

# They Cannot Pay Us in Money: Newman and Company and the Supplying System in the Newfoundland Fishery, 1850-1884

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## RESEARCH NOTE

### They Cannot Pay Us in Money: Newman and Company and the Supplying System in the Newfoundland Fishery, 1850-1884

DURING THE 19TH CENTURY THE Newfoundland fishery was conducted for the most part by inshore fishermen who owned and operated small boats and produced salt-cod for export. The merchants who exported the finished product seldom caught or processed the fish themselves but supplied the fishermen who did. Fish went to market only once or twice a year and the problem of maintaining the fishery's labour force over the year was a serious one. As the structure of the fishery developed in the 19th century, merchants extended a range of supplies to fishermen and fishermen came to depend on these supplies for the maintenance of their families and for the conduct of the fishery. Although the role of the exporting merchants in production was indirect but important, these merchants have been seen as doing only what merchants do — buying short, selling long and pocketing the difference. The supplying system has been explained as a means of helping them to do so by enslaving workers and appropriating surplus value through the extension of credit and by dealing, without cash, in truck.<sup>1</sup>

The classic description (though itself derivative) of the Newfoundland supplying system has been that of Lord Amulree, who wrote that "It was obvious that the fishermen could not conduct the fishery from their own resources and the custom grew up under which each fisherman went to a merchant and obtained from him, on credit, supplies of equipment and food to enable him and his family to live".<sup>2</sup> At the end of the season the fisherman returned to the merchant with his catch of fish which was priced by the merchant, as were the supplies he had received. In good years a balance was left to the fisherman, but bad years left him in the debt of the merchant, which debt he had to repay in later years. The merchants, by controlling the accounting of this system, were able to turn it to their profit, whereas the fishermen were denied independence. In essence Amulree regarded the supplying system as a way for merchants to appropriate

1 The characteristics of the supplying system are, with varying emphasis from writer to writer, credit (the issue of supplies in advance of payment), truck or barter (the exchange of goods in kind rather than for cash), debt, exploitation (the charging of exorbitant prices to credit customers), and reciprocity (the obligation of a fisherman to remit his catch to the merchant who supplied him).

2 *Report of the Newfoundland Royal Commission (Amulree Report)*, HMSO, Cmd. 4480 (London, 1933), p. 79.

surplus from the fishermen. On the advantages of this system to the fishermen he was less clear, though he noted that they "obviously" could not carry on the fishery from their own resources.

Building upon Amulree's interpretation, Cato Wadel has stressed that, in fact, the persistence (rather than the origins) of this system lay in mutual benefit — a supply of fish was exchanged for a share of the risks of the voyage.<sup>3</sup> Other analysts have examined why the merchants preferred to deal with independent fishermen instead of hiring labour directly. James Overton, for instance, has argued that having fishermen provide (at least nominally) their own means of production saved the merchants some of the costs of organizing and controlling production. Although they were freed from a direct role in production, merchants retained control over the process by means of credit dealings with the fishermen — credit dealings which allowed the merchants to appropriate surplus value.<sup>4</sup> Stephen Antler has also seen credit dealings as a way for merchants to control production indirectly while extracting surplus value through unequal exchange. He explained the predominance of a small-boat fishery and of mercantile capitalism in terms of the problems capitalists faced in trying to extract economic surplus on a frontier. A combination of frontier conditions and a common-property resource led inevitably to the development of small, homogeneous units of production and merchants to exploit them through unequal exchange.<sup>5</sup> Rosemary Ommer similarly has emphasized that the fishery was a common-property resource and has generated credit dealings from merchants' attempts to establish property rights in a common resource and prevent the dissipation of economic rent. Credit (or truck, as she prefers) gave merchants a stable, tied clientele and gave fishermen a buffer against the uncertainties of the industry.<sup>6</sup>

All who have written about the supplying system thus have assumed that credit relationships were essentially distributive. All except Wadel equate debt and obligation and assume that the creditor is, by virtue of the debt, in a position to set the terms on which he deals with the debtor. All assume that the merchant got the better of the exchange, though only some will allege that the system existed for the benefit of merchants. Yet these conventional accounts are based largely upon anecdotal evidence. The notable exception is Ommer's study, for she used the records of the Charles Robin Company's operations in the Gaspé

3 Cato Wadel, *Marginal Adaptations and Modernization in Newfoundland* (St. John's, 1969).

4 James Overton, "Uneven Regional Development in Canada: the Case of Newfoundland", *Review of Radical Political Economics*, 10, 3 (1978), pp. 106-16.

5 Stephen Antler, "Colonial Exploitation and Economic Stagnation in Nineteenth Century Newfoundland", Ph.D. thesis, University of Connecticut, 1975.

