grass-roots opposition to the program which emerged was evidence of the fact that the rural areas were becoming modern socially and politically as well as technologically.

The new generation had grown up with ready access to higher education, to public services and to an active political system, all of which had been denied their parents.

In 1969, Premier Smallwood's political reign was nearing an end. In recognition that the previous premises for rural development (i.e., resettlement) was disputed, he organized what became known, cynically, as the 'Master's Conference' - properly titled the Conference on a Master Plan for Rural Development. It was the beginning of a new approach to economic development in rural areas which was to dominate both federal and provincial rural development policies throughout the 1970's. The key element in this new approach was recognition of the growing political authority of local public interest groups which came to be known as Regional Development Associations [see 4.4].

1970-1980

The decade between 1970 and 1980 was characterized by cycles of great promise followed by disappointment.*

The fishery boomed in 1969, then failed because stocks were depleted from overfishing by the international distant water fleets. After much political furor a 200-mile fishing zone was instituted in 1977, accompanied by the promise of stock regeneration. In a mood of optimism, many workers shifted back into the fishery (in 1971 there

* Smallwood's Liberal government was defeated in 1971 and a new generation of politicians took office. After 23 years of federal government handouts, the political mood increasingly became self-assertive, verging on neo-nationalism. The promise of an offshore oil boom in the mid-1970's (following the 1973 'international oil crisis') and the declaration of a 200-mile fishing zone in 1977, created a persistent federal-provincial conflict (finally settled in 1985) concerning jurisdiction over and revenues from exploitation of offshore resources. This conflict inhibited economic growth while at the same time precipitating the development of a complex bureaucracy concerned primarily with federal-provincial relations.

were 14,000 fishermen, in 1979 - 35,000). By 1981, the fishery was failing again and the provincial economy was in a recession. The health of the industry was also complicated by the successful establishment of the Newfoundland Fish Food and Allied Workers Union (NFFAWU) in 1970. The Union included all fishery workers so that every time there was a strike, and there were many from 1972 on, the whole industry was affected. The NFFAWU has done much to improve the working conditions in the industry. The biggest problem is that despite attempts to revitalize it during the 1970's [Newfoundland 1978] by 1981 it was once again in crisis [Thompson 1983].

Offshore oil and gas exploration started in the 1960's but expanded dramatically in the mid-1970's following the world oil crisis. The jurisdictional dispute between Ottawa and St. John's dampened interest and investment such that by 1980 only one (Hibernia) commercially viable field had been confirmed. Even if more had been identified, many of the technical aspects relating to environmental and worker safety in the Northeast Atlantic climate remained unresolved.

Many mines, opened earlier in the century, had begun to shut down in the 1960's. During the 1970's even more closed and there appeared little prospect for their revival. The forestry industry declined as international markets were depressed. And the resource base deteriorated as forest fires and spruce budworm destroyed large tracts of woods.

Despite the disillusionment following the failures in various areas of the provincial economy there was also a deep-seated optimism that Newfoundland would survive and even flourish. The growing sense of the values embodied by Newfoundland's traditional culture (based on the inshore fishery) and in the importance of the rural economy to the province's future contributed to this. By 1978, the provincial government was able to state as a policy that, while petroleum development may create wealth in the short-term, the future stability of the regional economy depended on the fishery [Government of Newfoundland 1978]. The strength of the rural development movement embodied in the

RDA's and in the related government rural development programs which began in the late 1960's was the basis for the policy.

Throughout the 1950's and 1960's, the provincial government had pursued industrial and economic development policies which were designed to centralize the rural population - in effect to urbanize them. By the late 1960's, these policies did not appear to have been successful and they became the target of protests from rural residents who continued to value outport life, despite the economic difficulties. Premier Smallwood's belated efforts to appease rural communities under the guise of the 1969 'Master Plan for Rural Development' were tentative; he recognized the political threat if the rural areas turned against him [Copes 1974]. In 1971 he signed a Five Year Rural Development Agreement with Ottawa (ARDA II) which enshrined the role of RDA's as development catalysts and co-ordinators in the province's rural areas - notwithstanding this his government was defeated in 1972.

The change of regime was a significant turning point in governmental policies towards rural development. Frank Moores, the new Conservative premier declared his commitment to developing rural areas:

For too long important areas of our province have been neglected. My ministers will not tolerate a continuation of this neglect.... The base resources of our Province - the sea, the land, the clean air and the pure water, must be the foundations upon which our Newfoundland society will be built in order to make the province a place in which our young people can grow and find opportunity to develop and utilize the skills and talents which are there. [F. Moores. Throne Speech, March 1, 1972. Opening of the 35th General Assembly in Johnstone 1980:16]

To confirm this, he established a Department of Rural Development to replace the old Department of Community and Social Development which he saw as too closely aligned with the maligned Resettlement Strategy. DREE and the ARDA II Agreement were the major sources of funding for the programs implemented by the Department. The 1971 ARDA II program was updated in 1974 with the ARDA III agreement to reflect more closely the Conservative Government's interests in rural development. This was

renewed again in 1978 under a Subsidiary Agreement for Rural Development. The continuing economic problems of the province are revealed in the fact that the new agreement allowed for federal support of up to 90 percent of project costs!

