ROSEMARY E. OMMER

"All the Fish of the Post": Resource Property Rights and Development in a Nineteenth-Century Inshore Fishery.*

Harold Innis once described the eastern Canadian cod fisheries as "inherently divisive" and history has tended to bear him out.[1] In the past, the fishery has set fisherman against fisherman, merchant against merchant, merchant against planter and settler against metropolitan government. In the present, it continues to produce conflicts, of provincial against federal government, province against province, multinational against independent producer, midshore against inshore fisherman. The nature of the resource lies at the root of the conflict. As a common-property resource with an unprotected rent, the fishery is theoretically open to all. Historically, the fact that the fishery is an open access resource has resulted in a fear that insecure control of access would result in diminished profits; today concern is expressed over diminished or depleted stocks, lost value added and what economists call 'dissipation of the economic rent'.[2] The Scott Gordon model is the best known modern statement demonstrating that because the fishery is an open access resource, its unregulated exploitation will in theory lead to decreasing returns to capital and labour as a result of excess factor supply.[3] This model, however, inadequately describes the dynamics of the industry in eighteenth and nineteenth-century Atlantic Canada when fish merchants were able to devise means of controlling access of both labour and capital to the resource. Such control amounted to the establishment of 'property rights' over the resource which prevented dissipation of the economic rent of the fishery, resulting in a viable industry.

Although scholars until recently regarded the Westcountrymen as the major

* The author wishes to acknowledge the assistance of Stuart Pierson, Lewis R. Fischer, James Hiller, John Fitzgerald and three anonymous readers who made comments on an earlier draft of this paper.

1 Harold Innis, *The Cod Fisheries* (Toronto, 1954), p. 194. See also pp. 494 and 502.

2 Economic rent, or 'sustainable resource rent' in the fishery may be defined simply as "the difference between total harvesting cost and sustainable revenue"; see Gordon R. Munro, *A Promise of Abundance: Extended Fisheries Jurisdiction and the Newfoundland Economy* (Hull, Quebec, 1980), report prepared for the Economic Council of Canada, esp. pp. 11-2, 88-9, fn. 8. See also Joan Robinson, *The Economics of Imperfect Competition* (London, 1954), p. 102 and H. Scott Gordon, "The Economic Theory of a Common-Property Resource: the Fishery", *Journal of Political Economy*, 62 (1954), pp. 130-2.

3 H. Scott Gordon, "The Economic Theory", pp. 124-42.

merchant group dominating the North Atlantic codfisheries because of their role in the settlement and economy of Newfoundland, the Jersey fishery in the Gulf of St. Lawrence was spatially very extensive. The Jerseymen operated an inshore fishery conducted in a string of small to medium sized establishments which stretched from the Strait of Belle Isle around the North Shore of the Gulf to Gaspé, the Baie des Chaleurs including Caraquet, the Magdalen Islands, Cape Breton (especially around Arichat, the Gut of Canso and Cheticamp) and the south and west coasts of Newfoundland. The principal headquarters for most of these establishments was Paspébiac in the Baie des Chaleurs, the centre of New World operations for the firm known as Charles Robin and Company or CRC (see Figure 1).[4]

Charles Robin, operating as an agent for Philip Robin and Company of Arichat, first entered the Gulf of St. Lawrence in 1766 when the area was new territory for British fishing firms.[5] The area was sparsely settled in these early years: in 1765 there were 209 persons in the Baie des Chaleurs, 93 Indians in the Restigouche area and 109 persons in Gaspé. By 1774-5 there were 200 persons in the Baie des Chaleurs and 158 at Bonaventure. By 1777, Nicholas Cox reported three families at "Gaspee" and four on Bonaventure Island, two families at each of the seigneuries of Grand River and Pabos, and ten families (sixty persons) wintering at Paspébiac. Malbaie and Point St. Peter he described as "inhabited by people from the Rebel Colonies who came away at the Commencement of the War" and some Acadians had settled at Bonaventure and Tracadigaiche.[6] The *Census of Canada* gives a total population, seasonal and permanent, of 874 persons on the coast between Gaspé and Tracadigaiche in 1777.[7] During the 1778 season, American privateers disrupted Charles Robin's early operations on the coast and by September he had left for Jersey, not to

4 See, for example, P.A. Thornton, "The Demographic and Mercantile Bases of Initial Permanent Settlement in the Strait of Belle Isle", in J.J. Mannion, ed., *The Peopling of Newfoundland* (St. John's, 1977), pp. 152-83; F.W. Remiggi, "Ethnic Diversity and Settler Location on the Eastern Lower North Shore of Quebec", in *ibid.*, pp. 184-211; Paul Charest, "Le Peoplement Permanent de la Basse-Côte-Nord du Saint-Laurent: 1820-1900", *Recherches Sociographiques*, Nos. 1 and 2 (Quebec, 1970); P. Hubert, *Les Iles de la Madeleine et les Madelinots* (Rimouski, 1926); C. Grant Head, *Eighteenth Century Newfoundland, A Geographer's Perspective* (Toronto, 1976); R. E. Ommer, "From Outpost to Outport: the Jersey Merchant Triangle in the Nineteenth Century" (PhD thesis, McGill University, 1979). The banks fishery, with its different pattern of exploitation, is not considered in this paper.

