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# Merchant Credit and the Informal Economy: Newfoundland, 1919-1929

ROSEMARY E. OMMER

## *Résumé*

*Merchant credit systems and household production have usually been examined historically as two distinct entities which either bore no relationship to one another or else operated in opposition. This paper proposes instead that there has existed a somewhat unequal symbiosis between these two economic systems, not only in the early of settlement when labour was scarce, but also under conditions of abundant labour. It further suggests that merchant credit can fruitfully be regarded as the forerunner of state welfare systems insofar as both have provided the start-up capital for informal economies which, in their turn, then operate as an essential safety net for people living in marginal economies.*

\* \* \* \* \*

*On a toujours étudié séparément le système du crédit accordé par les marchands et la production dans la colonie, les considérant comme deux réalités distinctes qui sont sans relations entre elles, voire même opposées l'une à l'autre.*

*Le présent article soutient, au contraire, qu'il y a une certaine symbiose entre ces deux réalités économiques, non seulement en période de colonisation alors que la main d'oeuvre est rare, mais même lorsque celle-ci est abondante. Il soutient même qu'on a raison de considérer que le crédit consenti par les marchands est l'Etat providence avant la lettre, les deux fournissant le capital nécessaire à des économies naissantes, lesquelles assurent, à leur tour, la sécurité aux populations isolées.*

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This paper is part of the work of a larger team research project which is examining the Newfoundland economy in the twentieth century. The author wishes to express her gratitude to the Institute of Social and Economic Research, Memorial University of Newfoundland, for funding this research. She also wishes to thank her research assistant, Robert Hong, whose meticulous compilation of data and interpretative skills were invaluable in carrying out this work, and Danny Vickers, Bill Schrank, Jim Hiller, Sean Cadigan, Doug House, Don Davis, and three anonymous readers for helpful comments on an earlier draft of this paper.

In the process of setting up business in the New World, merchant capital found itself faced with a new set of opportunities and a new set of problems.<sup>1</sup> How did the colonial merchant organize production in the wilderness, in areas where isolation was a major problem, where labour was initially scarce, where specie was in short supply, and where ownership of a marketable resource was hard to establish and perhaps even harder to maintain? How could this be done, moreover, in the context of an international trade where the resource lay on one side of the Atlantic and the markets on the other, and where a whole range of financial dealings was necessary to oil the wheels of long-distance commerce? Above all, how could the very real risks of these endeavours be minimized, business rationalized, and profits made under such circumstances? By the same token, how did the ordinary settler in the New World establish himself and his family (when he acquired one), survive in isolated areas, secure a year-round livelihood, purchase necessary supplies, find an outlet for his produce, and thereby create and maintain settlement? The answer, at least in the inshore fishing economies of what is now eastern Canada, was the creation of a "package" made up of household commercial and noncommercial (or subsistence) production — an "informal economy"<sup>2</sup> — and a formal economy operating on commercial merchant-credit systems which together provided the structural framework within which these two different interest groups could achieve their goals.<sup>3</sup>

Initial exploitation of codfish in the region took place without supporting settlement structures, for the early fishery was migratory. The issue of how to maintain a labour force at such distance, in an area where production was only possible for a short period in every year, was avoided by having vessels sail to the fishing grounds in the spring and return home in the fall with the catch for market.<sup>4</sup> By the seventeenth century westcountrymen from England controlled much of this Newfoundland fishery and slowly locations were developed where "caretakers" became resident, supervising