The organization of the provincial Department reflected the three major and inter-related responsibilities identified in the federal-provincial agreements (see Appendix 4). The largest program focussed on community development; the next on providing incentives to rural business; and the third on support for the nascent handicrafts industry. Under the community development thrust the Department provided administrative and matching incentive grants to RDAs and an annual grant to support the Newfoundland and Labrador Rural Development Council (NLRDC) and to pay for The Rounder (its (usually) monthly publication); made leadership and development training programs available for rural residents; funded a limited number of development projects; and through its development specialists in the field, facilitated rural planning activities. The 'incentives to rural industries' program was intended to provide grants and related assistance to rural industries which were not otherwise eligible for government support. The provision of programs to help small entrepreneurs improve their management capability was as important a part of this as the actual grant money. Support for the craft industry was the third program. Its activities included providing an information and a marketing program for Newfoundland craftspeople and acquiring craft marketing and design services, from outside the province if necessary, in order to expand the handicrafts industry. The five-year agreement signed in 1978 was for almost \$17 million shared federally and provincially on a 90/10 basis. RDAs received more than \$11 million of this of which 40 percent supported operational costs and administration co-ordinators; 43 percent went to community development project funding; 11 percent to rural project planning and co-ordination; 3 percent to RDA leadership; and 2 percent for rural information services [Newfoundland 1982].

In 1979, the Department was reorganized to include agricultural and northern development. The Rural Development Branch was initially made up of three divisions concerned with regional development, business development and research and analysis. In 1981, the responsibility for the provincial co-operative registry was taken on by the Branch and a Co-operative Development Division was added (see Figure 4.1 "Distribution of Functions in the Rural Development Branch").

The provincial government's policy shift in 1972 towards maintaining rural populations and helping them to develop viable regional economies was only possible because of the physical infrastructure and social service development which had taken place during the 1950's and 1960's. The rural development areas designated by Smallwood in 1969 were based on accessibility by road.

The new generation of rural community leaders had been youths or children at the time of Confederation and had grown up with the social benefits provided under the Terms of Union, not with the privation, isolation, and ignorance associated with rural life in the 1930's. The Government was also beginning to recognize that resettlement was not only politically unpopular but also economically infeasible - on top of initial moving costs, social support costs of unemployment and welfare also had to be added [Robb & Robb 1969]. The new rural development policies, it was hoped, would build on the existing trend to the emergence of regional community systems with integrated local economies [McCutcheon 1976].

The emergence in the 1960's of local organizations dedicated to improving rural economies provoked the government to shift its policy in this direction. By the mid-1970's, these organizations - the RDAs and their coordinating body, the NLRDC had been integrated into provincial governmental policies. Acting as quasi-governmental agents in rural areas, they had become the major institutional vehicles for the implementation of provincial government rural development policies.

FIGURE 4.1

RURAL DEVELOPMENT BRANCH

DEPARTMENT OF RURAL, AGRICULTURAL AND NORTHERN DEVELOPMENT

(1981)

ASSISTANT DEPUTY MINISTER
RURAL DEVELOPMENT BRANCH

DIRECTOR

REGIONAL
DEVELOPMENTFUNCTIONS

Regional Organization
Self Help Programs
Information
Liaison
Community Projects
Seminars &
Conferences
Program Implementation
Food Technology

DIRECTOR

RESEARCH &
ANALYSISFUNCTIONS

Research & Analysis
Planning
Studies
Data Collection
Program Evaluation
Project Monitoring

DIRECTOR

BUSINESS
DEVELOPMENTFUNCTIONS

Research and
Development
Business Advisory
Service
Business Development
Loans
Incentive Grants
Employment Opportunities
Craft Production
Marketing

DIRECTOR

CO-OPERATIVE
DEVELOPMENTFUNCTIONS

Co-operative Organization
& Development
Advisory Services
Information & Education
Seminars & Conferences
Liaison
Regulatory Services

In summary, during the 1970's rural development policies and programs shifted away from the deliberate resettlement and centralization policies of the earlier two decades towards support for revitalization of rural areas. This resulted from political protests emanating from rural communities against the existing policies, in combination with federal-provincial programs which provided the greater part of the funding required to support the new initiatives. It also reflected the changing spatial structure of the rural economy. By 1980, most outports were connected by road to neighboring communities and to an intermediate size urban centre which provided services and employment for its surrounding region. A regional hierarchy of urban centres had grown up around the road system. As the rural areas were filled in, clusters of transportation-linked settlements became functionally interdependent in terms of services and jobs. What had once been isolated outports evolved into spatially distinct 'neighborhoods' of 'dispersed cities'. Between the federal and provincial governments, there was a plethora of government programs active in rural regions, often with conflicting and overlapping responsibilities. Only the provincial Rural Development Program through the medium of the RDAs attempted to co-ordinate them.

The 1970's was an eventful decade with high profile issues such as the promise of offshore oil and gas exploration and the 200 mile limit competing with the high levels of unemployment, the collapse of the inshore fishery, and the failure of Smallwood's megaprojects such as the Come-by-Chance Oil Refinery for headlines. Through it all rural development continued to be brandished by local politicians as the basis for long-term maintenance of the island economy even though it only received five to ten percent of total provincial government expenditures.

4.4 Regional Development Associations: From Community Protest to Public Policy (1965-1980)

As indicated in the previous section, Regional Development Associations emerged in the mid-1960's as ad hoc protest groups reacting to such local crises as mine closures, failure in the fishery and the threat of resettlement. By 1980, they had become established elements in the rural community institutional system and played a key role in the creation and implementation of provincial rural development policies.

The intent of the earliest organizations had been to provide their constituent communities with a vehicle for planning and promoting sustainable rural economies based on small-scale, local resource-based industries. But there were many problems, both socio-political and economic, to be overcome. In addition to the historical problems of inter and intra community conflict and rivalry, the lack of tradition of collective participation in resolving local issues, and the physical distance between settlement; residents lacked many of the human relations skills necessary to organize and run a community organization. The basic social skills required for communicating, resolving conflicts, leading and motivating groups of differing interests, running meetings, and making decisions were missing. Organizational skills such as office management, record maintenance, bookkeeping, and financial and resource planning also had to be developed. The long-standing isolation and poverty of traditional Newfoundland rural society had led to this situation. By 1980 many of these problems had been overcome and the 48 active RDAs finally were beginning to make long term plans. Much had been accomplished during the first 15 years but most projects had been relatively limited in scope and in time frame. Only at the end of the 1970's were the RDAs in a position to plan in a longer term using the experience gained during the intervening years.

