

3.60 Newfoundland saltfish markets – 1814
 Based on information from *Fish Out of Water: The Newfoundland Saltfish Trade 1814-1914*, by Shannon Ryan (St. John's, Breakwater Press, 1986)

TOPIC 3.4

The Economics of Saltfish

To what extent do people rely on credit today?
 Why were merchants considered prominent citizens in early Newfoundland communities?

Introduction

Unlike many other British possessions, Newfoundland was a significant trader in foreign marketplaces. While Canada and the British West Indies directed most of their trade back to Britain, Newfoundland sold its saltfish in places such as Southern Europe, Brazil, and the British Caribbean. The saltfish trade was big business. In 1814, the total amount of saltfish sold in overseas marketplaces was over 1 000 000 **quintals** – most of which came from Newfoundland.

Newfoundland's heavy dependence on international trade, however, made its economy vulnerable to external factors over which it had no control. If the demand for cod declined or if the price of imports increased, then the colony's economy was affected accordingly, and so was the household economy of every fishing family. Ultimately, this would lead to efforts by the government to diversify the colony's economy after 1870.

Fish for Sale

One of the keys to Newfoundland's success in the saltfish trade at the beginning of the nineteenth century was the ability of its fishers to produce a variety of grades of saltfish that could be sold in a wide range of markets. The island's inshore fishers produced the highest quality cure because they fished near their homes and could dry the cod almost immediately after catching it. This light-salted, hard-dried product was known as "shore" fish and often fetched the highest prices at the marketplace. Shore fish was sold in a variety of grades, as was Labrador and banks fish.

Once the fishers had caught and cured the cod, it was up to the colony's merchants to sell the product to foreign buyers. Most merchants hired agents to work directly out of the various markets in Spain, Portugal, Italy, Greece, Brazil, and the West Indies. All of these areas had a warm climate, which created a demand for a well-preserved yet affordable source of protein. Saltfish was ideal – it was inexpensive, had a long shelf life if thoroughly cured, and due to its light weight and small size it was easily transported. Sometimes the saltfish was exchanged for money and sometimes for goods, such as molasses, which could not be produced in Newfoundland and Labrador.

NEWFOUNDLAND COD.

HOW THE FISH ARE CURED AND SHIPPED.

A recent letter from St. Johns, N. F., to the *Montreal Gazette* says: "We are now busy shipping our dried codfish for foreign markets. It is curious to note the history of a codfish from the moment when, on the hook of the fisherman, is dragged from its native element till it disappears down the human throat on the banks of the Amazon, the Parana, the Tagus, or the Po. After a few expiring wriggles—and it is a comfort to be informed by naturalists that fish are almost insensible to pain—the cod is flung from the fisherman's

the process is finished, and they are then quite ready for storing. On being conveyed to the premises of the exporting merchant, they are first 'culled,' or assorted, into four different kinds, known as 'Merchantable,' 'Madeira,' 'West India,' and 'Dun,' or broken fish. The first is the best quality; the second a grade lower; the third is intended for the stomach of negroes, and the fourth, which is incapable of keeping, is used at home. The cod sent to hot countries is packed by screw power into small casks called 'drums;' that which goes to the Mediterranean is usually exported in bulk. We ship large quantities of dried codfish to Brazil, and there is hardly an inhabited corner of that vast empire where the Newfoundland cod is not to be found, being carried from the

3.61 From the *New York Times*, Nov. 8, 1876

MAKING THE GRADE

The fish produced in Newfoundland and Labrador was of varying quality. However, each grade satisfied a demand in the marketplace.

GRADE: Merchantable

DESCRIPTION: A thick, yellow or golden fish that was lightly-salted and not too dry (highest grade)