1. See Rosemary E. Ommer, ed., *Merchant Credit and Labour Strategies in Historical Perspective* (Fredericton, 1990, forthcoming) for an extended investigation of this topic in a variety of staple economies in eastern North America.
2. For a discussion of the use of the term "informal economy" rather than household production or some other variant (such as subsistence production or traditional economy), see Rosemary E. Ommer, "Merchant, Community and Subsistence Production," paper presented to the Atlantic Workshop, Halifax, September 1989.
3. See Rosemary E. Ommer, "The Truck System in Gaspé, 1820-70," in *Merchant Credit*, as well as the introduction to that volume; see also Patricia A. Thornton, "The Transition from the Migratory to the Resident Fishery in the Strait of Belle Isle," in the same volume, and her "Jack of All Trades," Background Report to the Newfoundland Royal Commission on Employment and Unemployment, St. John's, 1986. In the first of these essays, Thornton deals with the establishment of a merchant credit system in the strait. In the second, she details the functioning of the household economy in outport Newfoundland. She does not, however, make explicit the relationship between these two. I am indebted to Dr. Daniel Vickers of Memorial University for drawing my attention to similar structures in fishing communities in the Cape Ann, Massachusetts, area in the early nineteenth century. See his forthcoming book, *Farmers and Fishermen in Essex County, Massachusetts, 1630-1850*.
4. See Shannon Ryan, *Fish Out of Water* (St. John's, 1986), 31-36.

premises and gear, and protecting rights to sites over the winter months when they were not in use. By the end of the century, the practice was well established and an embryonic resident fishery was in the making. Eventually the migratory fishery was overtaken by a genuinely resident fishery and had effectively disappeared in most of the region by the end of the Napoleonic War.<sup>5</sup>

The dilemma for the fish merchant exploiting the cod fishery was, first of all, one of seasonality. There were two solutions that appear to have been employed. One was to set up a number of fishing stations along the coastline to cover the maximum possible area and hence stretch the catching season to its greatest extent. This was the solution of the Jersey islanders in their New World cod fishery, and they had branches of their operations all round the Atlantic coast from Arichat to Gaspé to the Strait of Belle Isle and Island Newfoundland.<sup>6</sup> The other was to diversify into other supplementary resources and thereby create a seasonal round of commercial activities that covered much of the year: sealing and furring, for example, as well as fishing.<sup>7</sup> In other words, one could expand geographically or by resource or, indeed, one could do both.

There were, however, implicit difficulties in these solutions: in the former, the ability to keep a labour force in place at various stations during eight unproductive months of the year; in the latter, the complexity of managing a wide range of resources which might individually produce relatively small returns for rather high outlays. Fishing involved quite heavy overhead costs and considerable risk, in terms of both the production and market ends of the business.<sup>8</sup> From the settlers' point of view there was a similar dilemma: how to survive for a year on four months' wages or else how to get a small amount of various resource goods sold in a distant market, purchase the variety of gear involved, and get access to needed supplies.

The mercantile solution in both scenarios was ultimately to encourage the labour force to blend commercial and noncommercial activities, because this ensured year-round settlement as cheaply as possible, with the merchant providing essential supplies on credit to a labour force that otherwise supported itself by subsistence production. In other words, the informal economy was a noncommercial solution that was the underpinning to commercial success, while merchant credit was the commercial

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5. In "Transition," Thornton argues a slower demise for the migratory fishery in remote areas like the strait where it persisted alongside a resident fishery. This was also the case in Gaspé; see Rosemary E. Ommer, *From Outpost to Outport: a structural analysis of the Jersey-Gaspé codfishery, 1767-1886* (Montréal, 1990), chs. 2 and 4.
  6. See Ommer, *Outpost to Outport*, ch. 1; Thornton, "Transition."
  7. See Ryan, *Fish Out of Water*, 37; Thornton, "Transition."
  8. See, for example, Ommer, *Outpost to Outport*, especially ch. 4, and Daniel Vickers, "Merchant Credit and Labour Strategies in the Cod Fishery of Colonial Massachusetts," in *Merchant Credit*, and Ryan, *Fish Out of Water*, which gives extensive information on markets over a considerable period of time.

mechanism that gave market access to the “independent” household.<sup>9</sup> It also, of course, created heavy dependence for settlers on the merchant who supplied their credit and often also their fishing gear — the means, that is, of production.<sup>10</sup> It was this procedure, jointly operated by merchant and settler, that made the transition from a migratory to a resident fishery financially feasible for both parties, developed an increasingly important retail function for the merchant as the population grew, and permitted remote areas to be opened to commerce. The question, however, is whether or not such a symbiotic (albeit unequal) relationship continued to exist once the population had grown and the early conditions of scarce labour — which required the merchant to capture his labour force — had given way to conditions of abundance. That the informal economy survived, and that credit systems persisted, is a matter of record. Why they did so, and whether the relationship between them altered or ceased to exist, are a different matter entirely.