This section outlines the evolving organizational role and institutional context of RDAs at the community and provincial levels in the period between the mid-1960's and 1980. Three phases in this evolution can be identified. The first, mid-1960's to 1969 is the 'mobilization' period when the earliest RDAs appeared and a rural development movement gathered enough force to compel the government to revise its existing policies and provide some financial and organizational support to them. The second, 1969 to 1973, was a transitional period when government policies were reformulated to incorporate the RDAs as the link between government programs and rural population. During this period, extensive analyses of the activities and level of success of RDAs were undertaken [Bilious n.d.; Bilious 1973; Gunness 1973; Brown 1970]. Their conclusion was that the success of RDAs was based on a joint community-government 'development process' that created local conditions conducive to economic development [Johnstone 1980]. The third, 1974 to 1980, was the 'institutionalization' period during which the 'development process' evolved and was refined and generalized resulting in the creation of a system of RDAs linking all areas of the province. By 1980, rural development initiatives were taking place in an established framework of government assistance and local community co-operation in which RDAs provided the community focal point.

Prior to the mid-1960's, outport institutional structure had been characterized by a dearth of internal horizontal linkages and by very limited external linkages with the fish merchant predominating in both. In the 1960's, the traditional vertical linkages were disappearing. The merchants were withdrawing or had long before pulled out because of a succession of poor fishing seasons, the mines were closing because of poor market demand, and the forestry industries suffering because of depletion of the resource base. Outports were cut off from their accustomed source of employment and some such as Fogo and Bell Island experienced rates of welfare as high as 60 percent [Johnstone 1980:27]. The Provincial Government threatened resettlement. The

rural communities refused and, with the help of external agencies such as the Memorial University Extension Service, organized community associations to initiate local development activities [Dewitt 1969; Wadel 1970]. The truncation of external economic ties brought into sharp relief the absence of inter and intra community links in the rural areas. Some communities had municipal councils, others had Women's Institutes or the Knights of Columbus - in general special purpose service or social organizations with a limited membership and purpose. But there were no organizations concerned with the political and economic interests of the community as a whole. The early RDAs grew out of the existing organizations but soon acquired a purpose and constituency of their own.

The most well known of the early RDAs were the Fogo Island Improvement Committee (F.I.I.C.) and Eastport Peninsula Committee for the Development of Progress (E.P.C.D.P.) [Dewitt 1969; Wadel 1970; Bilious 1973; McCay 1976; Gunness 1972]. Both began informally in the early 1960's under the auspices of existing local organizations. Economic crises in the late 1960's provoked them to protest government policies actively. The F.I.I.C. was assisted by the Memorial University Extension workers in its efforts to mobilize local residents to become involved in initiating economic development projects. The E.P.C.D.P. received a small government grant to pay an organizer. After 1968, both received government funding under the ARDA II program to pay for a development co-ordinator and for small-scale development projects.

The emphasis of these organizations was to get local residents involved in helping themselves and to break their old habits and attitudes of passively letting the government provide for their welfare. By 1969, the success of these organizations had spawned several others and together they established a provincial council entitled the Newfoundland and Labrador Rural Development Council [The Rouser. May 1975:11; M.U.N. Extension Service Sept. 1969].

Between 1969 and 1973, the government attitude towards these organizations shifted. Consultants were hired to study them [Bilious n.d.; Bilious 1972; Guinness 1972], their activities were studied and analyzed, a 'development process' articulated and a provincial rural development policy established based on a framework of government assistance and regional rural development group co-operation [Johnstone 1980]. This policy was formalized in the joint federal-provincial ARDA III Agreement signed in 1974. The fundamental objective of the program was to foster the collective involvement of rural people in economic development based on local resources. The structure of the program was such that government was to provide support programs and general guidelines but the impetus for and implementation of projects was to come from the communities involved. The Provincial Department provided three basic kinds of assistance i) rural development field workers, ii) funding for RDA co-ordinators, and iii) funds for organizations, development and pilot projects and training. The approach was to be 'bottom-up' open-ended plan development rather than authoritarian central government plan implementation.

Between 1974 and 1980, the 'process' was accepted and the number of RDA's increased greatly. In 1971 there had been only 15; by 1976 there were 29; and by 1981 there were 48. The functional role of RDAs and the MLRDC evolved over the years. From the community perspective, they continued to be the institutional manifestation of a 'rural development movement' with its momentum derived from the interests and involvement of the communities. After their initial activities as protagonists in the struggle for community survival, they established a role for themselves as both catalysts for social change and agents of economic development.

As the first they focussed on social and political issues such as promoting intra and inter community consensus on development goals and political and social leadership and organization skills. In providing a forum for regional groups and residents to identify common concerns and problems and to decide on acceptable solutions, they also

acted as a mechanism for existing organizations to co-ordinate their activities toward common goals. The result was the generation or revitalization of local social infrastructures which in turn created a milieu conducive to economic development.

As the second they acted as economic assistance agencies by linking the rural region into external channels providing financial and technical support. Government programs, both provincial and federal, provided the primary source of funds which were used to provide employment through improving economic infrastructure. In providing or securing seed funding from government sources for community-wide business enterprises such as fisheries co-operatives, woolen mills or vegetable storage facilities, they helped individuals or groups to initiate activities which diversified local economies and attracted private investment to their area.

