

well it has hampered the rationalization of the fishing industry. The program has helped maintain the ... labour intensive approach to fishing when this industry is everywhere becoming more capital intensive. In short, there are today more fishermen and their operations are smaller in nature than the economics of the industry dictates. Suppose Ottawa had at the same time extended this privilege to self-employed farmers in Saskatchewan ... this Prairie province would currently have a much larger population, the farms would be much smaller and less efficient and most likely the environment of the Prairie provinces would be changed ... I think Saskatchewan has a lot to be thankful for in that farmers are not treated in the same fashion as fishermen, and Newfoundland is not so lucky. (4-30-5:8-9)

The Economic Council found similar problems with this program when they studied the Newfoundland economy:

The rules [of the Fishermen's Unemployment Insurance Program] also encourage workers to seek seasonal employment to qualify for benefits and, even more important, they provide incentives to employers to make their operations more seasonal ... which in turn lowers average capacity utilization and productivity. The rules encourage people to remain in, or to move back to, rural areas, where they can create their own jobs in fishing in order to qualify for unemployment insurance ... These incentives slow the urbanization process and reinforce a residential pattern that works against job creation and the efficient production and distribution of goods and services. The rules also provide an incentive for persons who lose their jobs in low-unemployment regions like Ontario or Alberta to move back to Newfoundland, despite its high unemployment.⁴

Nevertheless, Professor Courchene also commented on a positive note:

The point I am making is not that we should not help the fishing industry. If it is the case that the fishing industry merits separate treatment then let us go ahead and give it separate treatment. It should be relatively easy to work out an incentive and subsidy system that embodies an incentive to work and a rationalization of the industry. Unemployment insurance does neither, and it has left the fishing industry in a state where it is presently not equipped to take advantage of the 200-mile limit and is naturally seeking further federal subsidies. So it is a question of the form of help in this case. (4-30-5:9)

The Economic Council also suggested a number of alternatives, ranging from a full guaranteed annual income system to modest changes in the existing system:

Fortunately, there is a fairly wide spectrum of alternative approaches to income maintenance that would be more effective than the current system of regionally extended and fishermen's benefits under the

⁴ The Economic Council of Canada, *Newfoundland, op. cit.*, pp. 16-17. For a fuller description of the Council's views, and a review of their proposed alternatives, see *Ibid.*, pp. 149-154.