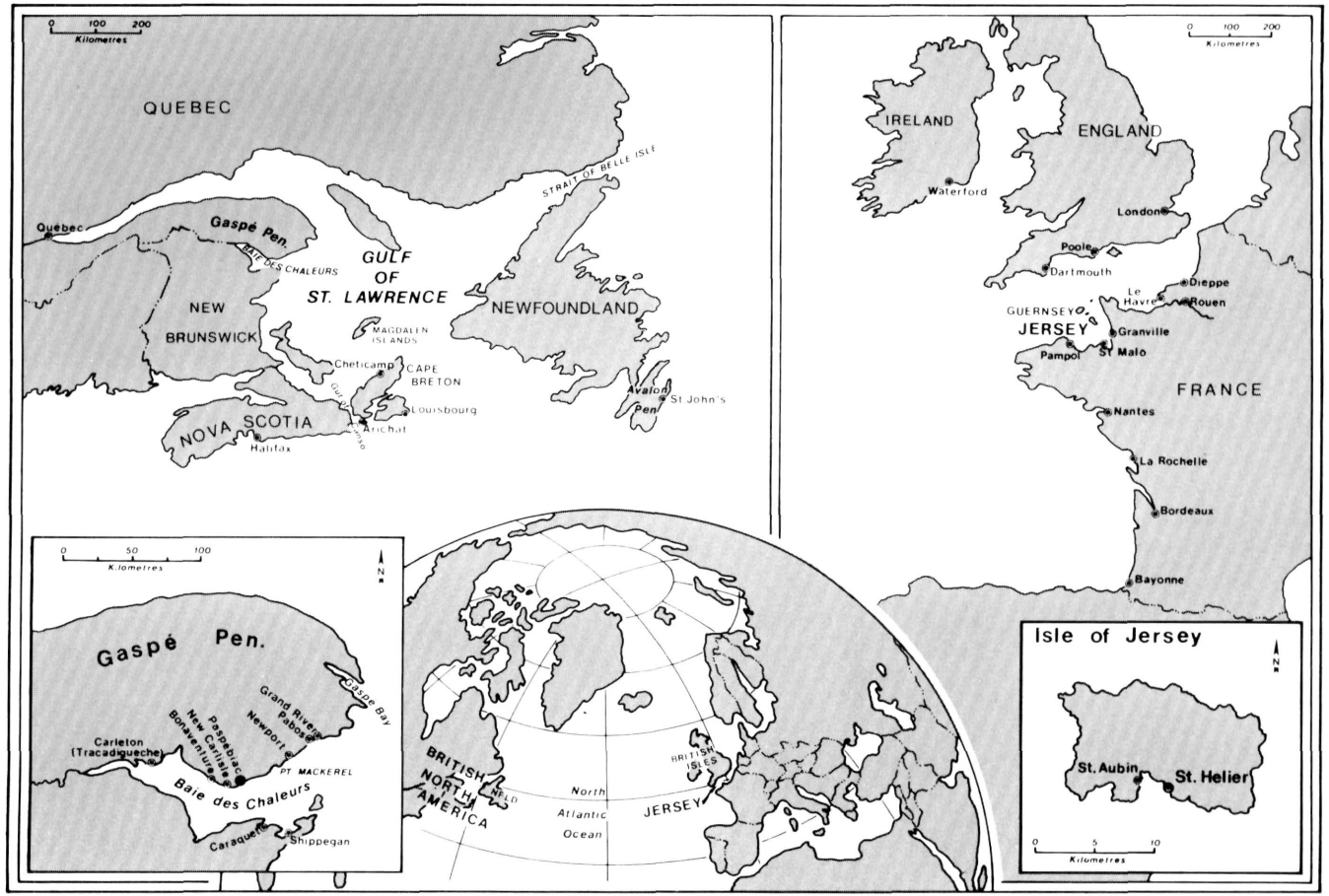
5 "Journal of Charles Robin", original in the Société Jersiaise, St. Helier, Jersey; copy in the Public Archives of Canada, MG23 GIII, not paginated.

6 Haldimand Collection, *Report on the Canadian Archives, 1888* (Ottawa, 1889), B202, 1774-1784, p. 30 ff.

7 *Census of Canada*, 1931, recap., vol. I, pp. 133-53. See also R.E. Ommer, "From Outpost to Outport", pp. 77-80 and pp. 180-4 for a more detailed discussion of early settlement on the Gaspé coast and for detailed empirical evidence of the theoretical argument contained in this paper.

Figure 1

JERSEY AND THE BRITISH NORTH AMERICAN FISHERIES



return until 1783, when he established the firm of Charles Robin and Company. He applied for grants of land in the Paspébiac area for himself and the settlers with whom he had done business prior to the wartime disruptions of the fishery. In 1783 the Paspébiac population was also considerably expanded by an influx of 435 Loyalist settlers.[8] From its inception, then, the firm of CRC had to deal with a resident population.