The economic development role of the Associations focussed on developing the local capabilities required to identify and pursue economic opportunities and to be able to make long-term plans for developing small-scale industries utilizing local resources. The level of activities related to this role increased in the late 1970's as the provincial membership became more organizationally competent.

The provincial government's rural development policy was concerned with strengthening rural economies and improving the quality of rural life through small-scale resource based activities because it perceived stability in the rural economy to be the best hope for reducing the dependency of the provincial economy in the long run. RDAs, as the principal vehicle for implementing the policy actively promoted two general kinds of economic development projects. The first were those which established and upgraded communal assets and production facilities such as community stages and wharves, fish processing and salting plants, agricultural soils improvements, a vegetable storage and grading facility, a wool carding mill and a long-liner construction yard. The smaller of these were carried out as individual projects sponsored by groups such as local farmers or a fishermen's

committee, however, some which were large in scale and entailed an ongoing commitment of management and investment became the core funding for community producer-owned co-operatives and business enterprises. For all of these, costs and benefits could be fairly readily identified. A study carried out by the NLRDC in 1975 showed that, under the auspices of 25 economically active RDAs 9,000 jobs were either created (about 50%) or stabilized using \$10.8 million in project grants [The Rouser 1975: January]. The cost per job estimated at \$1,202 was considerably lower than that required for job creation in the industrial sector. A similar study in 1977 for 30 economically active RDAs showed similar results. In the latter, of the \$8.1 million in project grants only 10 percent were from the provincial ARDA program. The rest came from a variety of sources, most from federal government programs [Johnstone 1980:87].

The second type of projects were those concerned directly with improving communal and domestic subsistence and small-scale agriculture and related activities. This included improving community pastures and hayland and assisting home gardening and vegetable production. The result of these projects, while not directly measurable by numbers of jobs created or incomes stabilized is recognized as significant in terms of enhancing the quality of rural life and the increased commitment of rural residents to their communities.

In summary RDAs began to emerge just at the beginning of a period during which the rural areas were undergoing the most dramatic economic and institutional reorganization they had ever experienced. At first, they served as the only institutional vehicle available for rural residents to voice their dissatisfaction with government policies affecting their lives. The few community councils which existed were limited in authority to providing local services; existing voluntary or service organizations usually operated in isolation from broader community economic or political activities. A multitude of governmental programs became available to support rural development initiatives at about the same time that the RDAs were becoming established.

The completion of the TransCanada Highway in 1965 was followed by infilling of the secondary road networks, and by the emergence of a hierarchy of rural-urban regional systems linked to St. John's by the TransCanada Highway.

By 1980, rural institutional structures had 'filled in' in the same way that the physical and economic infrastructure systems had. From the perspective of rural communities, RDAs provided political and economic co-ordination, linking local areas into the broader system - on their own terms. One of their major functions had been the forging of inter and intra community linkages. This meant that rural areas had begun to develop the capability of dealing with the 'outside' world, whether government or business from a position of internal strength and authority. They provided a forum for local economic decision-making which encouraged residents to establish a consensus on goals and long-term plans and to draw on external support to improve their local patterns of resource use.

4.5 Summary

In summary, historical experience created the underdevelopment problems with which Newfoundland entered Confederation. This included the isolation, poverty and lack of local organization characteristic of rural communities, and the political tradition of charismatic leadership and graft which served the purposes of the elite well and kept the general population naive and unorganized. Studies undertaken during the Commission of Government years laid the groundwork for many of the post-war development initiatives. Following Confederation in 1949, the significant factors which affected the rapid modernization of Newfoundland's economy and society were i) the Terms of Agreement by which the province benefitted from the Canadian social assistance system; ii) the character and direction of the political leadership of Premier Joey Smallwood; and iii) the abundance of federal-provincial policies and programs concerning rural and regional development.

The emergence and evolution of local developmental organizations occurred in the context of these changes.

During the period between 1949 and 1980, the province modernized rapidly, largely with the assistance of a wide range of government programs. In terms of spatial structure, the island was transformed from a 'constellation of isolated outports' to an integrated rural-urban hierarchy with seven intermediate centres which were linked to St. John's by a complete transportation and communication network. At the rural level, this was balanced by the emergence of regional community systems linked by complementary distribution services and employment. Accompanying the spatial transformation was a social and political transformation from a closed and isolated society in which the lower strata (i.e., the fishermen and 'baymen') had little or no access to the upper strata, to an open modern one. The spread of public services throughout the region, particularly the availability of good educational institutions and health units combined with communications and transportation systems, helped to create the conditions for this transformation.

During the 1960's and 1970's the importance of government policies in regional economic affairs increased as the federal government took a more active role in promoting regional development. This occurred both directly through the presence of federal and provincial government agencies in the rural regions and indirectly through their financial and organizational assistance in the development of local industries and organizations such as the Regional Development Associations (RDAs).

The emergence of RDA's in the mid-sixties was provoked by the deterioration of the traditional vertical linkages between the rural settlements and the regional and international markets. The absence of a tradition of public institutions in rural settlements was attributed to the dominance of the merchant (or the mine owner, etc.) in the local economy. The withdrawal of the merchants meant that the rural communities were left with a structural vacuum between themselves and the

broader system. It needed to be filled for both the economic and social viability of the local community. The truncation of external links brought into sharp relief the absence of horizontal bonds within the settlements. The generation of local social infrastructures was an important part of creating a milieu conducive to economic survival. The development of community-wide consensus on issues and shared goals, political and economic leadership, organizational skills and technological expertise was part of this. This was the role which the RDAs assumed.