6 Rosemary Ommer, "All the Fish of the Post: Property Resource Rights and Development in a Nineteenth Century Inshore Fishery", *Acadiensis*, 10, 2 (Spring 1981), pp. 107-23; and "The Truck System in Gaspé, 1822-77", *Acadiensis*, this issue.

region of Quebec. But no scholarly study of a Newfoundland fish-merchant's operations has been published and the conventional accounts are not based upon empirical evidence. It has never been shown that the merchants' motives were those attributed to them nor that their alleged practices could have had the effects attributed to them, let alone that they did. This paper therefore focuses upon one firm, Newman and Company, in the latter half of the 19th century. It suggests that the supplying system can not be seen as a crude exercise of monopsonistic power over helpless and dependent fishermen.<sup>7</sup> The evidence from the Newman papers suggests that the supplying system was not static or unchanging and was probably weaker and less enduring than Amulree and later writers have supposed. Through the supplying system Newmans struggled to control producers and to establish monopsonistic power, but they never fully succeeded. They always faced competitors; large planters and independent traders did not die out by 1850, as some writers have implied. Above all, planters struggled to resist mercantile domination and were sometimes successful.

The Newman family were importers and exporters at Dartmouth, Devon, as early as the late 14th century.<sup>8</sup> During the next four centuries members of the family traded in partnership with each other and with others as well as on their own accounts and engaged in the fish, wine and shipping trades. The firm later named Newman and Company was formed in St. John's in 1780 and moved to the south coast of Newfoundland late in the 18th century, though it maintained a St. John's office until the 1860s.<sup>9</sup> By 1850 Newmans' headquarters were in London and their Newfoundland depots at Harbour Breton, Gaultois and Burgeo were run by salaried agents. In the 19th century Newmans did little fishing on their own account, but supplied independent fishermen (called 'planters') and received their fish in return. This was done on the familiar credit or truck (or, as I prefer it, the supplying) system. After 1850 crucial changes took place in the organization of the fishing industry as Norwegian fish became a serious competitor to the Newfoundland product and a trade in supplying bait to French and American fishing vessels drew planters away from the Newmans'

7 Monopsony: "The market situation in which there is one buyer for a particular commodity", Erwin E. Nemmers, *Dictionary of Economics and Business* (Totowa, N.J., 1970).

8 Newman, Hunt & Co., *The Story of Hunt, Roope and Company* (n.p., 1951).

9 Founded as Robert Newman & Company, it was renamed early in the 19th century as Newman & Co., under which name the family firm traded in Newfoundland. The parent firm in London was named Newman, Hunt and Company and their Portuguese wine trade was conducted under the name of Hunt, Roope, Teague & Co. See Margaret Chang, "Newfoundland in Transition: Robert Newman and Company, 1780-1805", M.A. thesis, Memorial University, 1974; Newman, Hunt & Co., *Story of Hunt, Roope & Co.*; letter to the Honourable A.W. Harvey, St. John's, 21 December 1894, Newman, Hunt & Co. papers, Provincial Archives of Newfoundland and Labrador (PANL).

main interest, the cod fishery.<sup>10</sup> At the same time, competition between merchants for the planters' fish intensified and Newmans' relations with the planters deteriorated. Competition in catching and at market made the fishery harder to manage and Newmans progressively withdrew credit dealings before finally abandoning the fishery shortly after 1900.

In 1850 Newmans and Nicolles, a Jersey firm, were the only sizeable traders on the south coast<sup>11</sup> and relations between them seem to have been tranquil at the two more easterly stations. At Burgeo, to the westward, it was a different story, for the nearness of Burgeo to the mainland stopped Newmans and Nicolles from controlling the trade of the region.<sup>12</sup> Newmans were less worried about rival traders than about Nicolles' reaction to the price-competition that had been introduced to Burgeo. Newmans wrote to their Newfoundland agents that "We have remonstrated with Mr. Nicolle on the effect of the advanced price of fish at La Poile, which is a very serious matter, and we fear that if he persists in it we may be obliged to give the same not only at Burgeo but at Hermitage and Fortune Bays also".<sup>13</sup> Yet Newmans failed to hold Burgeo prices down to the Fortune Bay level. Fish prices rose considerably in the 1850s, from 8/- per quintal paid to the planters in 1850 to 15/- six years later<sup>14</sup> and with higher prices came difficulty in managing the planters. In 1856 there was "discontent among the planters" over the price they got for their fish, which was less than was paid at St. John's. To remove this discontent Newmans changed their system of setting fish and supply prices and so changed the basis on which their trade was conducted. Prices had previously been agreed between Newmans' and Nicolles' agents, but now planters were to be paid the St. John's price for their fish and the mark-up on supplies was to be increased to compensate for the higher fish prices.<sup>15</sup> Thereafter Newmans' profit came from the sale of goods to planters and they considered themselves lucky to sell the fish for what they had paid for it.<sup>16</sup>

10 David Macdonald, "Really No Merchant: an Ethnohistorical Account of Newman and Company and the Supplying System in the Newfoundland Fishery at Harbour Breton, 1850 to 1900", Ph.D. thesis, Simon Fraser University, 1988.