MARKET: Europe

GRADE: Madeira

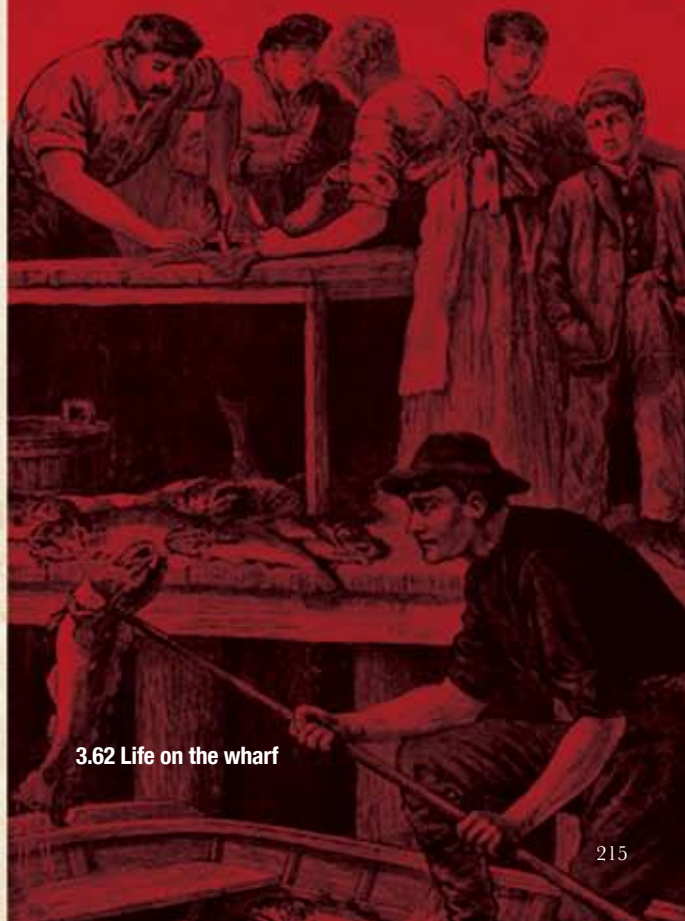
DESCRIPTION: A thinner, lesser quality of fish than Merchantable (mid-grade)

MARKET: Brazil

GRADE: West India

DESCRIPTION: Poor colour, and often broken (low-grade)

MARKET: West Indies



3.62 Life on the wharf

3.63 Curing cod

The image on the left shows drying saltfish in Newfoundland. The image on the right shows a similar process in Kirkjúsandur, Iceland, c. 1898.



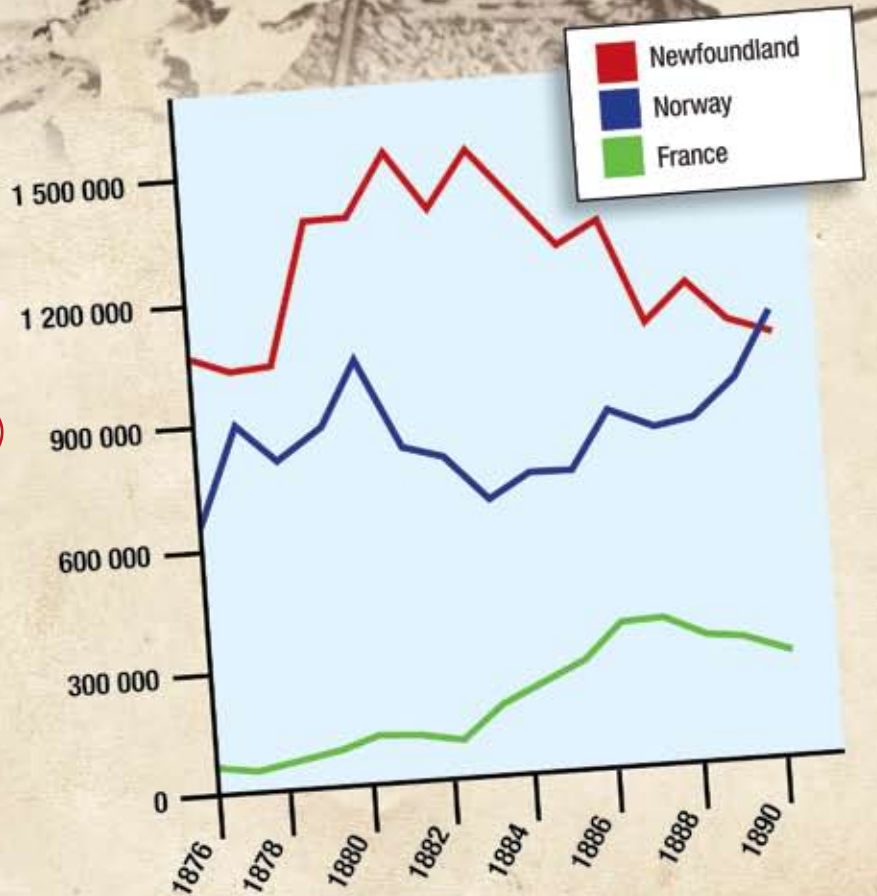
New technology was one of the reasons saltfish became less popular. By 1900, fresh meat could be frozen and shipped around the globe.