After the initial activities of the RDAs as protagonists in the struggle for community survival, they established a role for themselves as both catalysts and agents of change. As the first, they acted as community-development agencies promoting intra-community cohesion and the political and social skills necessary for devising and implementing development projects. They provided a forum for local residents to identify both common concerns and problems and a consensus on the means to resolve them. As the second they acted as economic assistance agencies by linking the individual community as a whole into external channels providing financial and technological aid. Government programs, both provincial and federal, are the major sources of aid but not the only ones. Frequently the RDAs have sponsored community-wide business enterprises such as producers' co-operatives, but also they have helped individuals or groups to initiate activities that contribute to the diversification of the local economic structure.

CHAPTER 5: CONCLUSION

The broad framework of this thesis was organizational change and economic development in rural areas with a focus on the relationships between the institutional history of a rural area and its state of economic development. In a rural area such as that studied, of coastal Newfoundland, the overwhelming dominance of the institutional structures related to the fishing economy, combined with the geographical isolation of the outports to inhibit effectively the successful long term establishment of any developmental organization. Their eventual emergence and establishment in the 1960's and 1970's occurred in the context of the extensive institutional restructuring of the regional economy which occurred after Newfoundland joined Canada in 1949.

Throughout the 1950's and 1960's Newfoundland was drawn into the expanding net of the Canadian rural-urban economy with its government programs of social and economic assistance to depressed rural areas. In the absence of local government, ad hoc community organizations emerged to protest public policies perceived as threatening to the survival of rural communities. They soon evolved to become the key organizations in a system of government rural and economic development programs designed to assist rural residents to create the conditions for improving their economic conditions through local initiative.

In the history of rural Newfoundland, two broad phases of organizational change and economic development can be distinguished. The first, characterized by the dominance of the traditional cod fishery in local, national, and international economic affairs and in institutional development of the region, lasted from discovery in 1582 and early settlement until 1949. The second, characterized by the increasing importance of government policies in regional economic affairs and in political and institutional development, began in the 1890's, was given further impetus in the 1930's and 1940's under the Commission of Government and came to full fruition after 1949 up to the present day.

The early period of Newfoundland history from 1582 to the 1890's laid the groundwork for everything characterized as 'traditional' in Newfoundland society. This includes first the dichotomy in the class structure, some might say 'caste' structure, between fishermen and the merchant elite. Related to this was the rural-urban dependency relationship between the outports and St. John's, the 'baymen' versus the 'townies' - in which outport residents were subordinate to the political and economic power of St. John's. In turn, St. John's merchants were dependent on London and the vagaries of international markets.

The pluralism of the outport economy was also established, with an economic structure based on the fishery and supported by other seasonal activities. The isolation of the rural communities and the dominance of the fishing merchants reinforced the continuity of their character as 'fishing outposts' which were linked principally to the international fishing economy. This situation continued almost undisturbed until the 1950's when the whole region was 'dragged kicking and screaming into the twentieth century' - to quote the premier of the day, Joey Smallwood.

The period between the 1890's and 1949 laid the groundwork for the perception of Newfoundland as an impoverished, demoralized, and economically stagnant region which required government assistance to survive. The class structure continued as before, with the dominance of the St. John's economic elites over the rural population. The building of the railway and exploitation of lumber and mineral resources created two competing factions in the St. John's elite which led to a breakdown in the regional authority structure and eventually to political corruption and to economic bankruptcy. The emergence in 1908 of the Fishermen's Protective Union (FPU), which provided the means for an increased fishermen's presence in regional political and economic affairs, can be in part attributed to the declining influence of the traditional fishing merchant elite in the island's power structure. Its eventual demise can also be related to deterioration in

the regional political system. As a 'balance of power' organization, its success depended on an alliance with a larger more dominant political group which could be influenced to implement its policies. After 1920 the 'politics of shifting factionalism' among the St. John's elites meant that the FPU had no group with which it could consistently be allied, without compromising its ideals.

The period of the Commission of Government between 1934 and 1949 provided a 'rest from politics' for the region but it also created a hiatus in political development. Almost a generation of Newfoundlanders grew up with no experience of national political processes. The rural-urban dichotomy continued during these years, with St. John's strengthening in its position as the regional 'primate' city. In the outports the fishery still dominated economic and social life even though it was decreasingly important to the regional economy. In household and community economies wage labour became important to supplement declining returns in the fishery. It was incorporated into the local pluralistic economies to replace other activities such as the seal and Labrador fisheries which had almost disappeared.

Throughout these years, Newfoundland's ties with Great Britain and the Commonwealth loosened. Its currency was aligned with that of Canada and most goods were imported from North America. The fact that its export markets were overseas, largely in British imperial markets, created severe economic problems, especially after World War Two when the international economy split into sterling and dollar trade areas.

During the period between 1949 and 1980, the province modernized rapidly, largely with the assistance of a wide range of government programs. In terms of spatial structure, the island was transformed from a 'constellation of isolated outports' to an integrated rural-urban hierarchy with seven intermediate centres which were linked to St. John's by a complete transportation and communication network. At the rural level, this was balanced by the emergence of regional community systems linked internally by services and employment.

Accompanying the spatial transformation was a social and political transformation from a closed and isolated society in which the lower strata (i.e., the fishermen and 'baymen') had little or no access to the upper strata to an open modern one. The spread of public services throughout the region, particularly the availability of good educational institutions and health units combined with communications and transportation systems, helped to create the conditions for this transformation.

During the 1960's and 1970's the importance of government policies in regional economic affairs increased as the federal government took a more active role in promoting regional development. This occurred both directly through the presence of federal and provincial government agencies in the rural regions and indirectly through their financial and organizational assistance in the development of local industries and organizations such as Regional Development Associations (RDAs).