11 Report of Captain Ramsay of HMS Alarm, *Journal of the Newfoundland House of Assembly* (JHA), 1851, appendix, pp. 107-12.

12 *Ibid.*; JHA, 1853, appendix, pp. 370-1; Carl Rose, "The History of Burgeo-La Poile Area", Centre for Newfoundland Studies.

13 Letter to Newman & Co., Newfoundland, 26 June 1850, Newman, Hunt & Co. papers, PANL. La Poile, where Nicolles had a station, is near Burgeo.

14 Letters to Newman & Co., St. John's, London, 4 April 1850 and to Newman & Co., Newfoundland, 6 October 1856, Newman, Hunt & Co. papers, PANL. A quintal in Newfoundland was 112 lbs. of saltfish.

15 Letters to Newman & Co., Newfoundland, 15 February, 29 February, 3 April and 6 October 1856, Newman, Hunt & Co. papers, PANL.

16 "Fish nine times out of ten leaves a positive loss at market". Letter to Newman & Co., Newfound-

Newmans observed that "Our business is to offer the Planters supplies at prices which will pay us, receiving their Fish and Oil in payment, because they cannot pay us in money".<sup>17</sup>

The cause of Newmans' actions and of the planters' discontent was competition from St. John's, Halifax, the Jersey houses and St. Pierre — especially the last. Bounties paid by the French government upon fish exported from St. Pierre to France, by whoever caught, enabled St. Pierre merchants to pay more for Newfoundland fish than resident merchants could afford.<sup>18</sup> Newmans complained that planters were making the most of the situation, withholding their fish to increase its price and trying to influence the merchants' prices for supplies. They warned their agents "not to be misled by Planters, some of whom will do all they can to produce competition and disagreement between us and Nicolles".<sup>19</sup>

Newmans took measures to bring the competitive situation back under control. Offering the St. John's price for fish would, they believed, remove the planters' discontent and put an end to price competition.<sup>20</sup> Newmans tried to bind Nicolles to do the same but the Jersey house proved hard to hold to the bargain. Nicolles, who may already have been in credit difficulties, tried to draw business away from Newmans by price-competition and, it was suspected, by dealing with the latter's planters, although these measures were not to save Nicolles from bankruptcy in 1863.<sup>21</sup> In 1856, in return for offering higher fish prices for more expensive supplies, Newmans imposed the condition that their planters deliver all their fish to Newmans and take up all their balances in goods from Newmans' stores — no cash balances were to be paid.<sup>22</sup> Newmans further decided that in future a planter was to be supplied with goods only to the value of his average catch of the three previous years — the so-called three-year rule.<sup>23</sup> They were

land, 16 January 1857, Newman, Hunt & Co. papers, PANL.

17 Letter to Newman & Co., Newfoundland, 16 October 1860, Newman, Hunt & Co. papers, PANL.

18 Harold Innis, *The Cod Fisheries: the History of an International Economy* (rev. ed., Toronto, 1954), pp. 375-6.

19 Letter to Newman & Co., Newfoundland, 12 August 1859, Newman, Hunt & Co. papers, PANL.

20 Ordering their agents to pay the St. John's prices, Newmans predicted that "if this is once completely established the Planters will give up their speculations and you will have no further problems". Letter to Newman & Co., Newfoundland, 6 October 1856, Newman, Hunt & Co. papers, PANL.

21 Letters to Newman & Co., Newfoundland, 5 November 1858, 3 June 1859, 8 February 1862 and 27 June 1863, Newman, Hunt & Co. papers, PANL.

22 Letter to Newman & Co. Newfoundland, 6 October 1860, Newman, Hunt & Co. papers, PANL.

23 Letter to Newman & Co., Newfoundland, London, 11 September 1857, Newman, Hunt & Co. papers, PANL.

confident that these new measures would solve their problems: their competitors and the discretion of Newmans' own agents would be contained and the planters restrained and, at one fell swoop, the trade would return to normal.

That was not what happened. The planters were not as easily restrained as Newmans had predicted and resisted being brought under Newmans' stricter control by the tightening of credit rules. Newmans' collection of fish declined and the planters' debts increased in each of the four years following the 1856 edict. Planters with balances in their favour were still able to draw them out in cash; in fact, the amount so paid in 1859 was treble that paid in 1854.<sup>24</sup> Moreover, the quality of the cure of the fish became a problem, first mentioned in 1858, as the fish was damp through the application of insufficient salt and deteriorated on the way to market.<sup>25</sup>

Newmans offered no explanation for these new problems, but the three-year rule alone was enough to have been the cause. The effect of this rule was to reward a poor season's catch with a lean season's supplies. A planter thus left short of necessities had no choice but to sell part of his next season's catch to another trader. This left his account with Newmans in even worse balance at the end of the second season with the guarantee of still shorter supplies the winter after that. A run of bad seasons would pauperize the planter altogether, whereas a single good season would not save him, since his surplus from a good year went towards his debts. This policy probably widened the gap between the large planter, who had means of his own to survive a bad season, and the small planter, who did not. But the new system created problems for the merchant because supplies were the *sine qua non* of this productive system, without which no fish could be returned; it also created quality problems as short-supplied planters had to choose between taking up salt and taking up foodstuffs.