As in all sea fisheries, access to the resource had to be limited if the economic rent was not to be dissipated. The early history of the British North American fisheries can be seen as the search by fish merchants for a strategy that would guarantee their profits by protecting their access to the resource and excluding competition. In the early Newfoundland-West Country migratory fishery, for example, the "standard mode of mercantilist exploitation" was to attempt to prohibit settlement, at least in part because a non-resident fishery did not have to deal with the threat of competition which a resident population on the Newfoundland coast would have created.[9] In Gaspé, Charles Robin was faced with the same problem. Yet curiously, in the light of the Newfoundland experience, he not only tolerated a resident population over whose existence he had no control, but actually encouraged settlement, recommending that settlers who had improved their lands prior to the disruptions of 1778 be given grants. This behaviour ensured that CRC had to cope with resident competition for the resource. Robin was certainly aware of the threat posed by settlers in the area, since he saw land on the Gaspé coast as the means of access to the fisheries. In 1792, he wrote to his London agents that his competitors, Messrs. Matthew Stewart and Company, were planning to purchase a seigneurie in Gaspé: "a post that furnishes us yearly at least 2000 quintals of fish . . . . If they succeed we shall have a rent to pay of at least 26 quintals of fish . . . . But the principal consequence will be that the Seigneur will have all the fish of the post".[10]

Nonetheless, while concerned about the existence of merchant competition on the coast, Robin was unconcerned about other settlers, even though the latter had been the original problem in the old West Country migratory fishery. From the beginning of his enterprise in 1766, Robin had operated a supply business into the area; indeed, it is likely that, operating from his ship, he had sold salt and goods to the local inhabitants in return for fish.[11] In 1767, he began an

8 *Report on the Canadian Archives*, p. 30.

9 Gordon Handcock, "English Migration to Newfoundland", in Mannion, *The Peopling of Newfoundland*, pp. 16-8.

10 Charles Robin to Fiott de Gruchy, 6 September 1792, Letterbook I, Charles Robin and Company Letterbooks, copy in the possession of the family of the late Arthur LeGros of Paspébiac. These Letterbooks are now lodged in the Public Archives of Canada (Ottawa) and there are microfilm copies in the Public Archives of Nova Scotia. In monetary terms coastal land was cheap since most of it was in title of the Crown and available by grant. Its real value lay in the right to the fishery which it conferred.

11 "Journal of Charles Robin", entry of 2 June 1767.

establishment at Paspébiac and thereafter expanded his supply and barter business, laying the foundations of a truck system in the area. The truck system is usually defined as the use of barter rather than cash as the medium of exchange in a local community, which results in a labourer's indebtedness to the company store. But as it operated in the Jersey fishery, the truck system was not merely one of a variety of mercantile "capital-saving devices: employees without families, long deferment of wages, truck pay and other ingenious credit mechanisms".[12] More importantly, this system was the means by which a merchant minimized the risk of having his control over access to the fish challenged by independent, indigenous fishermen.

This control was achieved by establishing a trade-off between fisherman and merchant interests. Essentially, the merchant provided the gear for the year's fishery along with provisions, all on credit against repayment in fish at the end of the season. The merchant took over the individual fisherman's risk of a season's capital outlay in such things as gear, boat and provisions, while the fisherman in return guaranteed to sell his catch to the merchant.

The attraction of the truck system to the local planter was that he was protected against the built-in instabilities of the fishery, such as glutted markets or a run of bad years when the fish did not strike on the coast. That was the kind of crisis which a small independent producer, with limited capital resources, could not survive; and that kind of protection was what a distant merchant in Halifax or Quebec City does not seem to have offered, since traders into the area preferred payment in cash in good years and no business in bad years.

This risk, then, was lifted from the planter's shoulders in return for "all the fish of the post". But the truck system led to increased risk for the merchant. A run of bad years, or a series of poor markets, would mean that the merchant's risk-carrying role of providing provisions and gear would work against him, since he would be forced to carry the capital costs without being able to realise his investment through the fish returns that he would normally receive at the end of the fishing season. He had, therefore, to possess sufficient capital to be able to ride out such crises. A merchant who over-invested (that is, provisioned unwisely) or over-paid for fish, thereby depleting his capital, ran a grave risk of being unable to weather the bad years when they came. Hence CRC's continual preoccupation with advances and their constant concern that credit should not be over-extended, nor should the price of fish on the coast rise too high, even if this meant a loss of labour and therefore a contraction of access to the resource. While the truck system secured for the merchant control over the fish, fine judgement was needed in its application, so that maximum control was maintained at minimum capital outflow.

In the early years of the business Robin, alone among the various companies

12 H.C. Pentland, "The Role of Capital in Canadian Economic Development Before 1815", *Canadian Journal of Economics and Political Science*, XVI (1950), p. 461.

in the Gaspé, managed to weather the difficulties of maintaining this system. He commented of his competition on the coast that "The Guernsey employ finally gave up business, after having incurred most heavy losses, and has been succeeded by a Jersey Employ which has not been much more fortunate; Fiott and Co., Hamond and Co. gave up the business for want of success; all the others have equally disappeared through the same cause".[13] These companies had all been established on the coast by the early 1780s when the population began to expand, but all had failed by the turn of the century. Robin thought the place too poor to support them, arguing that if all those businesses which had attempted to establish in Gaspé had in fact been successful, the area would have attracted more fish merchants, "which is not nor can be the case".[14] Whether his estimation of Gaspé was true, or merely designed to discourage others, it is certainly arguable that merchant competition was Robin's greatest threat, feasible that the area could only support one resident merchant company operating a truck system at that time, and likely that he eliminated resident merchant competition through skilful manipulation of the truck system.[15]