International Competition

Newfoundland and Labrador's position in world saltfish markets changed toward the end of the nineteenth century as saltfish became less important in people's diets. The saltfish trade grew more competitive as countries such as Norway and France increased their exports.

Although the colony slowly continued to increase its saltfish exports as overall world sales grew to feed the rising world population,* its share of the market dropped. By 1914, Newfoundland exports accounted for less than 30 per cent of the world sales of saltfish because of competition at market from other countries.

**Between 1500 and 1900, the world's population tripled to an estimated 1 564 000 000 people.*



3.64 Saltfish exports by Newfoundland, Norway, and France, 1876-1890; cwts Iceland and Norway started to become major competitors in the saltfish markets after 1815. As the 19th century drew to a close, Newfoundland faced increased competition from these countries in the saltfish trade.

(Based on information from *Fish Out of Water: The Newfoundland Saltfish Trade 1814-1914*, by Shannon Ryan (St. John's, Breakwater Press, 1986))



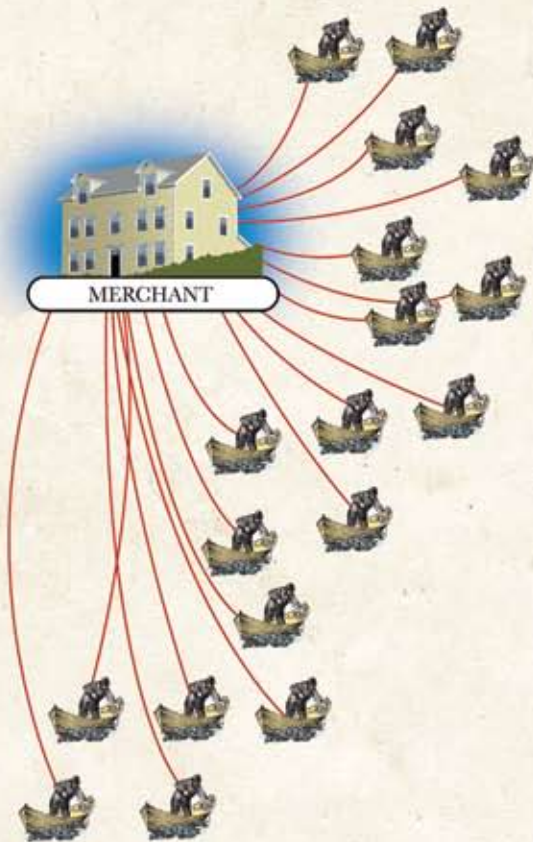
3.65 Culling and weighing saltfish
Tessier's Premises in St. John's, c. 1900

FROM DIRECT SELLING TO WHOLESALING

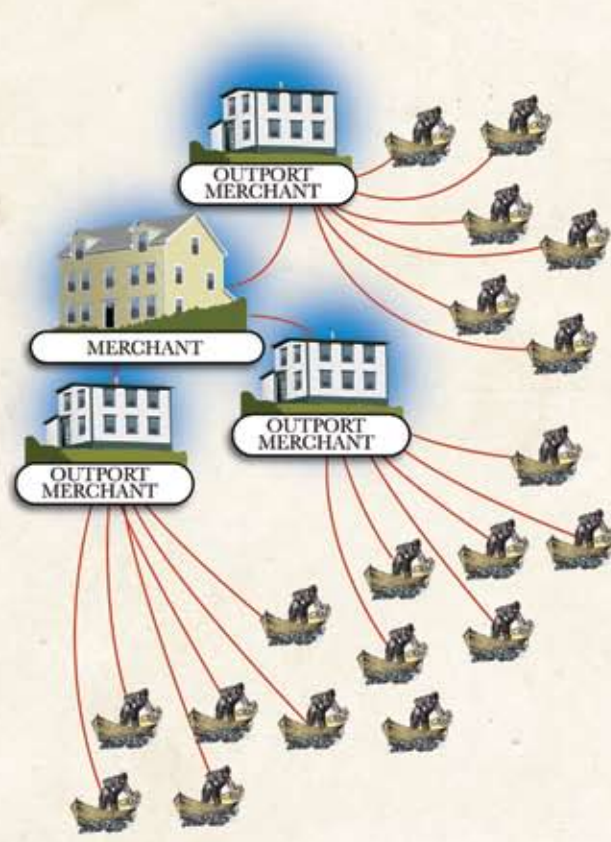
Towards the end of the 1800s, many of the larger firms made the shift from directly selling to planters to being wholesalers.