Newmans' 1856 measures did not have the desired effect of regulating competition and were in some ways counter-productive. Yet market conditions should have brought prosperity to merchant and planter alike. Fish prices paid in Fortune and Hermitage Bays rose from 8/- per quintal in 1850 to 15/- in 1856 and to 21/- in 1867 (they peaked at 25/- in 1876),<sup>26</sup> while prices of supplies did not rise as rapidly.<sup>27</sup> Higher prices did not, however, call forth a greater supply of fish. Newmans' collection of fish dropped from 45,000 quintals in 1858 to 24,000

24 Letter to Newman & Co., Newfoundland, 26 July 1860, Newman, Hunt & Co. papers, PANL.

25 Letters to Newman & Co., Newfoundland, 3 December 1858 and 14 October 1859, Newman, Hunt & Co. papers, PANL. The latter source says that poor-quality fish was a problem that the Newmans had never had before.

26 See note 14 above and letters to Newman & Co., Newfoundland, 13 April 1867 and 27 June 1876, Newman, Hunt & Co. papers, PANL.

27 This is Newmans' story. See letter to Newman & Co., Newfoundland, 30 November 1860, Newman, Hunt & Co. papers, PANL.

quintals in 1868.<sup>28</sup> Part of the decrease was due to their decision to withdraw in 1862 from Burgeo, but their collection also declined in Fortune Bay and the problem of bad debts also appeared there. At Harbour Breton it was the winter rather than the summer cod fishery that had declined.<sup>29</sup>

The problem at Harbour Breton was the bait trade with the French and the Americans, which began to draw the planters' efforts away from the winter cod fishery in the 1850s. There is no mention before 1878 of the decline of the winter cod fishery at Gaultois, for there was no winter herring fishery there to compete with cod. Supplying herring to the French fleet at St. Pierre for use as bait was a traditional occupation of Fortune Bay planters.<sup>30</sup> An increase in the French fleet after 1850 and the adoption of new fishing methods created a demand for bait that could not be met in the vicinity of St. Pierre. The French therefore purchased bait from Newfoundland planters. The increased bait-trade inconvenienced Newfoundland merchants who had advanced supplies to the planters in the expectation of being repaid in codfish, which they were not if the planters were engaged in bait-catching for the French.<sup>31</sup> To the traditional 'French trade'<sup>32</sup> was added in the second half of the 19th century a bait-trade to the American banking fleet.<sup>33</sup> Fortune Bay planters who engaged in the bait trade were able to acquire schooners, which made them more mobile and thus more independent of Newmans. The American bait fishery did not overlap in season with the French trade, but it did interfere with the winter cod fishery.<sup>34</sup> Fishermen who lacked

28 Letters to Newman & Co., Newfoundland, 22 October 1858 and 19 December 1868. Newmans considered the 1858 catch disappointing.

29 Letters to Newman & Co., Newfoundland, 10 August 1861 and 20 July 1867, Newman, Hunt & Co. papers, PANL.

30 Edward Wix, *Six Months of a Newfoundland Missionary's Journal: from February to August during the Year 1835* (London, 1836), p. 157.

31 Innis, *The Cod Fisheries*, pp. 375-9.

32 The bait fishery was the major source of income of a minority of Fortune Bay planters but provided only a supplement to the incomes of most of its practitioners. Even when the trade was at its height Newmans claimed that few could make a living solely from herring. Letter to J.O. Fraser, St. John's, 6 February 1879, Newman, Hunt & Co. papers, PANL.

33 The American bankers were allowed into Newfoundland waters by the Reciprocity Treaty of 1854, though they were rare visitors before 1860. William Reeves, "The Fortune Bay Dispute: Newfoundland's Place in Imperial Treaty Relations under the Washington Treaty, 1871-1885", M.A. thesis, Memorial University, 1971, p. 13.

34 Macdonald, "Really no Merchant", pp. 69-73. Newmans blamed the bait trade for the decline in their winter collections of cod — see letters to Newman & Co., Newfoundland, 11 September 1857, 23 March and 10 August 1861, Newman, Hunt & Co. papers, PANL. They complained of losing planters to St. Pierre in 1856 and to St. John's in 1862 (letters to Newman & Co., Newfoundland, 10 October 1856 and 20 September 1862, Newman, Hunt & Co. papers, PANL).



large boats could not pursue the bait fishery and remained dependent on the cod fishery and on Newmans' supplies.