From the perspective of organizational development in rural areas, two broad periods can be identified. The first includes the years prior to the emergence of RDAs in the mid-1960's and the second from approximately 1965 to 1980. This is a somewhat simplified representation but the basis for it is that during the earlier period circumstances prevailed which mitigated against the emergence, consolidation and firm establishment of an integrated system of rural organizations concerned with issues of local interest and concern. The growth of the FPU and the sporadic establishment of local co-operative organizations indicated that a willingness existed in rural communities. Their lack of success can be attributed to the fact that without the support of a broader institutional structure, their existence could only be tenuous at best.

The situation prior to the emergence of the RDAs (up to the mid-1960's) was one of hierarchical linkages from the individual kin-based production units (the 'crowd') to the merchant, who in turn served as the community's link to the external economy. Political

authority and economic decision-making rested largely with the merchant who, understandably, was primarily concerned with his own economic survival (i.e., profitability). He was caught between the exigencies of exchange in the international market (get goods to point of sale cheaper and faster than competitors) and those of staple production in the hostile Northwest Atlantic Ocean. Despite the unreliability of the production environment and the individualism of the producers, the production factors were relatively controllable by the merchant while the exchange factors were not. The small scale highly localized character of traditional production practices meant that the merchant had the means to monopolize exploitation of the resource by dominating the fishermen's access both to production facilities and equipment and to the market.

The 'truck system' of continuing credit between the individual fishing unit (the 'crowd') and the merchant was the tool for maintaining that control. This credit relationship between the merchant and the individual 'crowd' was privately negotiated and based on trust and honour rather than on publicly acknowledged and agreed upon contractual terms. Pre-industrial, indeed feudal in character, it created a community of isolated dependency relationships. Economic decisions in the outports were made on an individual or crowd basis, not collectively by the fishermen as an organized group. An individual's decision to remain in or emigrate from the community depended on his or her long-term potential in the 'crowd'. Beginning in the 1880's large numbers of young men and women left. Only the advent of social assistance in the 1950's significantly reduced the propensity to migrate.

The physical isolation compounded the cultural and technological lack of sophistication of outport populations in limiting both the availability and perceptions of economic options. As in most rural areas, planning horizons were immediate. In times of crisis when the fishery failed, the decisions made were those which improved the 'crowd's' capability to survive in the short term. Intensification of subsistence production was complemented by incorporating external

resources into the local economy through exploitation of the Labrador Fishery and of other species than cod. A pluralist economy was the norm rather than the exception because of the uncertainties associated with dependence on production in a hostile and unpredictable environment and on exchange in a distant and unreliable market. Survival strategies were oriented to reducing these uncertainties. After 1900 the availability of seasonal wage-employment outside the community (e.g., mining, lumbering, construction) provided an additional supplement to the income from fishing.

The emergence of RDA's in the mid-sixties was provoked by the elimination of the traditional vertical linkages between the rural settlements and the regional and international markets.

The absence of a tradition of public institutions in rural settlements was attributed to the dominance of the merchant (or the mine owner, etc.) in the local economy. The withdrawal of the merchants meant that the rural communities were left with a structural vacuum between themselves and the broader system. It needed to be filled for both the economic and social viability of the local community. The truncation of external links brought into sharp relief the absence of horizontal bonds within the settlements. The generation of local social infrastructures was an important part of creating a milieu conducive to economic survival. The development of community-wide consensus on issues and shared goals, political and economic leadership, organizational skills and technological expertise was part of this. This was the role which the RDAs assumed.

After the initial activities of the RDAs as protagonists in the struggle for community survival, they established a role for themselves as both catalysts and agents of change. As the first, they acted as community-development agencies promoting intra-community cohesion and the political and social skills necessary for devising and implementing development projects. They provided a forum for local residents to identify both common concerns and problems and a consensus on the means to resolve them. As the second they acted as economic assistance.

agencies by linking the individual community as a whole into external channels providing financial and technological aid. Government programs, both provincial and federal, are the major sources of aid but not the only ones. Frequently the RDAs have sponsored community-wide business enterprises such as producers' co-operatives, but also they have helped individuals or groups to initiate activities that contribute to the diversification of the local economic structure.

In summary, one of the major functions of RDA's has been the forging of horizontal social and economic linkages both within and between rural settlements. The result of their existence is that rural communities are increasingly capable of dealing with the 'outside' world, whether government or private industry, from a position of greater internal strength and authority.

SCOPE FOR FUTURE WORK

The underlying premise of this thesis is that institutional development plays an important role in the economic development process. In economically depressed regions, one of the first problems to be tackled in development planning is that of creating an 'appropriate' organization at the community level which can ensure that local needs are met. Some of the basic questions to be addressed in resolving this are:

- i) Does the kind of organization utilized to promote economic development in rural areas influence either the development process or the final outcome? What institutional characteristics facilitate development?
- ii) How important is it for an organization, primarily interested in economic development, to incorporate a social or community development aspect into its activities? How do existing (i.e., traditional) patterns of social organization affect the capability of an institution to achieve broad-based economic development in a community.

- iii) For a developmental organization to be effective, what kinds of local and external institutional linkages are necessary? How do the linkages affect the kind of development occurring?

