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Article abstract

Unemployment insurance (UI) benefits have had a huge impact on Canada's fishing communities since the St. Laurent government extended coverage to the industry in 1956. Nevertheless, the origins and development of this programme have not attracted much attention from historians. This paper seeks to rectify that situation and at the same time, shed some light on social policy formation at the federal level in post-war Canada. The weight of evidence indicates that influences external to the state were of great importance. A unique combination of circumstances in Newfoundland prompted that province's fishers to wage a grass roots campaign for insurance coverage, and their agitation, along with the efforts of their Cabinet representative, J.W. Pickersgill, eventually overcame significant opposition within the government. This extension of UI, despite being the subject of much criticism in recent years, was on balance, the best available short-term solution to the Newfoundland fisheries problem: the St. Laurent government's real policy failure was its conservative approach to long-term fisheries development.

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L. RICHARD LUND

Résumé

Unemployment insurance (UI) benefits have had a huge impact on Canada's fishing communities since the St. Laurent government extended coverage to the industry in 1956. Nevertheless, the origins and development of this programme have not attracted much attention from historians. This paper seeks to rectify that situation and at the same time, shed some light on social policy formation at the federal level in post-war Canada. The weight of evidence indicates that influences external to the state were of great importance. A unique combination of circumstances in Newfoundland prompted that province's fishers to wage a grass roots campaign for insurance coverage, and their agitation, along with the efforts of their Cabinet representative, J.W. Pickersgill, eventually overcame significant opposition within the government. This extension of UI, despite being the subject of much criticism in recent years, was on balance, the best available short-term solution to the Newfoundland fisheries problem; the St. Laurent government's real policy failure was its conservative approach to long-term fisheries development.

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Les prestations d'assurance chômage ont eu un impact énorme sur les communautés canadiennes de pêcheurs depuis que le gouvernement de Louis Saint-Laurent a inclus leur industrie au nombre des secteurs éligibles, en 1956. Néanmoins, les origines et le développement de cette partie du programme social n'ont pas reçu beaucoup d'attention de la part des historiens. En cherchant à rectifier la situation, cet article jette un éclairage révélateur sur la formation des politiques sociales au niveau fédéral dans le Canada de l'après-guerre. Tout porte à croire que des forces en dehors de l'État ont joué un rôle important. Profitant d'un enchevêtrement particulier de circonstances à Terre-Neuve, les pêcheurs de la province ont lancé leur propre campagne en faveur de l'éligibilité au programme. Ajoutée aux efforts de J.W. Pickersgill, représentant de Terre-Neuve au cabinet fédéral, leur lutte a permis de passer outre les réticences de

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taille qui demeuraient au sein du gouvernement. Si cette extension de l'assurance chômage a fait l'objet de plusieurs critiques récentes, elle avait fourni, à court terme, la meilleure solution au problème des pêcheries dans la province. C'est plutôt dans le conservatisme de sa conception des pêcheries à long terme que réside l'échec de l'administration de Saint-Laurent.

Soon after the inclusion of the fishing industry in Canada's unemployment insurance (UI) programme in 1957, Newfoundlanders began commenting that "fishermen no longer fish for fish, but for unemployment insurance stamps."[1] More than just colourful exaggeration, such comments reflected an innate understanding of how important qualifying for UI benefits would become for anyone hoping to make a living in Canada's commercial fisheries. In 1984, for example, UI payments accounted for, on average, 23% of the income of full-time fishers on Canada's East Coast, and as much as 44% in parts of Newfoundland and Labrador.[2] While, over the years, fishing communities and social activists have applauded the higher standard of living which UI benefits brought to many remote areas each winter, few others have had much positive to say about the coverage of fishers. Lloyd Axworthy's recent social policy discussion paper identified the frequent use of UI by seasonal workers as one of the most serious problems facing Canada's social security system in the 1990s.[3] Others argue that fishing coverage, in particular, has encouraged abuse of the UI programme, cultivated permanent dependence on government aid, and attracted too many people to an already congested, uncompetitive industry.[4] These criticisms seem particularly cogent in light of today's overburdened UI system, continued high government deficits, and the recent collapse of the East Coast cod fishery.

However, a proper evaluation of UI for fishing cannot rest solely on the current situation; a thorough understanding of the context within which the St. Laurent government made the original decision in 1956 must also constitute an important part of any such analysis. Unfortunately, despite the obviously vital role which UI benefits

1. Each insured worker had a booklet into which employers placed stamps to indicate that contributions had been made for a specific period of time. The Unemployment Insurance Commission then determined benefit entitlement on the basis of the number of stamps in each claimant's booklet. Canada, National Archives (NA), RG 33, Records of Federal Royal Commissions (RC), Series 48, Vol. 16, File 4-2-1 [1], "Fishing," Unemployment Insurance Commission (UIC), 18 October 1961, 6.
2. Canada, Department of Fisheries and Oceans, *1984 Survey of Income and Employment of Atlantic and Quebec Fishermen* (Ottawa, 1987), 15.
3. Canada, Department of Human Resources Development, *Improving Social Security in Canada: A Discussion Paper* (Ottawa, October 1994).
4. Dr. David P. Ross, *Report on the Income Security System in Newfoundland*, Background Report #26, Royal Commission on Employment and Unemployment (Newfoundland and Labrador, September 1986), 122-3; Maura Hanrahan, *Living on the Dead: Fishermen's Licensing and Unemployment Insurance Programs in Newfoundland*, Institute of Social and Economic Research, Research and Policy Papers No. 8 (Memorial University of Newfoundland, March 1988), 15-16.

have come to play in the fishing industry, the origin of UI for fishers has not attracted much attention from historians. This paper seeks to rectify that situation, and in so doing, shed some light on the social policy-making process at the national level in post-war Canada.

The original UI Act, passed by the Mackenzie King government in 1940, specifically excluded fishers from coverage, along with workers in other seasonal industries such as lumbering and logging, agriculture, horticulture, and shipping.[5] These exclusions were largely the result of prevailing attitudes toward seasonal workers. Historically, they had found it more difficult than most to gain access to public aid when unemployed. The typical view appeared to be that seasonal labourers should be able to save their money and support themselves during idle spells; after all, their jobless periods were predictable and they supposedly received higher wages than year-round employees to compensate for income lost during the off-season.[6] Actuarial experts also opposed including seasonal industries in the new UI plan, insisting that such coverage would violate 'insurance principles'. Off-season joblessness, the actuaries argued, was a certainty, not a risk; allowing seasonal workers to collect benefits during their annual period of joblessness would amount to insuring them against the loss of something that they never possessed. Even more importantly, the actuaries warned, cheating in remote areas, combined with frequent jobless claims from seasonal workers, would constitute a serious drain on the insurance fund, and perhaps make UI financially unviable. In light of such advice and traditional attitudes, the Mackenzie King government did not find it difficult to exclude seasonal workers from Canada's new UI plan.[7]

At first, Canada's fishers accepted this decision with virtually no complaint. The situation, however, changed dramatically in 1950, when Ottawa began liberalizing the UI Act's provisions dealing with other seasonal workers. The government proceeded with these changes despite opposition from the Unemployment Insurance Commission (UIC), which the 1940 legislation had created to administer the UI plan and

5. Gary Dingledine, *A Chronology of Response: The Evolution of Unemployment Insurance from 1940 to 1980* (Ottawa, 1981), 9-10.

6. According to the Committee of Inquiry into the UI Act, these higher rates of pay had rarely been enough to compensate for several months of lost income, but apparently this fact did little to alter the belief that seasonal workers were less deserving of unemployment assistance than year-round employees. *Report of the Committee of Inquiry into the UI Act* (Gill Report) (Ottawa, 1962), 161; James Struthers, *No Fault of Their Own: Unemployment and the Canadian Welfare State, 1914-41* (Toronto, 1983), 77-78, 169; Ontario, Public Archives, RG 3, Records of the Premier's Office, Series 8, Box 149, File 211.

7. Canada, *Final Report of the National Employment Commission* (Ottawa, 1938), 29; T.A. Fleming, "Unemployment Insurance – Its Possibilities in Canada," *Canadian Machinery and Manufacturing News* (April 1934), 18; Gill Report, 20; Leslie A. Pal, *State, Class and Bureaucracy: Canadian Unemployment Insurance and Public Policy* (Kingston and Montreal, 1988), 107; Canada, UIC, *The Principles That Should Govern The Structure and Provisions of a Scheme of Unemployment Insurance*, Revised Edition (Ottawa, 1954), 5-8, 11-12; Canada, UIC, *An Explanation of the Principles and Main Provisions of the Unemployment Insurance Act*, Revised Edition (Ottawa, 1953), 13-14, 17.

ensure its long-term financial health. The Commission usually heeded the advice of actuarial experts and advocated only those changes to the insurance programme which were in accordance with insurance principles. The federal government initially shared this "actuarial ideology," but Ottawa's commitment to it waned as time passed and attitudes changed.[8]

During and after the Second World War, the notion that the state was responsible for the well-being of its citizens gained greater acceptance in Canada.[9] Traditional *laissez-faire* attitudes no longer dominated to the same degree as in the past. Now, particularly after the unemployment crisis of 1949-50, even the seasonally unemployed apparently had a legitimate claim to public aid. During that winter, a "pronounced seasonal decline ... in several key industries" caused the jobless rate to leap up to 7.4%. This increase was extremely troubling after Canadians had enjoyed an average rate of 2.7% during the previous four years. The unusual severity with which this downturn hit the lumbering and logging industry, virtually the only source of winter employment in many areas, magnified the crisis and highlighted as never before the vulnerability of Canadians to seasonal unemployment.[10] As a result, the idea spread, particularly among federal bureaucrats, that seasonal unemployment was a social problem beyond the capacity of individuals to deal with on their own.[11]

In response, the St. Laurent government decided to use the UI plan and its conveniently available half-billion dollar surplus to help seasonal workers.[12] This approach kept new expenditures to a minimum and allowed Ottawa to avoid acknowledging any extra responsibility for jobless Canadians beyond UI; since the end of the war, most provinces and municipalities had tried to force Ottawa back into the relief field by refusing to assist the able-bodied and seasonally unemployed.[13] Gradually, the St. Laurent government extended insurance coverage to previously excluded seasonal industries

8. Pal, *State, Class, and Bureaucracy*, 31-32, 104-5, 109.
9. J. L. Granatstein, *Canada's War: The Politics of the Mackenzie King Government, 1939-1945* (Toronto, 1990), 251, 264-5, 277.
10. Indicative of the anxiety created by the 1949-50 unemployment crisis is the threefold increase between 1948 and 1950 in references to unemployment and UI in the House of Commons, *Debates*. Canada, House of Commons, *Debates: Index*, 1948, 356-357, and 1950, 258-261; NA, RG 27, Records of the Department of Labour (DL), Vol. 3459, File 4-11B, "Current Unemployment Situation in Canada," 2 February 1950; F.H. Leacy, ed., *Historical Statistics of Canada*, Second Edition (Ottawa, 1983), Series D491-497.
11. NA, RG 118, Records of the Department of Manpower and Immigration (MI), Accession (Acc.) 77-78/103, Box 22, File 11-5-3-9-1 [3], A.H. Brown to A. MacNamara, 13 June 1952, and George V. Haythorne to W.R. Dymond, 1 March 1952.
12. The balance in the UI fund recorded on March 31 each year generally increased from $268 million in 1945 to $875 million in 1957. Canada, UIC, *Annual Report*, 1950-51, p.38, and 1956-57, pp.31-32.
13. James Struthers, "Shadows from the Thirties: The Federal Government and Unemployment Assistance, 1941-56," *The Canadian Welfare State: Evolution and Transition*, Jacqueline S. Ismael, ed. (Edmonton, 1987), 3; NA, MG 26 L, Louis St. Laurent Papers, Vol. 165, File U-11-6, J.W. Pickersgill to St. Laurent, 23 October 1952.