This system had a built-in mechanism for protection against merchant competition. Since provisions were placed to the debit of a fisherman's account as advances and his catch to his credit, one bad year in the fishery was enough to ensure that a fisherman would complete a season either in debt or empty-handed. In either case, unable to raise the capital to provision himself over the winter months, he would have to seek further advances from the merchant against his catch of the following season. The price for fish was set by the merchant, usually at the beginning of the season, and usually in Jersey, where it was established with reference to market prices for fish during the previous season. If other merchants were in the area, as happened again by the 1840s, their price would also be taken into account.[16] CRC would lower their price only to the degree that they would still be able to maintain their fishermen who

13 Charles Robin, quoted in A.C. Saunders, *Jersey in the 18th and 19th Centuries* (Jersey, 1930), p. 214.

14 *Ibid.*

15 Profits have not yet been calculated for CRC. Although it should be possible to use the firm's ledgers to assess the finances of the Canadian end of the business, total profits will probably not be calculable since the firm also operated in the Caribbean, Latin America and the Mediterranean. It also had a branch in Liverpool and commission agents in London (up to 1840) as well as business headquarters in Jersey itself. Documents for these other sectors of the business have not been found, despite extensive searches by the author in Jersey and England. Some idea of the nature of capital flows and exports from Paspébiac can be found in R.E. Ommer, "From Outpost to Outport", pp. 99-175.

16 See, for example, the letter from Jersey headquarters to Paspébiac headquarters, 14 March 1854, CRC Letterbooks, volume for 1834-58. There are numerous examples of such calculations throughout the Letterbooks of the firm. This reference reads: "You will pay fish the same as last year's in barters,...and not have Fauvel and LeBoutillier to consult together to fix our price".

might otherwise sell their fish to a better-paying merchant, despite the legal consequences. CRC also took care to be well-stocked with provisions, since this gave them a competitive edge. "I have now . . . all good fishermen, in fact the best in this place. Mr. LeBoutillier having no provisions has been the main cause of their leaving him. They all owe him, more or less, and are afraid that he will sue them . . . I'll take deeds from those that owe us and in the amount include their advances", wrote one agent on the coast to headquarters in Jersey.[17]

Excessive inter-merchant competition would have destroyed the whole basis on which the truck system rested, since it would have freed fishermen from debt. Price wars were not pursued, therefore, to the point where independence from the firm could have been gained and the economic rent from the catch lost. Such wars might destroy a merchant if a series of bad years occurred and capital became over-extended, as seems to have happened to Charles Robin's early competitors. Traders, who were always present along the coast, did not offer the same kind of threat since they did not operate a truck system but dealt in cash. While their operations might result in an irritating seepage of fish out of the merchant system, and hence a decrease in economic rent, they did not threaten CRC control. A recalcitrant fisherman could be punished by a merchant's refusal to outfit him in the following season, thereby leaving him without the buffer against risk which the truck system provided. The truck system thus tied the otherwise-independent planter, who posed the greatest threat to concentration of the economic rent in the hands of the merchant, to the firm. The independent resident who provided his own equipment, who owned his boat and gear, passed on his ownership of the means of production to the merchant firm in exchange for a buffer against bad years and capital depletion. The resulting indebtedness lost him his independence and tied him to the merchant who thereby secured his loyalty and, more importantly, his supply account, his catch and thus his portion of the economic rent to be captured from the sale of his fish.[18]

Independent planters were not, of course, the only labour force in the Gulf. Jersey crews were brought in by CRC to do fishing for the firm in its own right; some settlers, such as the Magdalen Islanders, were only part-time fishermen; there were poor fishermen who were incapable of supplying their own equipment and who were more akin to labourers than planters; and there were migrant shore crews who came seasonally into the area to work for the Jerseymen. None

17 Paspébiac headquarters to James Robin, 10 December 1845, *ibid.*

18 There is a strong parallel to be drawn here with the truck system operated by Scottish merchants in the Piedmont region of colonial America. Essentially both these systems recognised that although many very small producers, operating independently, cannot make much profit, substantial profits can be made if some way of aggregating the individual returns can be devised. See Marc Egnal and Joseph A. Ernst, "An Economic Interpretation of the American Revolution", *William and Mary Quarterly*, 3rd ser., XXIX (1972), p. 25.

of these posed the serious threat to dissipation of the economic rent that the planters, or other merchants, represented.[19] In fact, all but one of these groups were subject to some form of merchant control. In the case of the Jersey crews, indentures kept them tied to the firm, which either gave them a trade (or skill, in the case of apprentice clerks) in return for their labour, or a wage which supplemented their family income back home in Jersey. A modified barter system was used with part-time fishermen, and a full-scale barter system operated in the case of the *engagé*. Since the latter sold his labour to the firm at a fixed rate of barter in return for the use of the firm's equipment, his catch never belonged to him at any stage of the proceedings. The *engagé* was the fishery's equivalent of a landless labourer who could not hope to own the means of production: the fisherman without a boat. The seasonal migrant labour, composed of French Canadian splitters and salters hired annually by the firm's agents from the area around Quebec City, were paid cash. Since they were not resident on the coast and did not catch the fish but were involved in the on-shore processing, they posed no threat to Jersey hegemony in the Gulf fishery and thus it was not necessary to prevent capital formation among them.