In terms of the Newfoundland experience, I believe that these questions can be answered, briefly, as follows:

One of the most significant considerations for the success of a developmental organization in a rural area is that it can be integrated both horizontally with the local community structure and vertically with broader political and economic support systems. Functioning as a part of an integrated institutional system, local leaders can, at the local level, identify the community's needs and receive support for initiatives which may contradict the intent of regional or national policies or programs. Linked with regional or national support systems, they can draw on external resources to supplement their own in the effort to reorient and strengthen local initiatives. An organization which is strictly economic or social in its activities or has a limited special purpose may be successful within its described objectives but may at the same time create a situation in the community at large which inhibits rather than facilitates a more broad-based development. Often in culturally traditional and isolated rural communities, which are also impoverished and economically depressed, the first steps require efforts to improve social and educational opportunities. This, by creating the conditions for local residents to learn about and articulate the range of alternatives available to them, in turn should generate interest and involvement in local economic enterprises. Access to external support systems is particularly important in this.

One of the most interesting aspects in considering the importance of RDAs in rural economic development is the fact that there is a long, though sporadic, history of local special purpose organizations; from the Loyal Orange Lodge and Church supported fishermen's benefit societies to the FPU, Women's Institutes, and consumers' co-operatives. There were also local roads boards and district improvement committees. Only the absence of formally constituted municipal councils was

notable. The strength of RDAs would appear to be that they were able to draw together the existing organizations and spawn others at the local level as well as being able to draw on a wide range of external services to supplement local resources in the development process. It is these existing organizations which embody the local traditions and experience required to integrate developmental organizations such as RDAs into the community.

In more general terms the following comments are offered. In asking the first question, an unstated but significant consideration is whether and how a developmental organization acts to reduce 'dependency' patterns. The experience of the RDAs suggests that the generation of intracommunity social and economic linkages and the democratization of local decision-making contributes to reducing dependency. This is related to an increased level of local control over the returns from economic endeavours and a stronger perception by residents that they belong to a community in which their opinion matters.

In looking at the second question concerning the importance of incorporating a social or community development aspect into economic development programs two points can be raised. The first is that existing social relations of dominance and control tend to be continued and institutionalized if broad-reaching social restructuring does not occur simultaneously with 'development' efforts. The importance of this is that, if increased equality in the distribution of income and general welfare is one of the goals of development, the tendency for the wealthy and educated to appropriate development channels for their own use must be counteracted to prevent an aggravation and widening of existing economic disparities.

The second is that the level of social and cultural sophistication of a community will affect the way that it responds to a given program or initiative. A community functionally divided along kin based production-unit lines (i.e., traditional tribal/pre-industrial organization) will obviously be ill-prepared to generate development projects requiring either individual initiative (for self-gain) or

community-wide initiative (for general gain). It is quite understandable that established social relations which have grown up under one form of economic production will persist long after another form becomes dominant. A persistent problem for development planners is the accommodation of the positive social aspects of traditional community life with the potential for improved subsistence conditions associated with economic 'development'.

The third question asked concerning the value of local and external organizational linkages for the development agency must also be related to the problem of social adaptation. An organization such as an RDA operating in a rural community or region may have some success in creating a social and political milieu conducive to economic growth and development at the local level. In the context of the modern urban-industrial society, however, unless it is also able to establish linkages with the broader economic system, and have some leverage over the links, the momentum at the community level may soon dissipate.

APPENDIX 1BONAVISTA PLATFORM (Fishermen's Protective Union 1912)I. GOVERNMENT REGULATION OF THE FISHERY

- 1) Introduction of a standardized cull of fish, to be administered in conjunction with a system of government inspection, under the control of a permanent commission with the power also to fix the price of fish shipped direct to market from the coast of Labrador;
- 2) the appointment of trade agents abroad;
- 3) the publication of weekly reports on the price of fishery produce in foreign markets;
- 4) the erection and maintenance of state-owned cold storage bait depots;
- 5) the utilization of the government's cash reserve to assist the modernization of the fishery by the introduction of gasoline engines;
- 6) the closing down of whale factories, which were held to pollute inshore fisheries;
- 7) the introduction of legislation to make fishing debts outstanding for more than two years uncollectable by process of law; and
- 8) the reorganization of the Fisheries Department to accommodate these innovations.

II. ADMINISTRATIVE AND CONSTITUTIONAL REFORM

- 1) the abolition of the existing electoral system with its multi-member districts and the creation instead of 38 single member districts;
- 2) the amendment of the Election Act to permit the counting of ballots by deputy returning officers;
- 3) the raising of the sessional pay of members of the House of Assembly (from \$194 for St. John's resident/\$291 for others) to \$500;
- 4) the introduction of legislation 'to punish any members of the Legislature who receives financial profit or gain directly or indirectly from the public Treasury';
- 5) a royal commission 'to investigate public affairs';
- 6) amendment of the constitution to establish the referendum and the recall;
- 7) retrenchment of the civil service;
- 8) the establishment of a transportation commission to regulate the operation of rail and steamship services by private contractors; and
- 9) the introduction of democratically elected school and municipal boards in all districts.

III. EXTENSION OF EDUCATION AND SOCIAL WELFARE

- 1) the provision of schools in all settlements containing 20 or more children between the ages of 7 and 14 years;
- 2) free and compulsory education for all children;
- 3) the institution of a system of outport night schools for adults, to operate during the winter months; and
- 4) the payment of old age pensions to all persons over 70 years of age, beginning immediately with \$50 per annum and increasing to \$100 as soon as public finances permitted.

IV. LABOUR LEGISLATION AND ECONOMIC ASSISTANCE

- 1) to make business combines illegal and punishable by imprisonment only;
- 2) to establish a commission to fix a minimum wage for labour and to make wages payable weekly and in cash;
- 3) to regulate the seal fishery;
- 4) to prohibit the sale of timber areas by any means other than public auction;
- 5) to limit the pensions of civil servants to the same level as the old age pensions of other workers;
- 6) to establish a long-distance telephone system;
- 7) to create an artificial harbour on the Straight Shore (near Wesleyville area);
- 8) to pay a bonus for land clearing and to encourage stock raising;
- 9) to pay a subsidy to steamships carrying coal to the outports; and
- 10) to reduce tariffs on 'certain articles, used by the masses such as ready-made clothes, oil clothes, boots, tobacco, guernseys, sugar, tea, etc.'.