such as lumbering and logging, some sectors of agriculture and horticulture, shipping, stevedoring, and forestry. Ottawa also weakened and eventually eliminated the seasonal regulations that the UIC had counted on to prevent these workers from collecting benefits each year during their off-season. To make matters worse, from the UIC's perspective, it was unable to prevent the establishment and subsequent expansion of supplementary benefits intended to provide insurance payments during the winter months to workers who had exhausted their regular entitlement.[14]

These changes, none of which included fishers, immediately sparked demands for similar treatment. Many fishers who annually supplemented their income by working in winter logging camps, for example, found that when such jobs disappeared, during and after the economic crisis of 1949-50, they were ineligible to receive UI benefits. On the other hand, bushworkers who did not fish or farm qualified for both regular and supplementary payments. Employees of fish processing plants, many of whom were women, also qualified during the off-season, while fishers, most of whom were men, could not gain access to this "rocking chair money" even though they worked longer hours, faced greater risks, and provided fish plant workers with the product upon which their jobs depended. This "great injustice" became a popular topic in local newspapers all over Newfoundland and proved to be a key factor in motivating that province's fishers to demand UI coverage.[15]

Fishers from all across Canada, including the United Fishermen's and Allied Workers' Union of British Columbia, demanded UI benefits, but they did not do so with the same frequency or passion as Newfoundland fishers. In the House of Commons, MPs, such as W.J. Browne and C.W. Carter, from Canada's newest province led a steady agitation during the 1950s. MPs from other provinces also called for the inclusion of fishermen, but they tended to mention UI only as an aside to their more general demands for other types of fisheries aid; Newfoundland's representatives usually made UI the centrepiece of their comments. This divergence became less apparent as the decade progressed and success seemed more likely, but from beginning to end, Newfoundlanders dominated the campaign to bring Canada's fishers into the UI programme.[16]

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14. NA, RG 55, Records of the Treasury Board (TB), Acc. 80-81/248, Box 12, File 8508-4, "Proposals For Correcting Some Factors That Have Been Weakening the Unemployment Insurance Scheme, Increasing the Drain on the Fund and Leading to Abuse," (Green Book), UIC, 1960, Appendices B, C, and E.
15. NA, RG 2, Records of the Privy Council (PC), Vol. 5775, "Cabinet Conclusions," 12 July 1956, p.8; House of Commons, *Debates*, 28 June 1950, Higgins, 4341-4342, 4 May 1951, Higgins, 2713-2714, and 16 January 1956, Stick, 133-4; DL, Vol. 3456, File 4-2-5-7 [1], "UI for fishermen," UIC, 16 May 1955; MI, Acc. 77-78/103, Box 45, File 11-9-4-3 [1], Pickersgill to Milton Gregg, 22 March 1955.
16. Commercial sea fishers also dominated this campaign as Canada's smaller fresh water fisheries did not play an important part in the agitation for UI coverage. The House of Commons, *Debates*, 1949-1956, contain numerous examples of requests for the coverage of fishers. NA, RG 23, Records of the Department of Fisheries (DF), Vol. 1137, File 721-64-3 [2], Homer Stevens, Secretary-Treasurer, United Fishermen's and Allied Worker's Union,

A unique combination of political, social, and economic circumstances created an atmosphere in the new province which encouraged its fishers to believe that they had a right to UI coverage and that it was the answer to all of their problems. For example, fishing dominated Newfoundland's economy to a much greater degree than in other provinces,[17] so fishers possessed a unique sense of their own importance within the province. Not surprisingly then, they reacted with more bitterness to their exclusion from UI than other Canadian fishers, expressing deep resentment that workers such as themselves, who formed the backbone of Newfoundland's economy, were not insured, while other "less important" groups enjoyed coverage. As one local Department of Fisheries official stated in October 1951, "the question of [unemployment] insurance for fishermen is quite a sore point [here] generally, particularly since unemployment insurance for other forms of industrial activity came in force."[18]

Newfoundland fishers' economic difficulties also created a greater incentive for them to demand UI. In 1949, the province's salt cod fishery suffered a serious setback in its traditional southern European market as a result of currency devaluations and competition from newly rebuilt European fishing fleets. Conditions deteriorated to such an extent that between 1947 and 1955, exports of Newfoundland salt cod to Europe declined by a stunning 75%. Unfortunately, the frozen and fresh fish sectors, expanding less quickly than many had hoped, provided inadequate compensation for the traditional fishery's painful contraction.[19] Many Newfoundland fishers had no alternative but to leave the industry. Between 1947 and 1954, the number of people fishing

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Vancouver, B.C., to George Clark, Deputy Minister of Fisheries, 6 January 1956, and Vol. 1136, File 721-64-3 [1], Charles A. Cannon, MP, to Dr. Stewart Bates, 27 December 1950; J.W. Pickersgill, *My Years With Louis St. Laurent: A Political Memoir* (Toronto, 1975), 227; RC, Series 48, Vol. 15, File 3-1-11 [1], "The Scope and Effects of Unemployment Insurance Coverage for Fishermen: With Special Reference to Modified or Substitute Schemes," Department of Fisheries, May 1962, p.11.

17. In 1961, fishing and trapping accounted for 3.2% of employment in Nova Scotia and 2.1% in New Brunswick. However, in Newfoundland, fishing alone accounted for between 15.1% and 20.4% of employment from 1955 to 1961. William L. Marr and Donald G. Paterson, *Canada: An Economic History* (Toronto, 1980), Table 13:6, p.430; Canada, Fisheries Service, Department of the Environment, *Annual Statistical Review of Canadian Fisheries*, Vol. 3, 1955-70, Table 40, p.61; Newfoundland and Labrador, Economics and Statistics Division, Department of Finance, *Historical Statistics of Newfoundland and Labrador*, October 1970, Vol. I (1), Table C-1, p.41.
18. DF, Vol. 1136, File 721-64-3 [1], R. Gushue to L.S. Bradbury, 23 October 1951; Pickersgill, *My Years With Louis St. Laurent*, 200.
19. In 1953 alone, many fishers experienced price drops of 25% to 35% and soon after faced further difficulties when Canada's economy slipped into a recession. PC, Vol. 2653, "Cabinet Conclusions," 12 June 1953; Kenneth Norrie and Douglas Owram, *A History of the Canadian Economy* (Toronto, 1991), 550-551, 568; David Alexander, "The Collapse of the Saltfish Trade and Newfoundland's Integration into the North American Economy," *Canadian Historical Association, Historical Papers* (1976), 240-241; Raymond Benjamin Blake, "The Making of a Province: Newfoundland's Integration into Canada, 1948-57," Ph.D. Thesis, York University, 1991, pp.281-2, 284-9.

commercially in the province declined by 38%, while healthier fisheries in the rest of Canada 'enjoyed' only a 3% reduction.[20]

Those Newfoundlanders who did not leave the fishery still faced a more daunting task trying to make a living than their colleagues in other provinces. The small boat inshore fishery as a whole, which employed almost 80% of Newfoundland's fishers in 1951, suffered from a relatively short season, a lack of capital investment, low productivity, a reluctance to adopt technological improvements, and a credit system which still put too much power in the hands of merchants.[21] In addition, Newfoundland fishers relied on a limited number of groundfish species of generally low value. Higher value molluscs and crustaceans, such as lobster, accounted for only 12% of the province's total landed value. In contrast, these more valuable species constituted 81% of total landed value in P.E.I., 51% in New Brunswick, and 43% in Nova Scotia. Fishers in British Columbia enjoyed the even greater advantage of a lucrative trade in salmon.[22] The average annual value of sea fish landed per fisher, which was substantially lower in Newfoundland than in the Maritimes and B.C., further illustrates the disadvantaged position of fishers living in Canada's newest province(see Table 1).

Only in Quebec was landed value per sea fisher lower than in Newfoundland. A closer examination of even this statistic, however, reveals another disadvantage of fishing in Newfoundland. In Quebec's Gaspé region, for example, approximately 75% of fishers accepted off-season employment in the lumbering and logging industry when work was available. In Newfoundland, though, only about 33% worked during the winter; the vast majority of that province's fishers relied more or less exclusively on their fishing income. There were cultural barriers to off-season employment in some Newfoundland communities, as fishers often considered bushwork to be only for those who "couldn't make it in the fishery."[23] The economic barriers, however, were more daunting. With the weakest provincial economy in the country between 1951 and 1956,[24]

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20. Canada, Royal Commission on Canada's Economic Prospects, *The Commercial Fisheries of Canada*, prepared by the Department of Fisheries and The Fisheries Research Board, 1956, p.150.
21. One estimate suggested that shortly after Confederation, 90% of Newfoundland fishers still depended on expensive merchant credit. DF, Vol. 1136, File 721-64-3 [1], "Survey of the Fishing Industry in Canada," UIC, April 1951, p.4; David Macdonald, *Power Begins at the Cod End* (St. John's, 1980), 12, 20-21; Peter R. Sinclair, *State Intervention and the Newfoundland Fisheries: Essays on Fisheries Policy and Social Structure* (Brookfield, USA, 1987), 39-40.
22. All data is for 1955. Atlantic Provinces Economic Council, *Atlantic Provinces Fishery*, Pamphlet No. 12, June 1968, Table IX to XII, 40-43.
23. Cato Wadel, *Now, Whose Fault is That? The Struggle for Self-Esteem in the Face of Chronic Unemployment* (St. John's, 1973), 5; DF, Vol. 1136, File 721-64-3 [1], "Survey of the Fishing Industry in Canada," UIC, April 1951, p.13, 33.
24. During this period, Newfoundland and Labrador had an average annual unemployment rate of 8.6%, the other Atlantic provinces had a more tolerable rate of 5.3%, and the national rate averaged only 3.5%. Also, personal income in Newfoundland was only 52% of the national

Table 1: Average Annual Landed Value of Catch Per Sea Fisher in Selected Provinces

Prov.	1953	1954	1955	1956	1957	1958	1959	1960	Avg.
Nfld.	$743	$928	$835	$1009	$830	$616	$788	$867	$827
N.S.	$1500	$1550	$1658	$1741	$1512	$1815	$2084	$2042	$1738
N.B.	$663	$769	$681	$848	$875	$1213	$1390	$1531	$996
P.E.I.	$1039	$1055	$1145	$1331	$1183	$1170	$1315	$1417	$1207
P.Q.	$491	$496	$579	$749	$648	$608	$719	$795	$636
B.C.	$2554	$2684	$2205	$3080	$2339	$3486	$2407	$1913	$2584

NOTE: All values have been rounded off to the nearest dollar. Sources include: Canada, Fisheries Service, Department of the Environment, *Annual Statistical Review of Canadian Fisheries*, Vol. 1, 1953-68, Table 5, Table 6, and Table 33, 9,10, 43; and R.I. McAlister, *Newfoundland and Labrador: The First Fifteen Years of Confederation* (St. John's, 1966), Table 41, 118.

fishers in Newfoundland had fewer opportunities for off-season work than in any other province.[25] Even those who overcame the odds and managed to find an off-season job generally had it for a shorter period of time and made less money from it than fishers in any other province.[26]

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average and much lower than in the other Atlantic provinces. Atlantic Provinces Economic Council, *Atlantic Provinces Statistical Review*, May 1963, pp.21, 25; Newfoundland and Labrador, *Historical Statistics of Newfoundland and Labrador*, October 1970, Vol. I (1), Table C-1, p.41.

