

*Supply—Fisheries and Forestry*

the size of the companies, virtually none of them were, or are, capable of developing the necessary marketing and sales arrangements because of the lack of diversified products, volume, finances and, probably most important, know-how. This resulted in the easiest course of action being followed, volume sales of low value commodity items through brokers, a course of action that guaranteed the lowest possible return. Since the second world war the fishing countries of the western world, other than Canada and the United States, have received increasing industry-wide subsidization. Information as to the form and implementation of the many and varied schemes is available.

The iron curtain countries have in recent years also made a massive assault on the north Atlantic fisheries and today, Mr. Chairman, when 40,000 tons of Canadian deep sea fishing fleets are operating off the eastern Canadian coast, there are 2,800,000 tons of subsidized European fleets fishing there. To put that in slightly different language, for every ton of ships sailing out of Canada there are already 80 tons fishing in the northwest Atlantic from western and central European countries. Our main western European competitors, namely, Norway, Iceland and Denmark, have received subsidization in many forms. A few of the major ones are, first, on the purchase price of raw material—for instance, in Norway the fishermen receive 6.77 cents per pound for cod and the government pays 50 per cent of this amount; second, on labour rates; third, through state encouraged and even state controlled marketing and processing organizations. In the case of Iceland, whose economy is primarily fishing, their method of subsidization is through continuous devaluation of their currency. This, of course, is a situation which cannot last, but in the past few years Iceland has devalued its currency 26 per cent.

These and many other factors are the reasons why we in eastern Canada cannot compete against the very heavily subsidized European fleets. The peripheral benefits that Canadians receive and which could be misconstrued as a form of subsidization, that is, unemployment insurance, able-bodied relief, etc., especially as they apply to fishermen, are more conducive to non-productivity than they are to productivity.

One of the major problems in the Canadian fishing industry, but much more especially in Newfoundland, has been the uncontrolled growth of a multitude of small privately owned companies. These companies, due

primarily to financial resources, lack the technical advancements in processing and catching equipment and have failed to keep up. The size of the companies, and in turn the individual plants, inhibit the employment of professional management in the administrative, accounting, technical, marketing and sales areas of their businesses which our much larger European competitors enjoy. The individualism of the Newfoundland owner has been such as to avoid mergers or any form of group co-operation which would mean he was not in control in name and in fact. This individualism was to be admired when the individual was matching wits with his counterpart in another town or hamlet in Newfoundland. However, it cannot survive in the international league in which Newfoundland finds itself competing today. As unpalatable as it will be to some people, the fact remains that the day when one owned the only horse and buggy in town is over.

These factors, together with the haphazard policy of the provincial government of putting large amounts of money into the industry in an unplanned and uneconomic manner, have led to the present chaos. We can easily define the problems and the reasons for them, but the solutions are much more difficult. However, I will sincerely try to provide some of the answers in a minute or two after advising the house just how serious is the present situation.

I believe I can show that the matter is urgent and critical. I believe I can demonstrate the dimensions of the problem, its causes and effects. I think that I can even provide some suggestions as to what should be done to save this important part of the Canadian economic fabric and eventually bring it back to full productive capacity. But perhaps more important, in the light of the government's apparent unawareness and apathy, I can point out what this government will be faced with if immediate remedial action is not taken. There will be thousands upon thousands of unemployed, undernourished and poorly housed Canadians on our eastern coast. There will be a ruinous impact upon the economy of a region, and eventually a heavy drag upon that of the nation as a whole. There will be bankruptcies and heavy losses among creditors. There will be cries for help from many quarters by way of demands for direct relief payments, subsidies and emergency payments of all kinds.

Because deficiency payments ended at the end of October, Newfoundland companies will from now on be trying to live on trading