The strategy used by CRC to capture the economic rent of the fishery, which revolved around the instigation and operation of the truck system, left the firm in control of the access to the resource, both directly in terms of its own fishing effort and indirectly through control of other fishermen on the coast. In no other staple trade was access to the resource so immediately open, and in no other staple trade was it so tightly controlled and protected by private enterpise.[20] The fishing village — the spatial expression of the merchant's *modus operandi* — was a functionally integrated and spatially concentrated production unit, not merely a residence or service centre for the industry. It was not only the productive unit but also the processing unit, the point of collection of the staple and of distribution of the requirements of the industry, the point of importation and of exportation, and the point of local management over all these functions. It was small, compact and it looked to the sea for both the exploitation and the transportation of the fish which were its *raison d'être* and for which it was the point of access. The cod fishery required no roads and only minimal landward development to service the industry. The village imported all its needs and exported all produce by sea without drawing on the surrounding area, and thus it could assemble all its inputs and put together its outputs at no additional transportation cost. In Vance's terminology, the "consumption system receiving trade"

19 See R. E. Ommer, "From Outpost to Outport", pp. 185-200, for a more detailed discussion.

20 Even the fur trade was not so compromised by unprotected rent. The sheer distances involved limited access, since heavy capital demands were made through the operation of extended supply lines and overextension of these supply lines was a common reason for commercial failure. In the fishery, ease of access was (and is) not hindered by great distances; the problem here is not entry, but the capacity to remain in the business over an extended period of time.

and the "production system returning trade" were subsumed within the same outport.[21]

The village was therefore a spatial expression of the control which the merchant acquired on the coast. Through this import/export monopoly the merchant controlled the access of the fisherman to the market by buying the fish from him in exchange for supply goods into the fishery and protection from insecure markets and bad years. This control was doubly secure since not only were the fish sold abroad but supplies came from abroad and local fishermen did not have the financial capacity for building or owning ocean-going vessels.[22] Paspébiac was the heart of this CRC merchant system in the New World. It was the principal collection depot for fish, distribution centre for supplies and coordinating headquarters for the whole industry, although its larger outports also assembled supplies and fish under Paspébiac's central control for the smaller stations along the coast.[23]

Since CRC maintained entrepreneurial control and management training within its own system, by extension if not by design it hindered the development of local entrepreneurs in the fishery. The organizational skills of the Jersey merchants, regarded with admiration and envy by observers, were a vital element in their control of the staple:

> Rien de plus beau que l'ordre, la proprété et l'économie qui règnent dans ces établissements. Aussi exige-t-on des différents commis employés dans le commerce du poisson un apprentissage regulier qui dure plusieurs années. Il n'y a pas un agent supérieur qui n'ait eu pendant longtemps la charge d'un petit établissement, où il a du donner des preuves de son activité et de sa capacité; pas un premier commis qui n'ait d'abord appris, en occupant des emplois inférieurs, à bien juger de la valeur de marchandises, de la qualité du poisson.[24]

Such finely-concentrated control of management skills, and indeed of all

21 James E. Vance, Jr., *The Merchant's World: the Geography of Wholesaling* (New Jersey, 1970), p. 4.

22 Indeed, even when a small firm overproduced codfish beyond its vessels' carrying capacity, the only outlet to market for the excess freight (as late as 1844) was on another Jersey merchant's vessels. Such arrangements are commonplace in the CRC Letterbooks. See also the "Agreement of the 15th October 1844" between the Perrée firm of Gaspé and Fruing and Sons, Perrée Papers, Société Jersiaise, St. Helier, Jersey. Perrée agreed to freight 700 quintals of dry cod, along with sundries and passengers, at a cost of 2/- per quintal and £3-10-0 for passengers. See also R.E. Ommer, "From Outpost to Outport", pp. 200-1, 220.

23 Report of Pierre Fortin on the Gulf of St. Lawrence Fisheries for the year 1860, United Province of Canada, *Sessional Papers* (1861), App. 33. See also Paspébiac agent to Creighton and Grassie, 16 June 1840, CRC Letterbooks, volume for 1834-58.

24 Report of Pierre Fortin for the year 1857, United Province of Canada, *Sessional Papers* (1858), App. 31. See also Innis, *The Cod Fisheries*, pp. 278-9.

organizational facets of the industry, was made possible by the spatial concentration of the industry. While the natural tendency of the timber trade was to spatial *extension* of the various commercial roles that operated, the natural tendency of the fish trade was to spatial *concentration* of those roles.[25] The total concentration of production within the fishing village allowed CRC to devise and maintain a tight monopoly in the area, even over the selection of clerical staff from Jersey. The transportation of the latter from Jersey and their subsequent on-site training within the confines of Paspébiac headquarters abrogated the need for extensive, and therefore expensive, training that would have been needed if local personnel had been used. Even the apprenticeship of clerks was tied into the merchant strategy, since a clerk's training was his payment for his services.

When, in the years following 1840, CRC achieved vertical integration of the trade through a pattern of linked directorships that ran from Jersey's Gulf production centres into the supply and market centres,[26] the functional integration of the industry was complete. Once the strategies for control of the staple had been devised and implemented, the fishery had achieved a concentration of power and control that was more intensive than that created in any other nineteenth-century staple. The firm became at the one time supplier, importer, distributor, producer, processor, collector, exporter, marketer and financier of the Jersey-Gaspé fishery.

The implications of this merchant strategy for income and development in the region were serious. The fishery has had a poor reputation among economists because of its inability to contribute to regional development. Paquet has commented that if forward, backward and final demand linkages are used to evaluate the development potential of a staple,[27] then "the input of the cod economy in Canadian development has been marginal in all senses of the word". In fact, he argued, "in the list of leading sectors ranked by degree of development stimulation, fisheries are right at the bottom".[28] In a study

25 See Graeme Wynn, "Industrialism, Entrepreneurship and Opportunity in the New Brunswick Timber Trade" in L.R. Fischer and E.W. Sager, eds., *The Enterprising Canadians: Entrepreneurs and Economic Development in Eastern Canada, 1820-1914* (St. John's, 1979), pp. 10-13.