25. Between 1951 and 1961, technological change in the logging industry brought job losses in part-time winter employment across Canada; total employment in forestry declined 25% nationally, but 35% in Newfoundland. The chain saw, specially adapted motorized hauling vehicles, all weather roads, trucks, and the desire for a more permanent, stable work force all tended to reduce winter employment opportunities for fishers. R. I. McAllister, ed., *Newfoundland and Labrador: The First Fifteen Years of Confederation* (St. John's, 1966), 98; Leacy, *Historical Statistics of Canada*, Series D266-289; Newfoundland and Labrador, Statistics Agency, Executive Council, *Historical Statistics of Newfoundland and Labrador*, December 1990, Vol. II (VI), Table C-5, p.43; NA, RG 50, Records of the Unemployment Insurance Commission (UIC Records), Vol. 21, File 4-37-1 [3], UIC to Unemployment Insurance Advisory Committee (UIAC), 9 June 1954; Ian Radforth, *Bush Workers and Bosses: Logging in Northern Ontario, 1900-1980* (Toronto, 1987), 179-190; R.D. Peters, "The Economic and Social Effects of the Transition from a System of Woods Camps to a System of Commuting in the Newfoundland Pulpwood Industry," M.A. Thesis, Memorial University of Newfoundland, 1965, p.24.
26. Fishers who found insurable employment in the off-season typically made $420 over that period in Newfoundland, $536 in Nova Scotia, $608 in areas bordering the Gulf of St. Lawrence, and $570 in B.C. DF, Vol. 1136, File 721-64-3 [1], "Survey of the Fishing Industry in Canada," UIC, April 1951, pp.13, 22, 32-33, 63-64.

Unusually heightened expectations for the future magnified the importance of these economic incentives for Newfoundland fishers to seek government aid. A massive infusion of money and soldiers during World War II had abruptly reduced the island's isolation and revealed to its population the many amenities of 20th-century North American life.[27] Later, in the Confederation campaign, Joey Smallwood and his supporters sold union as the best way to preserve and extend these wartime economic advances. Smallwood insisted that Confederation would bring unprecedented prosperity, an infusion of cash for everyone from Canadian social programs and, in his moments of greatest hyperbole, he allegedly even promised "two jobs for every Newfoundlander."[28] Predictably, as Finance Minister Gregory Power discovered in 1953, Newfoundlanders, "with a suddenness that is startling, ... [were] awakened to a keen realization of the many ways in which Newfoundland had been lagging behind in the march of progress." Their former contentment, he argued, had been replaced with a strong desire for new roads, more and better schools, modern health services, and a generally higher standard of living. This "insatiable impatience ... for progress" was present in "almost every nook and corner of the Province,"[29] but was particularly strong in the outports, because the Confederates, relying heavily on support from these fishing communities,[30] had made lavish promises:

> The cost of living will come down. The cost of producing fish will come down. The Government of Canada will stand back of our fisheries. The Fish[eries] Prices Support Board ..., backed by Canada's millions, will protect the price of your fish.[31]

Confederation, of course, quickly disappointed Newfoundland's fishers. The province's entry into Canada had coincided with the aforementioned sharp decline in the salt cod trade, so the Fisheries Prices Support Board was unable to preserve pre-1949 conditions, let alone improve the situation.[32] In the House of Commons, C.W. Carter, Liberal

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27. Wadel, *Now, Whose Fault is That?*, 6-8.
28. Wadel, *Now, Whose Fault is That?*, 10; Joseph R. Smallwood, *I Chose Canada: The Memoirs of the Honourable Joseph R. "Joey" Smallwood* (Toronto, 1973), 371; "Are You in This List," *The Confederate*, 31 May 1948; *The Political Economy of Newfoundland, 1929-72*, Peter Neary, ed. (Toronto, 1973), 140-1.
29. Blake, "The Making of a Province," 295-296.
30. Peter Neary and J.S.R. Noel, "Continuity and Change in Newfoundland Politics," *The Political Economy of Newfoundland*, Neary, ed., 217-19.
31. "Are You in This List," *Political Economy of Newfoundland*, 140-1.
32. Ottawa set up the Fisheries Prices Support Board under the Fisheries Prices Support Act of 1944 to promote "orderly fisheries adjustment from wartime to peacetime conditions and ... to ensure adequate and stable fisheries returns." The Board could not fix prices, but it could buy and sell fisheries products to influence returns, and also make deficiency payments directly to fishers in compensation for excessively low prices. The Board spent approximately $1.8 million on cod price support between 1950 and 1955, but it was not enough to significantly improve the health of the industry. PC, Vol. 78, File E-20-7 (1946-7), "The Fisheries Prices Support Board: A Factual Reference Regarding its Origins, Purpose and Power"; Canada, Fisheries Prices Support Board, *Annual Report*, 1950-51, pp.12, 1951-52, p.9, 1952-53, p.10, 1953-54, p.12, and 1954-55, p.10; Alexander, "The Collapse of the Saltfish Trade and Newfoundland's Integration into the North American Economy," 239-41.

MP from Burin Burgeo, articulated the feelings of the typical fisherman:

> Then came Confederation, and he hailed it as the dawn of a new day. ... He was aware ... of the vast resources of the federal government, ... and ... he [expected] the speedy employment of those resources [to bring] ... a quick expansion of his markets and a steady rise in his standard of living. ... [But] years have passed, and the Newfoundland fisherman looks at his fishing industry. What does he see? He sees a depressed and declining industry. ... He sees that everyone is prosperous except the fisherman [and] ... he feels entitled to a fairer share of Canada's prosperity than he has hitherto received. ... The bright vision which he associated with confederation is beginning to fade, and in its place is coming a sense of futility and despair.[33]

Frustrated by this gap between their expectations and reality, Newfoundland fishers became much more demanding than their counterparts in other provinces in regard to government aid.

They were also more inclined than other Canadians to ask for that assistance in the form of UI. Because unemployment insurance regulations would have prevented Newfoundlanders from collecting benefits for more than eight months after Confederation, a special clause in the Terms of Union allowed many instead to collect unemployment assistance (UA) from the federal government during a two-year transitional period.[34] In the end, this scheme cost three and a half times more than originally estimated, thanks to a higher than anticipated unemployment rate of 17% in Newfoundland, and a provincial public works program which deliberately hired workers just long enough to allow them to qualify for federal aid. Although the official title of the programme was 'unemployment assistance,' it still shaped Newfoundlanders' perceptions of UI because UIC offices administered the scheme and Ottawa clearly intended it to be a temporary substitute for insurance benefits.[35] As Herbert Pottle, Smallwood's Minister of Public Welfare, complained, a "misconception ... [about] the purpose of unemployment insurance" spread across the province.[36] Many Newfoundlanders came to view UI not as insurance against the loss of a job, but as a relatively easy way to supplement their income. Extra money each winter had great allure, particularly for those who struggled to make a living from the sea. During the spring of 1950, local UIC offices in the province reported that many fishers decided to seek work ashore in the hope that they would then be able to collect benefits during the following winter.[37]

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33. House of Commons, *Debates*, 23 January 1956, Carter, 440-41.
34. This special program paid UA for up to 6 months at the full UI regular benefit rate to workers who had been previously employed in an insurable occupation for at least 30% of the working days over 3 months, but had lost their jobs between 1 October 1948 and 1 March 1951. Raymond B. Blake, *Canadians at Last: Canada Integrates Newfoundland as a Province* (Toronto, 1994), 79.
35. The unemployment rate mentioned above was for the month of March 1950. PC, Vol. 199, File U-11-J, Humphrey Mitchell to D.C. Abbott and Norman A. Robertson, 21 March 1950; UIC, *Annual Report*, 1949-50, p.54, 1950-51, p.55, and 1951-52, p.28.
36. Blake, "The Making of a Province," 178-9.
37. PC, Vol. 198, File U-11 [1], A. MacNamara to R.G. Robertson, 22 May 1950.

They also began to demand coverage for fishing itself, hoping that UI would halt the industry's downward spiral and quickly improve their standard of living.

In addition to having these obvious financial benefits, UI appealed to Newfoundland fishers' curious self-image; on the one hand, they were proud of their role as independent primary producers, but on the other hand, they had little difficulty seeing themselves also as employees of a sort. Their pride prompted most of them to object to the idea put forth by the UIC that they should receive unemployment assistance rather than UI. They did not want charity. They preferred unemployment insurance benefits which an individual earned the right to receive by paying contributions. Newfoundland MPs took pains to point out that their constituents were not asking for special treatment; they insisted on paying their own way by contributing to the UI plan like the rest of Canada's workers.[38] One key factor which permitted this kind of identification with other workers was the fact that inshore fishers usually laboured together as sharesmen, rather than as employers and employees.[39] Conversely, farmers, many of whom were employers, could not identify with workers to the same degree and therefore requested UI coverage for their employees, but never for themselves. Other factors that reinforced fishers' willingness to see themselves more as workers than capitalists include their heavy dependence on fish buyers, their sense of grievance as a group, and their increasing contact with other labourers. UI, therefore, was not a difficult fit for fishers; they preferred it to other types of aid such as UA and agricultural assistance plans. As one MP commented, hard-working fishermen deserved UI because, unlike some Canadians, they did not "come begging to Parliament" every time they had a "crop failure"; in light of the numerous agricultural programmes financed directly by taxpayers, surely including fishers in the contributory UI plan was not a lot to ask.[40]

Indeed, for most Newfoundland fishers, extensive federal aid to farmers, UI coverage of other seasonal workers, and UA under the Terms of Union dictated that Ottawa should extend UI coverage to fulfill the promise of Confederation. For fishers, it was a matter of simple fairness. So strongly did they feel about this issue that their campaign

38. NA, MG 32 B34, J.W. Pickersgill Papers (JWP), Vol. 94, File N1-67-A, contains many letters from fishers to Pickersgill that mention or imply a desire for a contributory insurance programme with benefits tied to production, rather than a simple welfare scheme. DF, Vol. 1137, File 721-64-3 [2], "Unemployment Benefit for Fishermen," 6; House of Commons, *Debates*, 10 June 1955, Stick, 4635-4636 and 16 January 1956, pp.133-4.

39. Typically, when three or four fishers worked together on one boat as sharesmen, each person took an equal share of the catch, except the boat owner, who took two shares. This method of working was more of a partnership among several independent operators than an employer-employee relationship. DF, Vol. 1136, File 721-64-3 [1], "Survey of the Fishing Industry in Canada," UIC, April 1951.