Newmans thus faced competition for the planters' efforts. Yet, despite their inability to make the most of a decade of good markets, Newmans weathered the period after 1856 better than their rivals. As for the planters, even those whose supplies had been restricted managed to survive the winters without having to petition the government for relief.<sup>35</sup> In the late 1860s, however, Newmans were threatened at market by competition from the Norwegians, who were induced by higher prices to go more largely into the trade.<sup>36</sup> This made Newmans fearful for the future of the industry — unduly so, as fish prices continued to rise into the 1870s — but their worries must be seen in the light of supply problems in Newfoundland. The 1856 reforms had not solved their problems. Bad debts, which had closed their Burgeo station in 1862, appeared at Harbour Breton shortly afterwards and the winter fishery there all but disappeared. Newmans concluded that "all confidence as it formerly existed is gone"<sup>37</sup> and moved to end the practice of winter supply.

Traditionally a merchant, when accepting the catch of his planters in the Fall, allowed them supplies to carry them through the winter. If the voyage had been profitable they were able to cover the cost of their winter supplies; if not the merchant carried them on his books until the next year. Declining profitability had put an end to this system in the northern districts in the 1830s but it had continued on the south coast. By 1867 the Winter fishery at Harbour Breton had declined to the point where Newmans would no longer advance winter supplies to planters who were unlikely to pay for them. Newmans wrote to their Harbour Breton agent that "you must not issue any supplies on credit there to any Planter who has not independent means of his own or whose honesty you cannot thoroughly rely on, as we prefer giving up the business with any doubtful planter to running any such risk".<sup>38</sup> Small planters, in other words, could no longer be relied upon to cover their accounts for the year if given enough supplies to last them from one Fall to the next; the same applied to doubtful planters who were too heavily engaged in the bait trade. These were now to be supplied in Spring, not Fall, and they were to be dealt with over the winter on barter and not on

35 As governmental relief to the district in 1864 was only £15 (*JHA*, 1865, appendix, pp. 288-9), it seems that planters were still able to get Newmans rather than the government to pay for their winter supplies. Newmans' complaints that their Harbour Breton agent was supplying too liberally and not adhering to the three-year rule were followed by his removal in 1867 (letters to Newman & Co., Newfoundland, 17 March 1865, 13 October 1866 and 22 June 1867, Newman, Hunt & Co. papers, PANL).

36 Letter to J. & W. Stewart, St. John's, 5 January 1867, Newman, Hunt & Co. papers, PANL.

37 Letter to Newman & Co., Newfoundland, 9 October 1869, Newman, Hunt & Co. papers, PANL.

38 Letter to Newman & Co., Newfoundland, 20 July 1867, Newman, Hunt & Co. papers, PANL.

credit. Newmans' response to commercial difficulties was, once again, to tighten control over their system of dealings and to reduce risk even if it meant curtailing their business. Credit was now seen as one source of risk and was to be avoided as much as possible in order to "maintain our independence in dealing with the planters".<sup>39</sup>

Winter supply had long disappeared from those parts of the island where there was no winter fishery<sup>40</sup> and other south coast merchants were ending credit altogether at the time Newmans were restricting it.<sup>41</sup> Ending credit did not save the other houses and Newmans ascribed their failure to want of "strict mercantile principles", meaning that they engaged in price competition when the credit of every house was severely tried.<sup>42</sup> At first Newmans had some difficulty enforcing the 1867 dispensation. Planters who expected to be cast adrift over the winter tried to hold back part of their summer's catches, but those guilty were refused further credit and the revolt was quelled. Distress was evident in Fortune Bay that winter and governmental relief became thereafter a fact of life in a district where it had been little needed before.<sup>43</sup>

1868 was a poor year for the Newmans, their collection down to half the usual level of the 1850s. The planters' debts rose £4,000 above the previous year's,<sup>44</sup> although the earlier year's debts had themselves been serious enough to cost the Harbour Breton agent his job. Thereafter Newmans' collection of fish, though variable, averaged about one-third less than formerly.<sup>45</sup> Although 1873 and 1874 were good years, "about the best you have ever had",<sup>46</sup> 1875 and 1876 were poor, due in part to ice remaining late on the coast. Then, upon the heels of the poor collections of 1875 and 1876 came problems in European markets; they were glutted by Norwegian fish, which had become a serious rival to the Newfoundland product. Newmans complained that

The consumers are now getting so accustomed to the Norway that they will

39 Letter to Newman & Co., Newfoundland, 18 June 1870, Newman, Hunt & Co. papers, PANL.

40 Shannon Ryan, "Fisheries 1800-1900", in J.R. Smallwood, ed., *Encyclopedia of Newfoundland and Labrador* (St. John's, 1984), vol. 2, pp. 149-50.