26 R.E. Ommer, "From Outpost to Outport", pp. 46 and 154.

27 Melville Watkins, "A Staple Theory of Economic Growth", *Canadian Journal of Economics and Political Science*, 29 (1963), p. 55 defines forward linkage as "a measure of the inducement to invest in industries using the output of the export industry as an input", backward linkage as "a measure of the inducement to invest in the homeproduction of inputs, including capital goods, for the expanding export sector" and final demand linkage as "a measure of the inducement to invest in domestic industries producing consumer goods for factors in the export sector".

28 Gilles Paquet, "Some Views on the Pattern of Economic Development", in T.N. Brewis, ed., *Growth and the Canadian Economy* (Toronto, 1968), p. 44.

grounded in export-base theory, Gilmour looked at an area of successful staple growth (Southern Ontario) and remarked that "the more favourable the production function, and the more equitably distributed the income derived from the export sector, the greater are the opportunities for investment in non-export activities".[29] He then gave fish and timber rather poor ratings in this respect. But export-base studies, despite their useful concept of a "leading staple", have failed to examine the possibility that the inherent properties of certain export staples can constrain both the production function and the linkages and can, therefore, help to determine how the export sector affects economic development. Obviously, for example, the spatial concentration of the fishing industry on the littoral is inherent in the nature of the staple. The functional integration of the nineteenth-century merchant system, while not an inevitable consequence, was a direct response to the common-property nature of the fishery. The effective establishment of property rights over the resource through the use of the truck system was part of that response and, taken together, all these factors had serious effects on linkage formation and growth.

Since the technology for processing fish in this region in the nineteenth century did not go beyond curing and drying, the forward linkage effects of the staple were minimal, the value added to the raw product at source was minimal, and little additional income accrued to the domestic economy. Backward linkage was more complex. Transportation is probably the most important backward linkage in a staple economy, particularly in a newly-settled region, since it lays the basis for an integrated economy as opposed to point development in an area. In Gaspé, transportation could have taken two forms: roads and shipbuilding, both of which would have provided other sets of linkages and led to some development of the hinterland. But the cod fishery required no roads, since its communication links were the sea lanes, and so the merchants built none. In 1832, Gaspé was without any road system at all and 25 years later, in 1858, the Canadian Fisheries officer for the Gulf of St. Lawrence commented that "le manque absolu de chemins a empêché jusqu'à present les inhabitans de la côte d'aller s'établir dans l'intérieur où les terres sont unies, d'un sol excéllent, et couvertes de plus beaux bois".[30] Shipbuilding was developed in Gaspé in the early years, but transferred across to Jersey from the Gulf cod-trade production centres as soon as Jersey began to enter the international carrying trades of the British Empire.[31] Moreover, the linkages derived from shipbuilding amounted to little more than the cutting of timber in the forests immediately beyond the

29 J.M. Gilmour, *Spatial Evolution of Manufacturing, Southern Ontario, 1851-1891* (Toronto, 1972), p. 60.

30 J.D. McConnell to F.W. Baddely, *Queben Mercury*, 18 November 1833; Report of Pierre Fortin for year 1857, United Province of Canada, *Sessional Papers* (1858), App. 31.

31 See R.E. Ommer, "Nouvelles de Mer: the Rise of Jersey Shipping, 1830-1840" in Fischer and Sager, eds., *The Enterprising Canadians*, pp. 173-4.

fishing stations.[32] While it cannot be assumed that shipbuilding, or roads, would automatically have stimulated diversification of the economy, it can be argued that without them even the preconditions of domestic development did not exist.[33]

Given the minimal forward linkages inherent in the staple and the negligible backward linkages derived from it, final demand linkages were not likely to be very promising. The size of the domestic market is obviously important here, and that in turn is dependent on how domestic income is distributed and how much of it stays in the area. If per capita income is high and equally distributed, then final demand linkages will be strong, since consumers will stimulate the local production of goods and services.[34] If per capita income is low, subsistence (home production) will usually follow. If income per capita is unequally distributed, then luxury imports will be in demand at the higher income level while subsistence will predominate in the low income group. Because of the truck system and the concomitant import/export monopoly of the fish merchants, per capita income in the 1830s and 1840s was likely to be very low indeed, unless there were other businesses in the area to provide some broadening of the economic base. In 1833 in Gaspé County there were only ten farmers, all in the Gaspé Bay area (of whom seven were also involved in the fishery), four whalers in Gaspé Bay, five shipbuilders (one a Jersey firm), one blacksmith, two lumber merchants, five shipowners (all Jerseymen), eighteen fish merchants (of whom all but five were Jerseymen) and thirty-two major fishing establishments (of which sixteen were Jersey owned). There were also numerous small fishing stations, mostly in Jersey hands.[35] During the same period, in the neighbouring area around Miramichi, where fish was not the sole staple, saw mills, grist mills and roads developed rapidly. Northumberland County in 1830 had eighteen saw mills (1:513 persons) and 13 grist mills (1:711 persons); in newly-formed Kent County there were eleven saw mills (1:411 persons) and 9 grist mills (1:540 persons). Even Gloucester County, which had the poorest performance of the New Brunswick north shore, had six saw mills (1:1083 persons) and eight

32 *Ibid.*, p. 173.