40. House of Commons, *Debates*, 9 March 1956, McWilliam, 1992, 27 April 1950, Canon, 1940, 28 Jan. 1953, Canon, 1418-1420, 28 January 1953, Browne, 1420-1421, 16 January 1956, Stick, 133, and 2 March 1956, Carter, 1765; PC, Vol. 198, File U-11 [1] (1950), "Extent and Nature of Unemployment and of Direct Unemployment Aid Measures, 1930-1950," Department of Labour, 30 October 1950, pp.32-34.

for coverage, begun in earnest after the unemployment crisis of 1949-50, gained momentum annually and eventually forced federal politicians and bureaucrats to respond. In fact, the Newfoundland fishers' campaign was the most important single factor in the policy-making process; the idea of UI coverage for the industry originated with them, and they continually pressured the government to act. All available evidence suggests that without this campaign, UI for fishers would never have been seriously discussed in Ottawa during this period. Their agitation alone, of course, did not guarantee success. How they chose to interact with the federal government and how various departments, each with its own agenda, reacted to fishers' demands were also important.

One might have expected that Newfoundland fishers would have used their union to prod Ottawa into action, but this was generally not the case. The Newfoundland Federation of Fishermen (NFF) had been formed in 1951, more than a year after agitation for UI first appeared. Premier Smallwood promised the NFF an annual operating grant, "hand picked" the first General Secretary, Max Lane, and had government officials write the organization's constitution. Not surprisingly, the federation really "never had any grass roots drive." Its original membership of 9,000 steadily shrank to little more than 3,500 by the mid-1960s.[41] After each annual meeting, Max Lane did request that Ottawa extend UI coverage to the fishing industry and, periodically, federation locals did the same,[42] but more often than not fishers chose to work through different channels. Not really a case of organized pressure group politics, the campaign for UI had more of the characteristics of a grass roots movement; individual fishers made requests for insurance coverage directly to prominent federal ministers, to several federal departments, to their own MPs, and most frequently, to their province's Cabinet representative, John W. Pickersgill.[43]

They could not have taken a better approach in an era when powerful Cabinet ministers and civil service mandarins dominated both the national Liberal party and the federal government. Pickersgill was a former mandarin and became one of the more influential ministers in St. Laurent's Cabinet.[44] In 1953, Premier Smallwood had shrewdly encouraged Pickersgill to run in a Newfoundland riding and replace Gordon Bradley as the province's Cabinet representative. Pickersgill, who as former head of the Prime Minister's Office and Clerk of the Privy Council, enjoyed an excellent work-

41. Harold Horwood, *Joey* (Toronto, 1989), 168-9; Parzival Copes, "The Fisherman's Vote in Newfoundland," *Canadian Journal of Political Science* III, No. 4 (December 1970), 587-8.
42. JWP, Vol. 94, N1-67-A, Max Lane, Newfoundland Federation of Fishermen (NFF), to Pickersgill, 10 January 1955, and Secretary, Local 13, NFF, Fogo, Newfoundland, to Pickersgill, 18 April 1955.
43. JWP, Vol. 94, File N1-67-A; DF, Vol. 1136, File 721-64-3; UIC Records, Acc. 74-75/073, Vol. 34, File 5-27-2-300; and DL, Vol. 3456, File 4-2-5-7, all contain many examples of fishers' letters to Ottawa requesting UI coverage.
44. Reginald Whitaker, *The Government Party: Organizing and Financing the Liberal Party of Canada, 1930-58* (Toronto, 1977), 165-7, 179-85, 208-210.

ing relationship with St. Laurent.[45] In selling Pickersgill to the voters of Bonavista-Twillingate, Smallwood could not have been more direct:

> You are very lucky, and all Newfoundland is very lucky to get such a man as [the] Hon. John W. Pickersgill as our Liberal candidate. ... Mr. Pickersgill is the Prime Minister's right-hand man, his chief advisor, his closest friend in the government. This means that he has lots of power and influence. That is just what we want. We have one big job to do in Newfoundland now. That is to make our fisheries prosperous. It will take millions of dollars ... I have talked many hours with Jack Pickersgill ... [and] he knows now how much must be done to make all ... our fishermen prosperous. He is willing and eager to help and in the inner circle of the Government of Canada, he will be in a good position to help. Mr. Pickersgill is my closest friend in Ottawa. We understand each other and ... we will be able to work together almost like two brothers.[46]

The constituents of Bonavista-Twillingate followed their Premier's advice, electing Pickersgill in 1953 and, in the years ahead, found him to be, just as Smallwood had promised, an able and influential Cabinet representative for all Newfoundlanders, and for fishers in particular.

During his first campaign, Pickersgill soon discovered what his constituents wanted most from the federal government. The following incident at Herring Neck, in fact, brought the "whole campaign... into perspective" for him:

> [A] fisherman, by the name of Solomon Meloney, pointed across to the local fish merchant's premises and asked me why the men who worked there had unemployment insurance and the fishermen who provided the work had not. I explained that fishermen were independent operators, not wage earners, but he was not satisfied by my explanation – and neither was I![47]

Not being a native or even resident of the province, Pickersgill was uneasy, as he later acknowledged, with his initial, almost total reliance on Smallwood; he felt obliged to prove himself not only as an MP, but as a representative of the entire province.[48] Securing UI for fishers clearly was the most effective way for him to do that. UI would not only greatly benefit his constituents, but also help him establish a political identity, separate from simply being 'Joey's man in Ottawa'. Consequently, Pickersgill made it his "prime political objective ... to persuade the government to extend unemployment insurance to fishermen."[49]

In attempting to achieve this objective, Pickersgill did not have to worry about much public opposition. Sustained economic prosperity had rendered traditional con-

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45. Pickersgill, *My Years With Louis St. Laurent*, 3-4, 181-5, 198-200; Dale C. Thomson, *Louis St. Laurent: Canadian* (Toronto, 1967), 349.
46. JWP, Vol. 275, File 4, Clipping, *Montreal Gazette*, 24 July 1953.
47. Pickersgill, *My Years with Louis St. Laurent*, 200.
48. JWP, Vol. 272, File 4, "Speech to Rotary Club, St. John's," Pickersgill, 19 August 1954.
49. Pickersgill, *My Years with Louis St. Laurent*, 227.

cerns about the cost of social programmes less compelling, and also seemed to have softened attitudes toward the seasonally unemployed. Many business people likely still opposed extending coverage, but in general, UI for fishers did not impact them directly enough to inspire a strong lobbying effort against the measure. Some discontent did appear when Ottawa finally made the decision to include fishers, but significant business opposition to UI liberalization did not transpire until the insurance fund began a precipitous decline in the late 1950s.[50] In fact, even fish buyers, who would have to match fishers' insurance contributions, did not strongly oppose the extension of UI; they eventually resigned themselves to the prospect, presumably seeing some benefit in the cash infusion insurance benefits would bring to the industry.[51]

Within the government, the situation was less favourable for fishers. In the House of Commons, Pickersgill did find allies in MPs such as Charles Cannon and Hédard Robichaud, who represented areas in New Brunswick and Quebec where conditions in the fisheries most closely resembled Newfoundland, but overall the vast majority of MPs appeared indifferent to the cause. In Cabinet, James Sinclair of B.C., the Minister of Fisheries, and Robert Winters of Nova Scotia, the Minister of Public Works, were at best only "benevolently neutral." Milton Gregg of New Brunswick, the Minister of Labour, was the most sympathetic Cabinet member, yet even he was hesitant. Unfortunately for Pickersgill, under St. Laurent's leadership and the influence of C.D. Howe, Cabinet tended to take a relatively conservative view of social security. St. Laurent and Howe had accepted Keynesianism and the need for some social programmes, but they were only willing to go so far; social spending had to be kept within acceptable limits and certainly never allowed to undermine the central role of free enterprise and individual initiative in the economy. On ideological grounds, therefore, the Prime Minister and at least two other ministers opposed extending UI to fishers. St. Laurent also disliked the measure because he believed it was not actuarially sound and feared it would prompt costly demands from other groups of seasonal workers, such as agricultural labourers.[52]

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50. DL, Vol. 1028, File 4, "Pillaging the fund," *The Financial Post*, 18 August 1956, and Vol. 3458, File 4-11A, "Submission to the Standing Committee on Industrial Relations of the House of Commons of Canada on Bill C-43, An Act to Amend the Unemployment Insurance Act," The Canadian Manufacturers Association, 21 May 1959, pp.11-13.
51. Even after experiencing for a few years "the administrative nightmare" of acting as employers for fishers under the plan, fish buyers explicitly told Ottawa not to consider taking UI away from their industry. UIC Records, Acc. 90-91/132, Vol. 2, File 200M [2], "Committee of Inquiry into the UI Act, Proceedings of Public Hearings, Vol. 2," 15 November 1961, pp.216-46; PC, Vol. 5775, "Cabinet Conclusions," 31 July 1956, p.3.
52. I have not found any direct evidence that C.D. Howe opposed UI for fishers, but based on his actions in regard to other social programmes, his general view of social security, and the importance he placed on sound fiscal decisions, I believe that he was one of the three ministers against the extension of coverage to fishers. Robert Bothwell and William Kilbourn, *C.D. Howe: A Biography* (Toronto, 1979), 193-8; Thomson, *Louis St. Laurent: Canadian*, 134, 136-7; 169-170, 242, 252, 528; Pickersgill, *My Years With Louis St. Laurent*, 227-8.

The UIC shared St. Laurent's concerns. In fact, the Commission, true to its actuarial ideology, undertook a vigorous campaign to prevent the coverage of fishers.[53] Ninety-three per cent of Canada's inshore fishers, the UIC pointed out, were independent operators lacking an employer to make contributions on their behalf and certify when joblessness occurred. Insuring this industry, therefore, would require the permanent dispatch of Commission officials to every remote fishing community in Canada to verify "unemployment" resulting from bad weather, mechanical problems, or catch failure. The alternative of paying insurance benefits during the off-season, which fishers really wanted, was even more problematic. Chronic unemployment during this period "is not a hazard but a certainty, and a known and foreseeable occurrence that is certain to befall the insured is not a proper insurance risk." Canada's unemployment insurance programme, the Commission continued, "is not a scheme for subsidizing persons whose earnings are insufficient to support them in the off-season."[54] If it became that kind of programme, its reputation would deteriorate and the health of the insurance fund would be threatened. Furthermore, coverage would be of limited value to fishers because UI could not respond fairly to need; if benefits were paid each winter on the basis of net income during the preceding fishing season, fishers who needed the least amount of help would actually receive the most, while those experiencing catch failure would be

53. The UIC consisted of three commissioners appointed by Cabinet, one after consultations with groups representative of workers, another after consultations with groups representative of employers, and the third, designated the Chief Commissioner, simply at the discretion of the federal government. The fact that the employer and government representatives consistently supported the founding, actuarial ideology of the UIC is not surprising, but similar behaviour from the worker representatives is unexpected. Although majority ruled on the Commission, so the worker representative could be regularly overruled, I have found no evidence suggesting that this was, in fact, the case. The various worker representatives in this period do not seem to have had serious disagreements with the other commissioners, and labour unions do not appear to have accused Ottawa of appointing unusually conservative unionists to the UIC. In all likelihood, worker representatives accepted the Commission's conservative outlook in order to ensure the programme would be able to meet the needs of its contributors well into the future; the financial disaster suffered by Britain's UI programme between the wars demonstrated what could happen to the fund if liberalizations went too far. Additionally, these worker representatives on the UIC all came from the union movement and, therefore, reflected the interests of workers already in the plan to a greater degree than those outside it; seasonal workers, for example, tended to be poorly organized and, therefore, without strong representation in the labour movement. Hence, in 1961, for example, the Canadian Labour Congress did not hesitate to state publicly that it preferred the needs of fishers be met outside the UI plan because of the negative impact fishing benefit payments had had on the insurance fund. NA, RG 29, Records of the Department of National Health and Welfare, Vol. 171, File 236-2-13, The Unemployment Insurance Act, *1940*, As Amended to June 1952, UIC, July 1952, 4-5; UIC Records, Acc. 90-91/132, Vol. 2, File 200M [2], "Committee of Inquiry into the UI Act, Proceedings of Public Hearings."