41 Letters to Newman & Co., Newfoundland, 25 September 1867, 14 January 1868 and 30 January 1869, Newman, Hunt & Co. papers, PANL.

42 Letters to J. & W. Stewart, St. John's, 22 October 1870 and to Newman & Co., Newfoundland, 30 July 1870 and 22 October 1870, Newman, Hunt & Co. papers, PANL.

43 In 1866 the value of governmental relief in Fortune Bay district (which included Hermitage Bay) was £57, in 1868 £160, in 1869 £211 (*JHA*, 1867, appendix, p. 370; 1869, appendix, p. 261; 1870, appendix, p. 671).

44 Letter to Newman & Co. Newfoundland, London 19 December 1868, Newman, Hunt & Co. papers, PANL.

45 Letter to Newman & Co., Newfoundland, 24 January 1878, Newman, Hunt & Co. papers, PANL.

46 Letter to Newman & Co., Newfoundland, 29 May 1877, Newman, Hunt & Co. papers, PANL.

only make a small difference in the price in favour of the Newfoundland...as far as we know the supply may be unlimited if so it must work a revolution in the Newfoundland Trade.... At the present prices the Newfoundland Planter can barely live and if they are to fall from 5/- to 10/- per quintal he will no longer be able to support himself by fishing.<sup>47</sup>

Newmans did not intend to support him either if he could not clear his account and they resolved to restrict credit to the dependable. More than 60 Harbour Breton planters were turned off in the next two years. Newmans explained that "Our object is to get a better set of Planters who will pay their way in average years".<sup>48</sup> The business was in future to be conducted more by cash and barter than by credit and even for those not yet discontinued, "A tight hand must be held over [them], supplying them only from time to time in small quantities".<sup>49</sup> Governmental relief to the district — £57 in 1866, £160 in 1868 — climbed to £548 in 1877.<sup>50</sup> Discontinued planters reacted — as their counterparts had previously — by attempting to withhold fish to store against the coming winter, but as before they were unsuccessful. Newmans were at a loss to understand why the planters' debts were increasing again and sent an envoy from head office to investigate. He concluded that competition from the Norway fishery lay at the root of all the problems.<sup>51</sup>

At least in intention, Newmans' actions in 1877 changed the basis of their trade from credit to barter — supplies would now be issued only once the *quid pro quo* of fish had been produced. Favoured candidates could still be supplied on credit — though "positive orders" were given not to supply beyond the three-year average — and promising planters were to be courted with the offer of credit.<sup>52</sup> These measures to restrict credit and reduce risk did not revive Newmans' fortunes. Markets continued to be supplied with Norway fish and prices paid to the planters declined from their 1876 peak, though staying well above pre-1856 levels. The problem of bad debts which had closed Burgeo in 1862 and troubled Harbour Breton appeared at Gaultois in 1878 and Hermitage Bay planters were cut off in 1880. The Winter fishery had virtually disappeared at Harbour Breton and declined to a mere 5,000 quintals at Gaultois, though the two stations had

47 Letter to R.A. Alexander, St. John's, 21 March 1878, Newman, Hunt & Co. papers, PANL.

48 Letter to Newman & Co., Newfoundland, 1 October 1878, Newman, Hunt & Co. papers, PANL.

49 *Ibid.*

50 See note 43 above and *JHA*, 1878, appendix, p. 99.

51 Letter to Julius F. Callam, 2 August 1879 and next letter, Newman, Hunt & Co. papers, PANL. Callam, their envoy, had once been chief clerk at Harbour Breton.

52 Letters to Newman & Co. Newfoundland, 29 April 1879 and 4 December 1884, Newman, Hunt & Co. papers, PANL.

during the 1850s remitted as much as 24,000 quintals of winter fish in one year.<sup>53</sup> Bad debts, in fact, became worse rather than better after the 1877 measures, in part because Newmans' agents could not be restrained from giving out more supplies on credit than their principals wished.<sup>54</sup> Rival traders were, it seems, prepared to tempt planters with credit as Newmans did.

Faced with these problems in the supplying system, Newmans took several measures to increase their collection of fish. They sent more trading craft to harbours too distant from their stations for the planters there to be trusted with credit.<sup>55</sup> They also entered the Bank fishery (which the colonial government was trying to encourage), though this was less to increase their collection of fish than to enable their planters to work off their debts.<sup>56</sup> The supplying system had by 1880 become so inefficient that it could no longer be relied upon and Newmans had to involve themselves in catching and processing in order to secure an adequate supply of marketable fish.