PRIOR TO THE LATE 1800s

3.66



AFTER THE LATE 1800s



The Role of Merchants

Early in the nineteenth century most merchant firms were British, but by mid-century the fish-exporting trade was dominated by St. John's firms and a few in communities such as Trinity and Bonavista. At first, these larger companies dealt directly with fishers and supplied them on credit in return for fish. Later in the century these merchants became wholesalers, supplying small outport firms, which in turn supplied the planters.

As the fishery became less profitable, many large merchants began to diversify their investments and stopped depending primarily on fish to make a profit. This created an opportunity for smaller businesses in the fishery.

Dealings between merchants and fishers in the inshore fishery were usually conducted on credit instead of with cash. Fish went to market only once or twice a year and some means had to be found to maintain the fisher in between. Few fishers could afford to outfit themselves for the fishery so merchants advanced them household and fishing supplies. In return, the

merchants received the fishers' catches. Prices of fish and supplies were decided by the merchants.

The advantage of this system to the merchant was that he secured a supply of fish. The advantage to the fisher was that he could live and work, even when he could not afford to pay his way, as the merchant continued to supply him on credit. There were no cash dealings in this system; a balance in favour of a fisher was carried on the merchant's books to set against a bad year. Once firmly established, credit relations endured for years and, in some cases, for generations.

The Newfoundland credit system was frequently condemned (even by the merchants who practised it) and some would lay all the ills of the nineteenth century fishery at its door. It is said to have impoverished fishers to the benefit of merchants, saddled merchants with bad debts, produced poor-quality fish, and discouraged innovation to the detriment of the colony's economy. While there seems no doubt that the system was damaging to the industry, few fishers could have afforded to go fishing without credit.



3.67 The Ryan Premises, Bonavista

James Ryan Ltd. started in 1857 in Bayley's Cove, Bonavista and relocated to the central part of Bonavista in 1869. The Ryans made their fortune selling cured cod to Europe and the West Indies. At one time, this saltfish complex exported nearly 10 per cent of Newfoundland and Labrador's entire fish production. Today the merchant premises of James Ryan in Bonavista are restored and open to the public.

The cod fishery had a long completion cycle. If all dealings were in cash, fishers would have had to wait until after their fish was cured and sold to receive payment. Until the days when fish could be sold fresh for immediate payment, the credit system remained a necessary evil.

There were a few exceptions to this. With lobster fishing and (after 1832) seal hunting, merchants did pay in cash instead of on credit.

Questions:

1. What combination of factors did fishers need to produce merchantable saltfish? Over which factors did the fishers have control?
2. Towards the end of the 1800s, many of the larger firms made the shift from directly selling to planters to being wholesalers. What were some possible advantages in this shift?
3. What reasons might account for a fisher having a bad year, and not being able to break even or earn a profit?
4. Outport merchants took many risks. Which risks could they control? Which risks could they not control?
5. Overall, was the credit system fair? Explain.

IMPORTS

Due to poor quality soil and a short growing season, agriculture in Newfoundland and Labrador produced only a small variety of produce for local markets during the nineteenth century. Likewise there was little industrialization, with few goods manufactured in the colony. As a result, residents relied heavily on the importation of food and other consumer products from foreign countries.

In the 1600s, many of these goods arrived from Britain. Prominent were such items as salt beef and pork, peas, hard bread, beer, fishing gear, cooking equipment, candles, and, to a lesser extent, cheese, butter, vinegar, liquor, and cloth.

As the resident fisheries developed in the 1700s and 1800s, Newfoundland and Labrador began to trade fish for items from other countries. By the end of the 1800s, in addition to importing goods from Britain, it was receiving products from Canada, New England, southern Europe, Brazil, and the West Indies. The bulk of these imports consisted of food items, with many agricultural imports arriving from New England. Other imports included furniture, books, feather bedding, glassware, medicines, and other merchandise.

3.68 Food Imports

Evening Telegram ad on imports, April 29, 1882

Just Landed,
 Ex Schr. "J. A. Smith," from Barbados,
50 PUNCHEONS Choice
Retailing Molasses.
 Ex "Frances," from Demerara:
161 Puncheons
Muscovado Molasses.
 40 Barrels Muscovado MOLASSES.
 'EX "Orleans," from New York:
300 Barrels
Extra Flour,
 1200 Barrels Superfine FLOUR
 376 Ditto No. 2 ditto
 160 Ditto Extra Prime PORK
 50 Ditto Mess ditto
 Also—Ex "Marance," from Liverpool:
An Assortment of
STORE GOODS