54. DL, Vol. 3456, File 4-2-5-7 [1], "Unemployment Insurance for Fishermen," UIC, 16 May 1955, pp.2-4, 7-10.

unable to qualify for any benefits.[55] For all of these reasons, the UIC pointed out, most other nations did not insure fishers, and the few that did usually included only wage earners subject to special restrictions preventing them from collecting benefits at the same time each year.[56] Right until the bitter end, the UIC insisted that "unemployment insurance ...[was] no answer to the fisherman's problem."[57]

Fortunately for Pickersgill and his allies, the Department of Labour viewed the matter of UI for fishers differently. Labour bureaucrats, such as Deputy Minister Arthur MacNamara, were more concerned with relieving unemployment than preserving insurance principles. For them, the purpose of social insurance was not simply to build up a huge war chest for counter-cyclical spending; as Leonard Marsh argued in his *Report on Social Security for Canada*, relieving want, ensuring a basic social minimum, and investing in human resources were equally important goals of these programmes.[58] Particularly when the UI fund possessed a healthy surplus, Labour officials insisted that Canada's jobless insurance scheme should serve these broader social goals. Consequently, MacNamara's department consistently supported liberalizing UI, in direct opposition to the recommendations of the UIC. The Deputy Minister, for example, actively opposed the Commission in 1950 by supporting the introduction of supplementary winter benefits and, at the same time, even tried unsuccessfully to make the UIC subject to the "direction and control of the Minister of Labour." Yet, recognizing the unusual difficulties posed by the fact that most fishers were self-employed, the Department did not campaign as vigorously for the coverage of fishing as it did for other seasonal activities. Labour bureaucrats, though, did work to resolve these problems and became increasingly supportive as time passed.[59]

At first glance, the alignment of major players interested in this issue within the federal government offered fishers little prospect of success. Surely J.W. Pickersgill

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55. Ironically, in 1958, shortly after Ottawa finally extended UI to fishers, the cod fishery failed along the northeast coast of Newfoundland, leaving many fishers without enough contributions to qualify for benefits. The leading advocate of the programme, J.W. Pickersgill, now in opposition, publicly called on Prime Minister Diefenbaker to alleviate this situation and any similar ones in the future by implementing some kind of catch insurance scheme. RC, Series 48, Vol. 16, File 4-2-1 [1], "Fishing," UIC, 18 October 1961, 3; JWP, Vol. 275, File 8, Clipping, *Halifax Chronicle-Herald*, 28 October 1958.
56. The Commission eventually did concede that the small percentage of fishers employed in the offshore fishery on vessels of 10 tons or more could be covered in this way, but obviously, insuring only one part of the industry would provoke deafening complaints from the vast majority of still excluded fishers. DL, Vol. 3456, File 4-2-5-7 [1], "Unemployment Insurance for Fishermen," UIC, 16 May 1955, pp.4-6, 8-9.
57. DL, Vol. 3456, File 4-2-5-7 [1], "Unemployment Insurance for Fishermen," UIC, 16 May 1955, p.10.
58. Leonard Marsh, *Report on Social Security for Canada*, 1943 (Toronto and Buffalo, 1975), 7-16, 23-25, 30, 248, 273-4.
59. DL, Vol. 3459, File 4-14 [1], A. MacNamara to the Minister, 21 January 1950; Pal, *State, Class, and Bureaucracy*, 125-7.

and a mildly supportive Department of Labour would have great difficulty overcoming the wishes of the Prime Minister and the staunch opposition of the UIC. That Pickersgill and the Department of Labour eventually did succeed is thanks in large part to the constant pressure Newfoundlanders brought to bear on Ottawa. A number of other factors, however, also contributed to overcoming resistance within the government. The lack of strong opposition, for example from the Department of Fisheries, was important. At first, recognizing that the real issue was economic security for fishers, not unemployment *per se*, Fisheries officials suggested that UI was "impractical" and promised to explore alternative methods of supporting the industry. But after a few years of enduring largely unsuccessful efforts and unrelenting pressure to help fishers, the Department came to accept the need for UI coverage.[60]

Also favouring fishers was the fact that the Department of Finance did not play a large role in the decision. Opposition from Finance officials was likely, given their tendency to support sound fiscal decisions more than those which involved increasing the cost of social programmes. Fortunately for fishers, because their UI benefits would be paid from the large surplus in the insurance fund, rather than from general tax revenue, the UIC assumed primary responsibility for advising the government on the financial implications of the proposal. Cost analyses from the Commission, however, did not have the same impact as those from the Department of Finance or the Treasury Board. The UIC was less influential because it had only indirect Cabinet representation through the Minister of Labour, who tended to support the views of his own department more often than those of the Commission. In addition, the UIC had shown itself not to be a particularly adept political player in Ottawa. Since its inception, regardless of the size of the surplus in the UI fund or the need for better coverage, the Commission constantly railed against liberalizing the programme and warned of financial disaster; no deviation from insurance principles was acceptable. Rather than picking and choosing which battles were most important and worth fighting, the UIC fought virtually every battle and in the process seriously depleted the political capital it initially enjoyed as the foremost authority on Canada's UI system. [61] The Commission, therefore, appearing

60. DF, Vol. 1136, File 721-64-3 [1], Memorandum to file by J.B. Rutherford, 6 December 1951, Minister of Fisheries to Gaspé Fisherman, 27 March 1952, and File 721-64-3 [2], Minister of Fisheries to Acadian Fishermen's Co-operative Association, P.E.I., 17 February 1956.

61. For example, in an effort to solve some administrative difficulties and save a relatively small amount of money, the UIC asked the government in 1949 to deny coverage to all workers residing in Canada's remote areas, even though many in these areas had enjoyed UI protection since 1941. When the Department of Labour rejected this proposal as fundamentally unfair, an indignant J.G. Bisson, Chief UI Commissioner, asked the Minister of Labour, Humphrey Mitchell, to reconsider. Predictably, although apparently not for Bisson and the Commission, Mitchell found "no good reason why groups of men helping to develop the resources of the country in remote areas should be deprived of the benefit of Unemployment Insurance." UIC Records, Vol. 21, File 4-13 [1], "Exclusion from Coverage of Employment in Remote Areas," UIC to UIAC, 2 March 1949, J.G. Bisson to Mitchell, 22 July 1949, and Mitchell to Bisson, 11 August 1949.

increasingly predictable and alarmist to others in the government, constituted a less serious obstacle to Pickersgill and his constituents than it seemed to be at first glance.

The same cannot be said for opposition in Cabinet. Prime Minister St. Laurent and several other conservative ministers were indeed formidable obstacles. One key factor, however, in eventually eroding their opposition to this extension of UI was the government's lack of success since 1949 in finding solutions to the many problems which plagued Newfoundland's fisheries. Between 1949 and 1954, for example, Ottawa spent more than $4 million through the Fisheries Prices Support Board to prop up Newfoundland's troubled salt cod fishery, but in the end market difficulties remained and almost no one seemed satisfied with the results.[62] Cabinet also disliked the controversy usually associated with determining who deserved price support. A steady campaign in the US since the late 1940s against "unfair Canadian competition," led by New England fishers, vessel owners, and groundfish processors, further complicated matters. Only the intervention of President Eisenhower in 1954 and 1956 prevented imposition of an import quota and tariff increase on groundfish, which could have seriously hurt many fishers in Atlantic Canada. Under the circumstances, Ottawa shied away from any expansion of price supports and grew increasingly hesitant to use the existing system.[63]

Relief for Newfoundland's fisheries would have to come through other initiatives, such as new marketing strategies, and the shift from saltfish to fresh and frozen production. These efforts did have some limited success,[64] but in the end, could not alter the fact that Newfoundland's entire inshore fishery suffered from low productivity. To tackle this problem, which went to the heart of the industry's difficulties, the Department of Fisheries funded a wide variety of programmes including the Fisheries Research Board, a bait service, salt subsidies, loans and grants for boats and cold storage facilities, harbour dredging and construction, gas rebates, and gear bounties. The impact of this haphazard, piecemeal approach to fisheries reform, however, was limited. Although

62. Blake, "The Making of a Province," 321.
63. PC, Vol. 2653, "Cabinet Conclusions," 12 June 1953, Vol. 2655, "Cabinet Conclusions," 7 June 1954 and Vol. 5830, File C-20-5 (No. 1-50), Cabinet Document 39/56, 23 February 1956; Margaret E. Dewar, *Industry in Trouble: The Federal Government and the New England Fisheries* (Philadelphia, 1983), 43-54.
64. In 1954, Ottawa integrated Newfoundland Associated Fish Exporters Limited (NAFEL), the non-profit company which marketed that province's annual saltfish catch, with C.D. Howe's Department of Trade and Commerce. Howe immediately slowed the decline in Newfoundland's saltfish exports by concluding trade agreements with Italy, Spain, and Greece. The long term outlook for the salt fishery, however, remained bleak, so Ottawa continued to encourage all fishers to concentrate on supplying the more promising fresh and frozen fish markets. This sector did expand, but more slowly than expected, especially after 1955 when excess supply in the US market became a problem. Blake, "The Making of a Province," 317-21; David Alexander, *The Decay of Trade: An Economic History of the Newfoundland Saltfish Trade, 1935 -65* (Memorial University of Newfoundland, 1977), 128, 130-1, 141.

fishers did benefit to some degree, low productivity continued to characterize Newfoundland's unmanaged, open-access fisheries.[65]

The Newfoundland Fisheries Development Committee sought to change this situation. Jointly appointed by Ottawa and St. John's in January 1951, the Committee tabled its report in the House of Commons on 15 April 1953. The Walsh Report, as it came to be known, confirmed that low productivity severely handicapped Newfoundland's fishing industry. Both levels of government, merchants, and fishers, the report argued, had to work together to solve the industry's problems. Like the Commission of Government had only eight years before, the Walsh Report concluded that the province's fisheries required massive private and, if necessary, public investment to create a much smaller, better educated fishing force, concentrated in larger settlements, using modern, efficient boats and equipment. Only such changes, designed to increase productivity, the Committee insisted, could secure the industry's long-term health.[66]

The St. Laurent government concurred with the Walsh Committee's diagnosis of Newfoundland's troubled fishing industry but, against the advice of federal bureaucrats, rejected many of the report's key recommendations. On ideological grounds, Cabinet favoured less state intervention and more reliance on the private sector than the Walsh Report advocated. The state's proper role was not to be the driving force in the development of an industry, but instead to provide "an environment in which private initiative and capital c[ould] venture and flourish." The government also feared that implementation of the Walsh proposals would set a precedent which other regions and industries would use to demand similar government aid. Maritime fishers, in particular, would hardly stand by quietly while large sums of federal money made their competitors in Newfoundland more efficient. Ottawa, however, feared even more vigorous opposition within Newfoundland itself, as the Walsh reforms promised to cause massive social disruption; entire communities would have to be abandoned and the traditional way of life in surviving outports would likely be altered drastically. This restructuring would also have to be accompanied by equally ambitious programmes to create long-term alternative employment for thousands of displaced fishers, and St. Laurent had no intention of funding such projects. Both ideology and practical politics dictated his rejection of the Walsh proposals.[67] His government instead chose to con-

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65. Sinclair, *State Intervention and the Newfoundland Fisheries*, 52-55; McAllister, *Newfoundland and Labrador*, 130.