In 1898 Newmans admitted that "We wish we were well out of the trade"<sup>57</sup> — and soon they were, though they tried one last fling at it. Blaming credit for their difficulties, they ended it altogether, whereupon they hoped "to see the business take a new lease of life and go ahead again. If it doesn't the only way is to reduce the stock of goods gradually and close down".<sup>58</sup> In the event they followed the latter course and were out of the Newfoundland trade in 1902. Yet for all of Newmans' protestations of loss and decline, their 1898 profit was described as "a very fair one indeed".<sup>59</sup>

From 1856, when Newmans had first to amend their system of dealings to 1884, when the problem of bad debts became serious at Gaultois — the last of Newmans' three stations to be so afflicted — the supplying system progressively broke down in the Newfoundland fishery. During this period Newmans faced the problems of selling fish, of meeting competition from other traders and of

53 Letters to Newman & Co., Newfoundland, 29 April 1879 and 31 August 1880, Newman, Hunt & Co. papers, PANL.

54 Letters to Newman & Co., Newfoundland, 3 September 1878, 12 October 1880, 5 June 1883, 4 December 1884, Newman, Hunt & Co. papers, PANL.

55 Letters to Newman & Co., Newfoundland, 14 May 1878, 18 June 1880 and 17 January 1890, Newman, Hunt & Co. papers, PANL.

56 Letters to Newman & Co., Newfoundland, 18 March and 11 May 1880, Newman, Hunt & Co. papers, PANL; Raoul Andersen, "Social Organization of the Newfoundland Banking Schooner Fishery, circa 1900-1948", paper presented to the International Commission for Maritime History, International Congress of Historical Sciences, Bucharest(1980).

57 Letter to Baine, Johnston & Co., St. John's, 27 May 1898, Newman, Hunt & Co. papers, PANL.

58 Letter to Newman & Co., Newfoundland, 10 November 1899, Newman, Hunt & Co. papers, PANL.

59 Letter to Newman & Co., Newfoundland, 28 March 1899, Newman, Hunt & Co. papers, PANL.

ensuring a consistent supply of good-quality fish from the planters. Yet both merchant and planter should have prospered during these years. From 1850-4 to 1880-4 the gross value of Newfoundland's saltfish exports rose by 127 per cent, her population by only 59 per cent.<sup>60</sup> The price Newmans paid planters for their fish increased from 8/- per quintal in 1850 to 25/- in 1876; thereafter it fell, but was still 20/- in 1884.<sup>61</sup> Yet a higher price could not call forth a greater supply of fish. Both Newmans' collection of fish and the catch of the districts in which they dealt declined during this period.

In 1856 Newmans faced competition from other traders for the planters' fish. They met this competition by raising fish-prices and attempting to bind their chief rivals, Nicolles, to collude in setting prices. They also tried to control their planters more closely and to regulate the value of supplies the latter were allowed to take up through the three-year rule. However, neither Nicolles nor the planters were as easily restrained as Newmans had predicted and their 1856 measures to regulate the competitive situation were in some ways counterproductive; in particular they could not limit the amount of supplies issued on credit.

After 1856 and especially after 1860 Newmans also faced the problem of keeping their planters at the cod fishery in the face of the distractions of the bait trade. The bait trade interfered with the winter cod-fishery and in 1867 Newmans ended winter supply to all but planters with independent means. Newmans believed that this restriction of credit would increase their collection of fish,<sup>62</sup> though, in fact, it did not. Newmans' response to commercial difficulties had been, once again, to tighten control over their system of dealing and to reduce risk, even at the cost of curtailing their business. Credit was now seen as one source of risk and was to be avoided as much as possible to "maintain our independence in dealing with the planters".<sup>63</sup> In 1877, when Newmans were faced with difficulties at market, they once again responded by restricting credit dealings — and once again their collection of fish fell.

This response of the Newmans to crisis — the restriction of the supplying system — would seem to be irrational if supply was what it has usually been considered to be: that is, if supply was a distributive system, concerned only with sharing economic surplus between producers and distributors. Had that been

60 Calculated from Censuses of Newfoundland, 1857 and 1884 and table 1 in David Alexander, "Newfoundland's Traditional Economy and Development to 1934", *Acadiensis*, 5, 2 (1976), pp. 56-78.

61 Letter to Newman & Co., Newfoundland, 8 April 1884, Newman, Hunt & Co. papers, PANL; see also note 26 above.

62 Letter to Newman & Co., Newfoundland, 20 September 1867, Newman, Hunt & Co. papers, PANL.

63 Letter to Newman & Co., Newfoundland, 18 June 1870, Newman, Hunt & Co. papers, PANL.

the case supply should have been extended, not restricted, when difficulties struck because the merchants could thus have bolstered their falling profits by extracting more of the economic surplus produced by the planters. Newmans' response is, however, rational if supply was a system of investing capital in the fishery — an investment which marketing difficulties made less attractive. Moreover, it would not be expected that, if credit dealings were distributive and not productive, the catch of fish would fall once credit's yoke had been eased about the planters' shoulders. On the contrary, Newmans regarded credit dealings as a source of risk and wished to restrict them as far as possible, whereas planters sought credit in greater measure than the merchants thought it wise to issue. The planters' desire for more credit and their falling catches as advance supplies became less available to them are both understandable if credit was investment and not if it was a means for the expropriation of surplus.