33 Other backward linkages, such as the making of tubs, gear, etc., were also restricted and in some cases completely removed from the coast to Jersey. See R.E. Ommer, "The Trade and Navigation of the Island" in D. Alexander and R. Ommer, eds., *Volumes Not Values: Canadian Sailing Ships and World Trades* (St. John's, 1979), pp. 33-61, for a detailed discussion of linkage removal to the metropole.

34 M. Watkins, "A Staple Theory of Economic Growth", p. 55; D.C. North, "Location Theory and Regional Economic Growth", *Journal of Political Economy*, 63 (1955), pp. 243-58; J.M. Gilmour, *Spatial Evolution of Manufacturing*, esp. ch. 2; R.E. Baldwin, "Patterns of Development in Newly-Settled Regions", *Manchester School of Economic and Social Studies*, 24 (1956), pp. 161-79.

35 J.D. McConnell to F.W. Baddely, *op. cit.* This Report was used to compile the above description.

grist mills (1:812 persons): this was the County bordering the Baie des Chaleurs, directly across the Baie from Paspébiac, and with Jersey codfisheries at Caraquet, Miscou and Shippegan. By contrast, the whole Gaspé Peninsula had only 6 grist mills (1:1719 persons) and 3 saw mills (1:3437 persons). Gaspé County had only 0.1% of all households involved in saw or grist milling (0.02% of the population), while Bonaventure County had 0.85% of all households, or 0.15% of the population.[36]

The overwhelming dependence of the Gaspé area on the fisheries meant that much of the population of Gaspé operated effectively within the Jersey truck system. As Table 1 shows, the fish merchants imported and sold those articles needed for the fishery along with those items the people did not produce for themselves.[37] Wages were generally low and paid in barter. Those who fished were paid either "half their catch" or £3 per month 'store payment' (truck), goods being charged "at about 25% premium which (the risk, expenses of handling, etc., in receiving fish payment taken into account) is by no means an extravagant or too liberal a difference".[38] An 1833 *Report* distinguished between the 'operative fisherman' who fished for himself and the *engagé*, the man without ownership of the means of production in the form of essential fishing gear. The 'operative fisherman' required "hooks, lines, boat, provisions" and even he, unless "very attentive and sparing", would have "very little to his credit at the end of the season".[39] In effect, cash surpluses, which would have created final demand linkages, did not exist since, as the *Report* explained, "Cash can scarcely be considered a circulating medium in this country, barter being the desideratum of our trade".[40] Income was therefore uniformly low, as might be expected, since the fish merchant's interest was focussed not on Gaspé as a potential consumer market, but on cheap fishing and cheap labour and, most importantly, his ability to supply and control both, thereby ensuring his economic rent from the fishery.

What little capital existed tended to flow out of the area and back to the mother country as payment for the few luxury imports that were demanded, while no counterbalancing flow of capital accrued to Gaspé. Nor could the

36 Robert Cooney, *A Compendious History of the Northern Parts of the Province of New Brunswick and of the District of Gaspé in Lower Canada* (reprinted Chatham, 1896), pp. 278-9; Lower Canada, *Census and Statistical Returns*, 1831, returns for Gaspé County and Bonaventure County. For demographic and agricultural data, and further analysis, see R.E. Ommer, "From Outpost to Outport", pp. 210-22.

37 J.D. McConnell to F.W. Baddely, *op. cit.*; *Guernsey and Jersey Magazine* (Jersey, 1837), p. 310.

38 J.D. McConnell to F.W. Baddely, *op. cit.* "Premium" means that store goods were sold at 25% above their actual value. This was not seen as a profit but as a way of covering the costs incurred in handling fish bought from local fishermen in a barter transaction.

39 *Ibid.*

40 *Ibid.*

TABLE 1 JERSEY EXPORTS TO THE FISHERIES: 1830s.

Year	Potatoes	Flour	Biscuit	Pork	British Salt	Foreign Salt	Bricks	Cider
1833	732 tons	196 tons	257 tons	760 barr.	447 tons	420 tons	70,900 tales	6762 galls.
1834	586 tons	178 tons	273 tons	928 barr.	1318 tons	288 tons	21,500 tales	2155 galls.
1835	325 tons	312 tons	237 tons	-	395 tons	722 tons	39,450 tales	8400 galls.

Year	Sail Cloth	Ready Made Sails	Cottons (Shirts, etc.)	Cloth	Woollen Clothing	Linen Clothing	Worsted Clothing	Boots	Shoes
1833	7531 yards	4493 yards	19,653 yards	341 articles	2978 articles	3864 articles	2337 articles	1013 pair	12,271 pair
1834	7829 yards	4913 yards	17,026 yards	53 articles	2866 articles	3743 articles	2005 articles	871 pair	11,309 pair
1835	8963 yards	6552 yards	16,589 yards	97 articles	2662 articles	2384 articles	1629 articles	705 pair	10,598 pair

EXPORT (1835)	APPROX. VALUE (£ STERLING)
Potatoes	490
Flour	3000
Biscuit	2000
Cider	80
Boots	630
Shoes	2120

Source: *Guernsey and Jersey Magazine* (Jersey, 1837), p. 310.

supply factors of rate of saving and the supply of entrepreneurial labour in this economy have enhanced development.[41] A continued influx of cheap labour from Jersey and the colonial mercantile control mechanisms that operated on the coast kept incomes low while savings generated by the economy were either re-invested in the fishery or returned to Jersey in the form of salaries of Jersey labourers or merchant profits. So long as the truck system and the import/export monopoly were operating, the low income factor had to remain constant. Final demand was non-existent so long as the population remained tied to dependency on the fishing firms.