66. The Committee, chaired by Sir Albert Walsh, Chief Justice of the Newfoundland Supreme Court, included representatives of fishers, fish buyers, the federal government, and the provincial government. *Report of the Newfoundland Fisheries Development Committee* (The Walsh Report) (St. John's, 1953), 44, 50, 230-7, 247-57, 265-9, 276-9, 286-7, 291-325; Peter Neary, *Newfoundland in the North Atlantic World, 1929-49* (Kingston and Montreal, 1988), 249-57.

67. PC, Vol. 2654, Reel T-2369, 10 March, 1954, 910; Robert Bothwell, Ian Drummond and John English, *Canada since 1945: Power, Politics, and Provincialism*, rev. ed. (Toronto, 1989), 165, 170; Raymond B. Blake, "The Walsh Report: A Missed Opportunity in the Newfoundland Fisheries," presented to the Atlantic Studies Conference, Fredericton, New Brunswick, May 1994, pp.2-3, 10-16.

tinue its previous policy of funding a limited number of small-scale development projects, in the hope that these efforts would improve the Newfoundland fishery enough to attract the substantial level of private sector investment required to place the industry on a firm foundation for the future.[68] Predictably, these hopes proved groundless.

Premier Smallwood did not share the Prime Minister's ideological opposition to state intervention in the economy, so he was willing to move further in the direction recommended by the Walsh Committee. He implemented a resettlement programme which evacuated some outports in order to concentrate fishers in larger communities. His government also attempted to provide employment opportunities outside the fishing industry by diversifying the province's economy. But unfortunately, with meagre resources, little federal co-operation, and a tendency to sometimes proceed recklessly without adequate forethought, Smallwood's efforts more often failed than succeeded.[69]

The federal government did explore other options, such as a variety of income stabilization schemes, but in general found them little more appealing than the Walsh proposals. Making special provision for fishers in the Unemployment Assistance Act was one such alternative. Policy makers disliked the fact that the financial burden on the province of Newfoundland to match federal funds would be excessive, and that Ottawa would have little control over exactly how each province spent the money. The Department of Fisheries also disliked the idea of giving fishers UA "handouts." Senior Fisheries officials preferred a more positive form of assistance that would reward individual initiative .[70]

Fearing that UI might constitute that more positive type of aid, the UIC argued that catch insurance would be a better way to provide Canada's fishers with "the social equivalent" of jobless insurance.[71] However, Department of Fisheries bureaucrats showed little enthusiasm for this option because they believed the programme would not only prompt a US tariff hike against Canadian fish, but also require large subsidies; fishers, particularly in Newfoundland, would be unable to fund the plan on their own. In addition, even the UIC admitted that catch insurance would be an administrative nightmare, requiring a huge bureaucracy to collect the data needed to determine who

68. After 1953, Ottawa increased spending on these development projects to $2.3 million per year. These programmes, however, did not enjoy much support among fishers and were limited to twelve communities, leaving 90% of the industry unaffected. Blake, "The Walsh Report," 11-16, 20-21.

69. Horwood, *Joey*, 170, 185, 285-8; Smallwood, *I Chose Canada*, 342-54; Blake, "The Walsh Report," 19-20; Blake, *Canadians at Last*, 164-8.

70. JWP, Vol. 94, File N1-67-B, C.W. Carter to Sinclair, Gregg and Pickersgill, 4 May 1954, and "UI or Its Social Equivalent for Fishermen," UIC; PC, Vol. 5775, "Cabinet Conclusions," 31 July 1956, 2; DF, Vol. 1137, File 721-64-3 [2], "Unemployment Benefit for Fishermen"; Pal, *State, Class, and Bureaucracy*, 126.

71. JWP, Vol. 94, File N1-67-B, J.G. Bisson to Gregg, 4 March 1955; DL, Vol. 3456, File 4-2-5-7 [1], "Unemployment Insurance for Fishermen," UIC, 16 May 1955, p.10.

qualified for payments and how much they should receive. The Department of Fisheries, however, was more positive about boat insurance. In 1953 Ottawa set up a voluntary scheme that paid 60% of replacement cost for an annual premium equal to 1% of a boat's appraised value. This plan proved quite popular and was actually self-financing.[72] But, like catch insurance, it did not satisfy the demands of Newfoundland fishers. They felt their situation was similar to other workers who enjoyed UI coverage so they insisted on equal treatment. Boat and catch insurance, at best, could only preserve the status quo, and Newfoundland fishers were determined to improve their situation by securing for themselves a fairer share of Canada's prosperity.

By 1955, therefore, after making little progress since Confederation in solving the fundamental problems which plagued Newfoundland's fishing industry, many within the St. Laurent government concluded that few viable policy options remained. As this belief spread, federal policy moved steadily towards administering "palliatives based solely on humanitarian consideration[s]." The Department of Fisheries now acknowledged that UI might constitute Ottawa's wisest course of action. Insurance payments would at least put money directly in the hands of Newfoundland fishers and, because all Canadian fishers would be eligible, opposition from other provinces would not be a problem.[73] The absence of some authority to match fishers' contributions and confirm joblessness, one of the UIC's key objections to extending coverage, also was no longer a problem, because the idea of designating fish buyers as employers for insurance purposes had gained broad support in the government.[74] UI for fishers had the further advantage of a relatively short, inexpensive implementation period, because the UIC could administer the scheme within its existing bureaucratic structure. Moreover, the large surplus in the insurance fund apparently would insulate the programme from serious financial damage and relieve Ottawa from having to make substantial new expenditures. Since UI was contributory, Canada could probably also avoid U.S. countervailing duties by claiming that benefit payments were not subsidies, but rather "industry financed stabilization payments." Most importantly, however, for the politicians, UI coverage would, without provoking significant opposition, satisfy the demands of Newfoundland fishers, bring their long-standing agitation to an end, and greatly assist Liberal candidates in Atlantic Canada during the next election.

Those in Ottawa who opposed UI for fishers, including the Prime Minister, found themselves increasingly isolated as the political logic of the situation exerted steady pressure. Pickersgill was confident enough in January 1955 to tell Newfoundlanders that he believed Ottawa would eventually meet their demands, as long as Cabinet could find "a workable scheme."[75] The House Standing Committee on Industrial Relations

72. DF, Vol. 1137, File 721-64-3 [4], "Small Boat Insurance for Canadian Fishermen," 19 September 1958.
73. Blake, "The Making of a Province," 326.
74. PC, Vol. 5775, "Cabinet Conclusions," 10 May 1956, 7, and 12 July 1956, pp.5-10.
75. JWP, Vol. 272, File 7, "Report from Parliament Hill," Radio Broadcast by Pickersgill, 24 January 1955.

buoyed hopes even more in June by recommending an extension of coverage to the fishing industry as soon as possible. Nevertheless, the completely revised UI Act which took effect in October 1955 did not extend coverage, and the January 1956 Speech from the Throne was silent on the issue.[76] Frustrated and bitterly disappointed by this turn of events, Newfoundland fishers, in increasingly blunt terms, informed their MPs of the consequences of further delay. Many letters explicitly stated what Pickersgill and his colleagues surely already knew:

> We are six years under Canada now and nothing done, and another six years what we got will be rotten, worn out. ...[So] whatever side comes out with unemployment [i.e. UI] for the fishermen will get every one of the votes here.[77]

Significant progress on this issue before the next federal election obviously had become a political necessity for Newfoundland's Liberal MPs. Hence, Pickersgill went on the offensive, informing Milton Gregg that he would find it intolerable if the government amended the UI Act again without making the one change that so many of his constituents desired.[78]

Finally, in July 1956, when the government began considering amendments to ease qualifying conditions for already insured seasonal workers,[79] Pickersgill had the message conveyed to the Prime Minister that he "could not face the electors of Bonavista-Twillingate again unless fishermen were covered."[80] Although St. Laurent and others in Cabinet still had serious concerns about the measure, the political benefits of enacting such a change had become clear to all. After recent controversies over the Defence Production Act and the 'Pipeline Debate', the government certainly needed a political boost.[81] The practical benefits of extending coverage were also quite obvious after seven years of failure in trying to end hard times for Newfoundland's fishers. Considering, in addition, the health of the insurance fund, the "very great social benefit [which this measure would bring] to the country as a whole," and reports that most fish buyers were resigned to making UI contributions, the few remaining recalcitrant ministers found they had little cause to continue blocking the move.[82] Hence, on 31 July 1956, St. Lau-

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76. House of Commons, *Debates*, 17 January 1956, Canon, 232, 9 March 1956, Canon, 1980, and 23 January 1956, Carter, 440.
77. JWP, Vol. 94, File N1-67-A, Voter in Oderin, Newfoundland to C.W. Carter, 14 January 1956.
78. Premier Smallwood brought further pressure to bear by making a hollow, yet politically significant threat to establish a provincial insurance programme for fishers if federal authorities did not extend UI coverage within a year. JWP, Vol. 94, File N1-67-A, telegram, George Perlin of the *Daily News* to Pickersgill, 23 June 1956 and "Fishermen's Insurance Expected," *The Fisherman's Advocate*, Port Union, Newfoundland, 10 Feb. 1956; Pickersgill, *My Years With Louis St. Laurent*, 228.
79. PC, Vol. 5830, File C-20-5, Cabinet Document 143/56, 10 July 1956.
80. Pickersgill, *My Years With Louis St. Laurent*, 228; PC, Vol. 5775, "Cabinet Conclusions," 12 July 1956, p.7.
81. Paul Martin, *A Very Public Life, Volume II: So Many Worlds* (Toronto, 1985), 250-60.
82. PC, Vol. 5775, "Cabinet Conclusions," 31 July 1956, 2-3, 26 July 1956, 3-5, and 12 July 1956, pp.5-10.

rent, as Pickersgill recalled, "ground his teeth, as he sometimes did when he felt there was no choice but to do something he did not like, and said he supposed we had to go ahead with ... [the] proposal." After seven years, Newfoundland fishers finally achieved their objective.

When Gregg announced the decision in Parliament several days later, MPs from all parties welcomed the news and publicly acknowledged the key role which Pickersgill had played in securing the extension of coverage.[83] Over the next few days, press reaction further confirmed the political wisdom of the government's decision. *The Financial Post* voiced predictable opposition, but editorials in most newspapers applauded the extension of coverage simply on the basis of fairness. The UIC's insistence on the preservation of insurance principles found little support in this prosperous era;[84] Canadians seemed more concerned that the state provide social programmes which distributed relatively generous benefits on a fair and equitable basis.[85] In this kind of political environment, the coverage of fishers prompted little opposition.