Credit was, of course, essential to the planters because they were engaged in a export industry in which fish was marketed only once or twice a year. As few planters could afford to conduct the fishery from their own resources, credit was essential to all but the richest fishermen. It is also true, as has been shown, that the system declined as credit was withdrawn. It is, however, another thing to make credit the sole characteristic of the relationship between planter and merchant. In other economies, the need for credit of those who were paid irregularly has been well demonstrated — small farmers in Ireland relied upon merchants,<sup>64</sup> for example, and seasonally-employed urban workers in England upon shopkeepers and pawnbrokers.<sup>65</sup> In neither case, however, did the creditor purchase the product of the debtor's labour nor provide him with the means of production. The supplying merchant in Newfoundland did both, so that he gave the planter more than just time to pay.

Supply has also been equated with truck and several writers make truck the source of the planters' indebtedness and therefore of their dependence upon their supplying merchants. This is a reference to the English truck system and the reasoning is really by syllogism — supply and truck both deal in goods and not cash, therefore supply is truck. But if Hilton is to be believed,<sup>66</sup> the English truck system did not work as has been supposed. Neither credit nor debt figured in truck, nor did truck characterise a whole industry.<sup>67</sup> Hilton found two main forms of truck — a compulsion to take part of the wages in goods as a condition

64 Conrad Arensburg, *The Irish Countryman* (New York, 1968).

65 Gareth Stedman Jones, *Outcast London* (Oxford, 1971).

66 George Hilton, *The Truck System* (Westport, Ct., 1960).

67 Hilton (*ibid.*, p. 3) points out that, if the purpose of truck was to reduce real wages, economic theory would not predict its success. An employer who practised truck would have to raise nominal wages by way of compensation, and would, in fact, do better to lower nominal wages and have done with truck.

of employment and the taking of advances in wages in truck. The object of the first form was to circumvent the payment of standard wages and of the second form to avoid the expense of a weekly payroll in remote locations.<sup>68</sup> Moreover, provident workers avoided truck dealings whenever possible, whereas fishermen sought them even when they were in a position to deal in cash. These are important differences between supply and truck which concentration upon the common practice of payment in kind will obscure.

Supply has also been seen as a system of barter. This has been made most explicit by Rosemary Ommer,<sup>69</sup> who equated barter with truck on the grounds that in both cases goods rather than cash were exchanged and that in neither case was money the medium of exchange. It is, at the very least, best to keep separate the coin in which payment is made and the immediacy of the payment. When barter displaced credit in the supplying system it was the latter rather than the former that changed — supplies were now issued once the fish had been produced not, as formerly, in advance. Moreover, in both cases the goods exchanged were valued in monetary terms and the exchange did not rest upon the 'double coincidence of wants'<sup>70</sup> that underlies true barter. What has been called here barter (following Newmans' usage) would be more truly called an exchange without money, though monetary values mediated the terms of the exchange. Why merchants and planters did not exchange currency or other negotiable instruments in their dealings is, of course, another matter.<sup>71</sup>

In summary, none of the above-mentioned explanations of the supplying system does justice to its main features. Supply was not a variety of truck or barter. Supply needed credit to work well but the merchant gave the planter more than time to pay — he gave the ability to sustain a commercial fishery. We must question the universal contention that the planter's debts bound him to his merchant<sup>72</sup> and that it was non-monetary exchange that did this. In fact, Newmans were reluctant to tolerate a debt that exceeded the debtor's ability to repay. If the relationship between merchant and planter continued it was because each continued to feel a need for the other's services.

If, on the other hand, supplying is seen not as a distributive but as a productive activity, the planters' desire to be supplied, Newmans' limited success at restricting

68 Hilton, *The Truck System*, pp. 14-8, 30, 37.

69 Rosemary Ommer, "All the Fish of the Post", p. 111. In a more recent publication Ommer has placed more importance on the terms of trade than on the medium of exchange in defining truck; see "The Truck System in Gaspé, 1822-77".

70 That is, the goods that partners wish to buy and sell must agree for exchange to be possible.

71 The difficulty and expense of making cash payments in the absence of banks was not a factor as other negotiable instruments, such as bills of exchange, could have been used.

72 We might as well observe in this respect that if debt bound the worker to his employer it would also, by the same token, have prevented the employer from discharging an indebted worker.

supply and the decline of the fishery with the decay of the supplying system becomes explicable. Supply was a productive system in which merchants controlled the means of subsistence and access to capital goods (and to markets) even though producers nominally owned the technical means of production. The crucial decision in who could sustain a commercial fishery — who was to be supplied — was taken by the merchants. Supply was, then, a system of investing capital — in this case circulating capital — in the fishing industry. The industry declined as this capital was withdrawn during the second half of the 19th century.

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