The merchant fishing economy of Gaspé, then, provided few opportunities for any real development. If the economy had been based on a combination of staples, of which codfish was only one, then a more satisfactory set of linkages might have developed. But the weaknesses of a single staple economy were intensified by the merchant truck system. Backward linkages, such as they were, were removed to Jersey and final demand linkages could not occur at all. Nonetheless, while the local population remained poor and the local economy even more underdeveloped than what could have been expected for the region at that time, the fishery was not an economic failure. On the contrary, it was rendered efficient and viable, since the chronic danger of dissipation of the economic rent had been avoided by the merchant strategies employed on the coast for precisely that purpose. These strategies were not conceived as a weapon of economic power designed to dominate a colony; they were perceived as necessary steps which had to be taken by a merchant enterprise if it was to secure its earnings from a common property resource.

Today, the cod fishery is being examined with great interest by provincial governments looking to achieve a strong economic base for the Atlantic region of Canada. The staple is seen as a renewable resource, high in protein and relatively cheap in an age of escalating beef prices. The dangers of the common property nature of the resource have been recognised to a degree, and the 200-mile limit put in place in order to establish Canadian management of the stocks through control of access within the limited area. This strategy has been successful, at least in the short term, as catches and returns from the Atlantic fishery have increased. However, while recognition of the need to own and manage the resource at the national level has the effect of preventing international dissipation of the economic rent, it does not solve the basic problem, so much as return it to a regional level. The result has been to highlight the

41 R.E. Baldwin, "Patterns of Development", pp. 161-79, argued that the price of the export staple and the "array of factor prices" at the metropole would greatly influence the production function of the staple, which would in turn have a strong impact on later development of the newly-settled region, since the production function initially influenced "the nature of the labour and capital supply which flows into each region and the distribution of each economy's national income". In the case of the cod fishery, the export commodity was of low value, the capital requirements relatively low (although beyond the local fisherman), and labour cheap.

problems of regional management of the resource: should the northern cod stocks, for example, be processed in Newfoundland, or the Maritimes, or both? Disputes over federal/provincial jurisdiction, licensing, 'over-the-side sales' and other such present-day problems of the industry are really no more than modern expressions of the age-old issue of management of a common-property resource. In a decade when the provincial government of Newfoundland has stated its intention to make the fishery the prime generator of wealth and stability in the province's future, such management conflicts must be seriously considered as must Paquet's condemnation of the fishery as "right at the bottom" in development prospects.

Scott Gordon has pointed out the danger to a fishing economy of the dissipation of economic rent that occurs when the resource is unregulated: "under unregulated private exploitation, they [the fisheries] can yield no rent; that can be accomplished only by methods which make them private property or public (government) property, in either case subject to a unified directing power".[42] But, while his model is theoretically interesting, it empirically fails to predict the ingenuity of capitalists in establishing property rights and protecting economic rent without declaring them "private property". This case study of the Jersey merchants shows just how effective the industry became under their ingenious version of "unregulated private exploitation" which they developed into a "unified directing power" in the Gulf fisheries. At the same time it also warns that the local population may be shorn of the benefits derived from the resource in the process. Fisheries development policy is likely to take one of two directions in the future. One is to support large private firms, with the government's role being primarily regulatory; the other is for the government to take a far greater role in controlling catching, processing and marketing. Either strategy attempts to wrestle with the common-property nature of the resource, and both are fraught with problems. In the case of private management there is a real danger that, while the industry might become efficient and profitable, the profits from the fishery would benefit only the industry rather than the population and the region, as happened in nineteenth-century Gaspé. In the case of greater government control, there is the danger of disarticulation, disorientation and lost control.[43] A recent provincial white paper has stated:

> It must be recognised that both the Federal and Provincial Governments, plant workers, and the private sector, which includes fishermen, all have a role to play at influencing and directing the course of development within the fisheries sector. It is essential, therefore, that various interest group conflicts be minimized and that the appropriate measures be taken to

42 H. Scott Gordon, "The Economic Theory", p. 135.

43 See D. Alexander, *The Decay of Trade* (St. John's, 1977) for a demonstration of this in the Newfoundland fishery in the mid twentieth century.

> ensure that benefits accruing from the exploitation of fish stocks are consistent with rational resource management objectives and desirable socio-economic considerations.[44]

Thus, the nineteenth-century paradox of poverty in the midst of resource plenty is analagous to the twentieth-century dilemma of fisheries management. The challenge facing the Atlantic region today is quite literally that of attempting to fly in the face of history, of trying to prevent the usual "tragedy of the commons",[45] of succeeding in capturing the economic rewards of the fish staple without depriving the region's people of its benefits.

44 Government of Newfoundland and Labrador, *White Paper on Strategies and Programs for Fisheries Development to 1985* (St. John's, 1978), p. 2.

45 John Baden and Garrett J. Hardin, eds., *Managing the Commons* (San Francisco, 1977), pp. 16-30.