However, debate within the government on this issue was far from over. The matter of exactly how fishers were to be incorporated into the UI system remained to be settled. In 1956, the House passed a short enabling amendment containing a tentative implementation date of 1 April 1957, but little else.[86] Cabinet then established a new Interdepartmental Committee on UI Coverage and structured it to undermine the impact of the obstructionist tactics used successfully by the UIC in previous committees on this issue.[87] The new committee, with representatives from all relevant departments and agencies, was to draft a plan to insure fishers and then send it to Cabinet. However, UIC representatives, unable to prevent the Committee from adopting recommendations they disliked, chose to draft their own proposal which they hoped would limit the damage to insurance principles.

Both plans submitted to Cabinet included virtually all fishers, considered fish buyers to be employers for the purposes of the Act, and did not impose seasonal regula-

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83. Pickersgill, *My Years With Louis St. Laurent*, 228; PC, Vol. 5775, "Cabinet Conclusions," 31 July 1956, pp.2-3; House of Commons, *Debates*, 6 August 1956, Fairclough, Gillis and Hahn, 7050-7052.
84. JWP, Vol. 94, File N1-67-A, "A Step Forward," *Halifax Chronicle-Herald*, 3 August 1956; DL, Vol. 1029, File 4, Clippings, *St. John's Evening Telegram*, 2 August 1956, *Toronto Star*, 3 August 1956, *Ottawa Evening Citizen*, 9 August 1956, and *The Financial Post*, 18 August 1956.
85. One poll, for example, taken after the 1957 election, indicated that 26.7% of former Liberal voters who abandoned their party did so because the St. Laurent government had not increased old age pensions adequately. None of the respondents suggested that they had voted against the government because its social policies had been too generous. Thomson, *Louis St. Laurent*, 519.
86. House of Commons, *Debates*, 6 August 1956, Gregg, 7049, and 13 August 1956, Sinclair, 7526.
87. MI, Acc. 77-78/103, Box 45, File 11-9-4-3 [1], "Record of Cabinet Decision," 20 August 1956; Pal, *State, Class, and Bureaucracy*, 126-7.

tions; in fact, they reversed the principle behind seasonal restrictions by making benefits payable only during the winter months.[88] The scheme proposed by the UIC, though, was separate from regular UI and offered flat rate benefits and contributions. The Commission argued that its proposal would provide a basic minimum level of aid to fishers during the off-season, prevent "over-insurance," be relatively easy to administer, and at least have a chance of keeping expenses within acceptable limits. The Interdepartmental Committee, on the other hand, recommended a fully integrated plan with graded benefits and contributions.[89] Labour and Fisheries officials stated that it would be more difficult to administer and more costly, but still preferable to the other, flat rate scheme that, in their opinion, amounted to little more than a relief programme administered by the UIC. Tying benefits to earnings, Fisheries bureaucrats in particular argued, would allow Ottawa to dodge the problem of setting flat rate benefits at a level suitable to all regions, and would give fishers a greater incentive to work hard and avoid unprofitable fishing areas. Integration of the programme with regular UI was also a necessity because policy makers feared a number of distinct insurance schemes operating within the economy would hinder labour mobility. Anyway, fishers themselves, all along, had wanted fully integrated benefits. In the end, Cabinet found these arguments compelling; it rejected the UIC's plan and accepted the Interdepartmental Committee's fully integrated, graded scheme.[90]

On 1 April 1957, fishers made their first contributions to the UI fund and preparations for their first benefit payments, to be made less than a year later, continued as scheduled throughout the summer despite the electoral defeat of St. Laurent's Liberals in June. New Prime Minister John Diefenbaker had no intention of reversing the previous government's decision to insure the fishing industry. In its election platform, his party had officially promised to improve the coverage of fishermen.[91] Those plans were soon put on hold, however, when the combined weight of a weak economy and steady liberalization of UI since 1950 caught up with the programme. Between 1957 and 1961, the surplus in the insurance fund plummeted from more than $870 million to less than $185

88. This approach allowed Ottawa to avoid the difficult task of trying to determine when, and whether or not particular fishers were unemployed during the fishing season. DF, Vol. 1136, File 721-64-3 [1], "Minutes," Ad Hoc Committee on UI Coverage, 5 April 1954; Pickersgill, *My Years With Louis St. Laurent*, 228.
89. DF, Vol. 1137, File 721-63-3 [3], "Unemployment Insurance for Fishermen: Plan No. 1," UIC, 21 January 1957, 1-2, 11-12, and File 721-64-3 [3], "Unemployment Insurance for Fishermen: Plan No. 2," UIC, 21 January 1957, 1-3, 8-13; DL, Vol. 3456, File 4-2-5-7 [1], W.R. Dymond to A.H. Brown, 28 January 1957.
90. DL, Vol. 3456, File 4-2-5-7 [1], J.P. Francis to Walter E. Duffett, 6 November 1956, and W.R. Dymond to A.H. Brown, 28 January 1957; PC, Vol. 1892, "Cabinet Conclusions," 31 January 1957; DF, Vol. 1137, File 721-64-3 [3], I.S. McArthur to Deputy Minister, 28 January 1957.
91. NA, MG 26 M, John G. Diefenbaker Papers, Vol. 23, File 523, Reel M5558, "Fisheries," Progressive Conservative Party, January 1957, 16262.

million, its lowest level since 1943.[92] The situation deteriorated to such a degree that on 17 July 1961 the Diefenbaker government appointed a Committee of Inquiry with full powers of a Royal Commission to sort out the mess. When the Gill Committee, as it came to be known, recommended that Ottawa remove fishers from the UI scheme and create a separate assistance programme for the industry, Cabinet ignored the advice. Fishers had made it clear that they preferred UI to other assistance schemes, which they feared might single them out with the taint of charity. Besieged by a plethora of political problems, the Diefenbaker government simply was not strong enough even to consider trying to withstand the controversy which removing fishers from UI would create.

Lester B. Pearson's Liberals, elected in 1963, had no greater inclination to enact the Gill report, so they simply 'studied' the proposals for a number of years. Pearson eventually decided to leave fishers in the insurance plan, because by 1965 the UI fund had recovered and public attitudes now tended to favour more social benefits, not less. The atmosphere for social reform eventually became so favourable that the Pearson government decided to liberalize the basic provisions of the UI programme even more, despite the fund's recent brush with insolvency. This process culminated in a new UI Act in 1971 under Prime Minister Trudeau. The new, more generous scheme cut in half the minimum number of weekly contributions required to qualify for benefits under the 1955 Act, and at the same time increased benefit rates from less than 50% of the average claimant's previous earnings to between 67 and 75%.[93] Fishers shared in the new plan's more generous provisions.

Over the years, many Canadians have questioned the wisdom of giving fishers access to these benefits, but for Jack Pickersgill, the man most responsible for the decision, there was no doubt. He considered this change in UI to be his "most substantial contribution to the welfare of ...Newfoundland," and a key factor in his four additional election wins in the province.[94] His assessment of the political impact of UI for fishers is difficult to dispute,[95] but his evaluation of the programme's impact beyond politics

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92. In 1958 and 1960, the unemployment rate was 7%, while the highest previous annual average since the war was 4.6%. Also, indicative of the degree to which Ottawa liberalized UI was the fact that seasonal benefits cost the fund $6.9 million or 8% of total benefit payments in 1950-1, but by 1958-59, had increased to $116.5 million or 24% of total benefits. Leacy, *Canadian Historical Statistics*, Series D491-497; TB, Acc. 80-81/248, Vol. 12, File 8508-4, Green Book, 7; L. Richard Lund, "Unemployment Insurance and Seasonal Workers in Canada, 1940-63," M.A. Thesis, University of Western Ontario, 1991, p.161.
93. Dingledine, *A Chronology of Response*, 31, 44-47, 51-70; Gill Report, 125.
94. NA, MG 28 IV-3, Liberal Party of Canada Papers, Vol. 832, File CL-6-E, "Atlantic Fishermen Are Making Steady Gains under Liberal Policies," National Liberal Federation Pamphlet, 1957; Pickersgill, *My Years With Louis St. Laurent*, 228.
95. The extension of coverage to fishers helped the Liberals win all five of Newfoundland's seats outside St. John's in 1957, and even in 1958, when Diefenbaker attained a huge majority nationally and won every seat in the Maritime provinces, except for Hédard Robichaud's riding of Gloucester and two other New Brunswick constituencies. William J. Browne, *And Now... Eighty-Seven Years A Newfoundlander, Volume II: 1949-65* (St. John's, 1984), 185-7, 233-6, 456-7; Kathryn O'Hardley, ed., *Canadian Parliamentary Guide* (Scarborough, Ont., 1995), 522.

is more questionable. Critics argue that UI caused serious damage to the fishing industry. Insurance benefits supposedly destroyed fishers' traditional sense of independence and self-reliance, leaving them excessively dependent on government aid. Rather than simply working hard and striving to fish more efficiently from year to year, many Canadian fishers eventually devoted most of their energy to figuring out how to maximize their UI benefits each winter. In addition, critics suggest, UI coverage increased the number of fishers plying their trade, at a time when most experts agreed that the long term health of the industry demanded significant downsizing. Indeed, after Ottawa announced the extension of UI, the number of fishers in Newfoundland climbed from 14,956 to 22,615 by 1964, and later peaked at just over 35,000 in 1980.[96] Using such evidence, neo-conservatives have labeled UI for fishers as yet another example of the futility of state intervention in the economy.

Furthermore, critics have suggested that insuring fishers has caused serious damage to Canada's UI system as a whole. To begin with, fishing benefits have cost the insurance fund heavily. Between 1957 and 1961, for example, fishers reduced the fund's surplus by more than $34 million, as they collected $10.93 in benefits for every dollar they contributed.[97] The high value of benefits compared to fishing earnings, along with a plethora of regulations needed to determine fishers' net income, created considerable incentive for abuse and numerous difficulties in detecting it. Some particularly enterprising individuals managed to obtain contribution stamps for their elderly grandfathers or young sons, under the pretense that they had helped with the catch. Others determined that quirks in the plan's complex regulations meant they could maximize benefit entitlement by splitting their catch between a number of buyers, or by reverting back to salting fish before selling it. For their part, rather than using higher prices to attract fishers, some buyers promised extra "unearned" UI stamps.[98] Allowing such abuse to occur and granting seasonal workers such a disproportionate share of benefit payments, according to the UIC, hurt the reputation of the UI plan; the public began to perceive it more as social assistance than social insurance. Although UI contributions, like fire insurance premiums, were a charge for protection from the occurrence of a contingency which most people hoped to avoid, more and more Canadians seemed to consider it a vested right to "get something back" from the fund, whether or not they were really unemployed.[99]

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96. Horwood, *Joey*, 220-21; Department of the Environment, *Annual Statistical Review of Canadian Fisheries*, Vol. 3, 1955-70, Table 40, p.61; DF, Vol. 1136, File 721-64-3 [1], "Survey of the Fishing Industry in Canada," UIC, April 1951, 4; David Ralph Matthews, *Controlling Common Property: Regulating Canada's East Coast Fishery* (Toronto, 1993), 28.
97. RC, Series 48, Vol. 15, File 3-1-11 [1], "The Scope and Effects of Unemployment Insurance Coverage for Fishermen: With Special Reference To Modified or Substitute Schemes," Department of Fisheries, May 1962, p.25.
98. RC, Series 48, Vol. 16, File 4-2-1 [1], "Fishing," UIC, 18 October 1961, pp.5-7.
99. UIC, *Annual Report*, 1953-54, p.36; House of Commons, *Debates*, 4 May 1951, MacInnis, 2712-2713; TB, Acc. 80-81/248, Box 12, File 8508-4, Green Book, 28 June 1960, pp.2, 10-11; DL, Vol. 3455, File 4-2-5-3 [4], "Report of the Interdepartmental Committee on the Extension of Unemployment Insurance to Agriculture," 10 February 1960, p.7.