(S.J.R. Noel, 1971:98-100)

APPENDIX 2

MAJOR STUDIES CONCERNING THE NEWFOUNDLAND FISHERY 1935-1948

- 1) the Commission of Enquiry into the Fishery (1935) emphasized the need to improve quality in order to improve markets but, given financial strictures, saw no immediate need for dramatic changes in methods of fishing or curing. The Acts for Better Organization of Trade in Salt Codfish and to Establish the Newfoundland Fisheries Board were passed as a result of the Enquiry;
- (11) The Long Range Reconstruction Policy in Newfoundland (1938) prepared by J.H. Gorvin stressed the need for system wide changes as supporting high education, and improvements in technical skills among the labour force, extending the road system, and establishing national marketing boards, a system of local co-operatives and light industries in food processing both for local consumption and export. The continuing depression and the retreat of the Commission Government into "an ivory tower of silence and secrecy" (S. McCorquodale 1973:180) prevented the implementation of the policy.
- (111) A study concerning Fishery Reorganization in Newfoundland 1944 by P.D.H. Dunn emphasized that the fishery was critical to the survival of Newfoundland and recommended that the traditional salt-cod fishery be phased out and replaced by an offshore fresh-frozen fishery. The position was simply that "If Newfoundland could not expand output and establish large and secure markets - that is if she could not overcome the inter-war limitations on her position as a trading company - there was no possibility of re-establishing national existence on a viable basis" D. Alexander 1977:7).
- (iv) The report of the Post-War Planning Committee for Fisheries Reconstruction 1947 agreed that the direction to follow was to allow saltfish trade with Europe to run down and to replace it with fresh-frozen trade with the United States.
- (v) About the same time a study by Henry Mayo 1948 analyzed the proposed post-war options of joining Canada vs. independence by comparing economic realities with political benefits. He criticized the argument that the development of a fresh-frozen fish industry would be the panacea for Newfoundland's economic ills on the grounds that (a) the U.S. tariff was unstable, (b) that the required constant supply of raw materials could only come from the ice-free south coast most of the fishing population lived on the north and northeast coast; and (c) that there were few prospects for labour transfers from the saltfish to frozen fisheries because the frozen-fish industry required the introduction of capital intensive technology - it also would employ only about the same number as a medium sized pulp-mill. In addition, if the island joined Canada, it would be in competition with the resource economies of the Maritimes and the west coast (Nordco 1981).

APPENDIX 3

'FORTY THOUSAND STRONG' (Fishermen's Advocate, 1913)

We are coming Mr Coaker from the East, West, North, and South,
 You have called us and we're coming to put our foes to rout,
 By Merchants and by Governments too long we've been misruled,
 We're determined now in future and no longer we'll be fooled,
 We'll be brothers and freemen and we'll rightify each wrong,
 We are coming Mr Coaker and we're forty thousand strong.

We have proved that Reid¹ and Morris² are in love but with their purse,
 That the treatment of the fishermen is daily getting worse;
 They've been tried and been found wanting, so we'll surely turn them down,
 For we now have got the leader who upon us shall not frown.
 It is you shall slay the Dragons who have cowed us down so long,
 We are coming Mr Coaker and we're forty thousand strong.

We are coming Mr Coaker, men from Green Bay's rocky shore,
 Men who stand the snow white billows down on stormy Labrador;
 They are ready and awaiting, strong and solid, firm and bold,
 To be led by you like Moses, led the Israelites of old.
 They are ready for to sever from the merchant's servile throng,
 We are coming Mr Coaker and we're forty thousand strong.

We are coming Mr Coaker Bonavista Bay will fight,
 As their fathers ever foremost to give battle for the right,
 Trinity Bay to-day is solid, you and our good cause to back,
 While the bold Placentia Bay men sure you'll find they won't slack,
 We'll be firm and true and steady, and will help our cause along,
 We are coming Mr Coaker and we're forty thousand strong.

We are coming Mr Coaker blood of Saxon and of Celt,
 You arouse a feeling in us that before we never felt,
 Valiant men from far Placentia whom the angry ocean braves,
 They are with you heart and spirit, breasting Cape St Mary's waves,
 They are with the fight for freedom and its union is their song,
 We are coming Mr Coaker and we're forty thousand strong.

We are coming Mr Coaker and though sharp shall be the fight,
 Yet we trust in you our leader, and our God will do the right,
 All our beacon fires are lighted and we see them brightly burn;
 With our motto 'No Surrender' all our enemies we will spurn,
 Led by you we'll never falter, God shall help our cause along,
 We are coming Mr Coaker and we're forty thousand strong.

NOTES

1. Sir Robert Gillespie Reid 1842-1908, founder and first president of the Reid Newfoundland Company, the owner of the Newfoundland Railway.
2. Edward Patrick Morris 1859-1935, founder in 1908 of the People's party; prime minister of Newfoundland 1909-18.

DEPARTMENT of RURAL, AGRICULTURAL & NORTHERN DEVELOPMENT

ORGANIZATION CHART (1979)

ORGANIZATIONAL CHART
NEWFOUNDLAND AND LABRADOR RURAL DEVELOPMENT COUNCIL

**THE REGION
REGIONAL DEVELOPMENT ASSOCIATION (1)**

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