From today's perspective, these criticisms appear to have merit. If, however, one looks at the program in its broader historical context, a different picture emerges. The fishing industry, for example, was not harmed as much by the coverage of fishers as critics say. Soon after UI went into effect, the Department of Fisheries suggested that a decline in alternate sources of employment in Newfoundland was a more important factor than insurance benefits in attracting workers to the fishing industry.[100] Moreover, in subsequent decades, overexpansion was less a result of UI than an ill-advised federal government licensing policy which permitted open access to most east coast fisheries until 1981.[101]

The poor productivity and dependence on outside assistance that has come to characterize many Atlantic fishers, likewise, cannot be blamed exclusively on UI. These problems predated insurance coverage.[102] By all accounts, the St. Laurent government inherited fisheries in Newfoundland that had been suffering from severe structural problems and low income for decades. There was no golden age which unemployment insurance destroyed; fishers did not enjoy independence and prosperity, and then sink into dependency because of UI. Certainly the insurance program did not do enough to discourage annual reliance on off-season benefits; clearly, they should have been payable to individual fishers for only a limited number of years, at a gradually declining rate. Under such a system, despite the immediate help UI provided, most still would have realized that, in the long run, if they wanted to maintain or increase their standard of living, the industry had to become more efficient. This flaw in the UI programme, however, does not change the fact that the root cause of dependence on government aid was the industry's chronic underdevelopment: poor marketing, a lack of capital investment, and resistance to technical innovation, among other things, had dogged Newfoundland's fisheries for decades.[103]

UI could not and did not solve these problems, but this ineffectiveness was no surprise to Ottawa. Insurance coverage was only one part of the St. Laurent government's broader fisheries policy. The long-term goal of that policy was to correct the industry's structural problems, and the short-term goal was to meet the demands of fishers by quickly bringing their standard of living closer to the national average. Ottawa intended UI coverage to meet nothing else but this short term goal, and from that perspective, the programme was not a failure. Between 1957 and 1961, UI benefits represented roughly

100. Canada, Department of Fisheries, *Annual Report*, 1957-8, p.90.
101. Matthews, *Controlling Common Property*, 48-54.
102. Sinclair, *State Intervention and the Newfoundland Fisheries*, 11-21, 26-28, 30-34.
103. Jim Overton, "Researching the Neo-Conservative Agenda," *New Maritimes* (January/February 1990), 29, 32; Sinclair, *State Intervention and the Newfoundland Fisheries*, 11-21; Ian D.H. McDonald, *"To Each His Own": William Coaker and the Fishermen's Protective Union in Newfoundland Politics, 1908-1925*, J.K. Hiller, ed. (Memorial University of Newfoundland, 1987), 12-14.

33% of net fishing income in Newfoundland.[104] Without a doubt, UI benefits increased incomes significantly and, because claimants received these payments during the winter months, many fishers found that much of the traditional burden associated with making it through the winter had been relieved. Just as importantly, these benefit rights, once granted, proved difficult to take away.[105] Also, with more cash in their hands, Newfoundland fishers had the opportunity to reduce their reliance on credit. Any anger among merchants over this turn of events was likely tempered by the substantial spin-off benefits which local economies enjoyed each winter as a result of UI payments. Overall, many Canadian fishers, their families, and their communities found economic conditions improved, and the struggle for prosperity a little less daunting in the immediate aftermath of gaining UI coverage.

This improvement, however, did not come without a price. The coverage of fishers caused problems for both the UI system and the fishing industry, but until 1971, the effect was tolerable considering the substantial gains in living standards which the programme brought to areas that clearly needed help. Only after 1971 did the magnitude of these problems reach unacceptable levels, as a result of ill-advised reforms made to the programme at this time. Originally needing a minimum of 15 weekly fishing contributions each year to collect benefits for ten weeks, by the late 1970s, fishers who made only ten contributions could collect for 26 weeks.[106] In addition, the average weekly fishing benefit payment, already equal to 46% of Canadians' average weekly earnings in 1972, shot up to 64% by 1989.[107] Although the UIC complained bitterly about the $34 million fishers cost the fund between 1957 and 1961, this total accounted for less than 5% of the UI fund's decline over that period and paled in comparison to the annual bill for later fishing benefit payments, which, when measured in constant

104. Overall in Canada, between 1957 and 1960, fishers received more than $28.8 million in UI benefits, an amount equal to 9% of total landed value or 13% of their net income. Net income has been estimated using the following calculation: Total landed value - expenses (30% of total landed value). I chose 30% for expenses because the UIC used this figure when calculating net fishing income for insurance purposes. DF, Vol. 1137, File 721-64-3 [3], "Unemployment Insurance for Fishermen: Plan No. 2," UIC, 21 Jan. 1957, 7; McAllister, *Newfoundland and Labrador*, 131; Department of the Environment, *Annual Statistical Review of Canadian Fisheries*, Vol. 3, 1955-70, Table 12 and Table 13, 25-26; TB, Acc. 80-81/248, Box 12, File 8508-4 [1], Green Book, 13.

105. Gill Report, 174-8.

106. Economic Council of Canada, *Newfoundland: From Dependency to Self Reliance* (Ottawa: 1980), 95; DL, Vol. 3456, File 4-2-5-7 [1], "Unemployment Insurance For Fishermen: Plan No. 2," UIC, 21 Jan. 1957, p.11.

107. Average weekly benefit payments to fishers in the early years of the programme are not available, but it is interesting to note that the average weekly benefit payment in 1958 for all claimants was only 30.2% of average weekly earnings in Canada, when measured in 1981 constant dollars. Canada, Statistics Canada, *Unemployment Insurance Statistics* (Ottawa, 1990), Table 8 and 16, 23, 31.

dollars, increased by 371% between 1961 and 1989.[108] The incentive for cheating and damage to the reputation of the plan, not coincidentally, increased simultaneously with benefit payments. The original fishing benefit formula preserved at least some claim that UI was social insurance, but the later formula undermined that claim and gave the insurance programme much more in common with social assistance than it had in the past. Hence, while the original decision to insure fishers did cause problems for the UI programme, post-1971 liberalizations of the insurance scheme actually deserve most of the blame for magnifying the seriousness of these problems beyond tolerable levels.

The St. Laurent government's real policy failure was not the extension of UI to fishers, but rather its meagre long-term effort to restructure Newfoundland's fishery. Hardly an example of too much government intervention in the economy, this was actually a case of too little. As the Walsh report indicated, only significant investment and large-scale restructuring could have eventually created the kind of small, ultra-efficient, non-subsidized fishing industry that Newfoundland needed to serve as a solid foundation for its economy. Government directed management of the fisheries would also have been necessary to limit access, set quotas, and prevent both foreign and domestic overfishing. Ottawa would have had to assume a strong leadership role, but could not have made much progress without the co-operation of fishers, fish buyers, and the provincial government. In order to gain this co-operation, the federal government would have had to abandon its usual inflexible bureaucratic methods in favour of a more innovative approach. Ottawa, for example, could have involved fishers in decision making by building on the tradition of local self-regulation present in many Newfoundland outports.[109] Success, in fact, would have depended on the support and active participation of Newfoundlanders in these programmes. If they were not willing to change, no reform plan could succeed. Massive restructuring certainly would have been a tough sell, but political difficulties could have been overcome with, among other things, strong leadership and vigorous arguments pointing out the severity of the situation, and the need for action. The immediate beneficial effects of UI coverage, both in Newfoundland and in other provinces, surely could have helped sweeten the harsh medicine of long-term restructuring. None of this would have been easy, and many practical difficulties would have had to be overcome, but success was still a reasonable possibility.

Unfortunately though, the St. Laurent government was never interested in trying to build support for such necessary change. St. Laurent and his colleagues' ideological commitment to free enterprise prevented Ottawa from assuming its rightful responsibilities; their beliefs blinded them to the Newfoundland fishery's sobering reality. They ignored the fact that it was not an industry like any other, but rather a sick industry, lacking the

108. Lund, "Unemployment Insurance and Seasonal Workers in Canada, 1940-63," 161; RC, Series 48, Vol. 15, File 3-1-11 [1], "The Scope and Effects of Unemployment Insurance Coverage for Fishermen: With Special Reference To Modified or Substitute Schemes," Department of Fisheries, May 1962, 25; Statistics Canada, *Unemployment Insurance Statistics*, 1990, Table 6 and Table 16, 22, 31.

109. Matthews, *Controlling Common Property*, 138-9, 240.

resources to heal itself, and, moreover, the backbone of an entire provincial economy. Considering the history of the fishery and its condition in the mid-1950s, Ottawa's hope that small-scale government projects would improve things enough to attract substantial private sector investment, was naive, at best. Years earlier, at the end of World War II, Newfoundland's Commission of Government had concluded that private enterprise "would not be able or willing to carry out [the necessary] reorganization" of the fishery.[110] If there ever was a case for government intervention in an industry, this was it; the private sector had failed and the future looked bleak. Ultimately, the St. Laurent government's ill-advised, timid approach to long-term fisheries reform denied Newfoundland's fishers the opportunity to make their industry a solid economic success.

In contrast, the original decision to extend UI to fishers was, on balance, a sound one, and additionally, an interesting example of Canada's post-war social policy making process. Although some scholars consider it more fruitful to look within the state structure for key factors in these policy decisions,[111] this case illustrates that one must also consider many of the external influences favoured by advocates of society-centred approaches to policy analysis. Newfoundland fishers, for example, demanded UI coverage as a result of the unique economic, social, and political circumstances in which they found themselves, and it was this pressure which initiated and drove forward the whole policy making process. Newfoundland's Cabinet representative, J.W. Pickersgill, responding to these demands, took up the cause within the government and gained support from the Department of Labour, other MPs from Atlantic Canada, and eventually the Department of Fisheries. From the beginning, it had been obvious that UI was the perfect short-term political solution to the fisheries problem, but opposition from the UIC, the Prime Minister, and a few other conservative cabinet ministers forced the St. Laurent government to resist the measure's allure for a number of years, and instead explore other options. As time passed, however, administrative realities, financial limitations, political considerations, and the danger of provoking a trade dispute with the United States eliminated from consideration most of the government's alternate proposals. In these circumstances, predictably dire warnings from the UIC were not enough to prevent the extension of coverage. The fact that the UI fund had a healthy surplus and that insurance principles had been disregarded many times before for other seasonal workers also undermined the UIC's position. By 1956, UI had become the best way for Ottawa to improve fishers' standard of living over the short-term, and in that limited context it was a success. The federal government's overall approach to fisheries development, however, was a dismal failure and must bear much of the blame for the industry's current disastrous state.

110. Neary, *Newfoundland in the North Atlantic World*, 251.
111. Pal, *State, Class, and Bureaucracy*, 169-78.