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This paper seeks to shed some light on the relationship between the informal economy and merchant credit under twentieth-century conditions of abundant labour. It examines the ledgers of two firms, one in Bonavista (the second largest settlement in Newfoundland according to the 1921 census) and one in Little Bay Islands (a small Newfoundland outport community on the northeast coast), in the crucial years immediately after the Great War when the fishery moved out of a period of overheated wartime production and high prices into crisis as peacetime competition from north-European fisheries reasserted itself. Bonavista is situated on the old English Shore of Newfoundland, on the west side of the cape of the same name. The community has a

**Table 1 (a)**  
**Bonavista: Population, 1891 - 1921**

	1891	1901	1911	1921
Population	3551	3696	3911	4050
No. of households*	640	799	850	874
Persons/Hhld.	5.5	4.6	4.6	4.6

\* No. of households is the number of occupied houses.

9. See the comment by P.F. Charlevoix, *Journal of a Voyage to North America* (Chicago, 1923), I: 78 cited in Innis, *The Cod Fisheries* (Toronto, 1954), 127, n. 115: “if you bring sailors from France, either you must pay them for the whole year, in which case your expenses will swallow up the profits, or you must pay them for the fishing season only, in which case they can never find their account.... But if they are inhabitants of the place... the rest of the year they may employ in working for themselves, at home.”
10. For an extended discussion of this point, see Rosemary E. Ommer, “All the Fish of the Post: Resource Property Rights and Development in a Nineteenth Century Inshore Fishery,” *Acadiensis* 10 (1981): 107-23.

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long history of fishing and mercantile activity and had, by the beginning of the twentieth century, a mature demographic base, as Table 1(a) shows. The picture appears to be one of continued growth, with a very stable household structure after 1901. This impression is, however, deceptive as Table 1(b) reveals. Bonavista was, in fact, experiencing considerable population loss in the crucial young labour force age cohorts, a loss which

**Table 1 (b)**  
**Percentage Population Loss/Gain By Age and Sex Cohort, 1891-1921**

	1891-1901		1901-1911		1911-1921	
	M	F	M	F	M	F
10 - 19	-2.1	-3.4	-1.3	-1.6	-1.7	-1.9
20 - 29	-1.5	-2.5	-2.9	-2.2	-2.5	-2.6
30 - 39	-1.6	-2.1	-2.6	-1.7	-2.1	-2.2
40 - 49	-0.6	-0.1	-0.4	-0.1	-0.1	-0.1
50 - 59	-1.0	-1.5	-0.8	-0.9	-0.7	-1.1
60 - 69	-0.6	-0.3	-0.5	-0.2	-0.5	-0.5
70 - 79	-0.6	-0.5	-1.2	-0.6	-1.2	-1.3
80+	-0.8	-0.4	-0.8	-1.0	-1.0	-1.2
Increase under 10 years of age*	+24.3		+25.1		+24.9	
Total Loss*	-19.6		-18.8		-20.7	
Total Growth*	+ 4.1		+ 5.8		+ 3.6	

\* Calculated as percentage of total population of the earlier year.

Source: Census of Newfoundland, 1891, 1901, 1911, and 1921.

was more than compensated for by a very high percentage increase (almost certainly a high birth rate) in the under-ten cohort throughout the period. The data suggest strongly that many young people had to move elsewhere to find employment, and that the situation intensified in the period 1901-11, easing only slightly in the period 1911-21. Table 2, therefore, looks at the occupational structure of the town. Allowing for double-counting in the census, it is still clear that Bonavista had an economy rooted in fishing and fishing-farming. Equally clearly, those occupations were under increasing stress throughout the period and there was little else available in the community: the categories of office and shopwork expanded in numbers slightly, "otherwise employed" took up some of the slack, but there was no major new employer in evidence.

The economy of Bonavista at this time was based on the shore fishery coupled with supplementary subsistence agriculture. This blend of occupations was the norm for the Newfoundland outpost: the 1921 census commented that "there are over 30,000 fishermen and others who cultivate land, more or less, in addition to their usual occupation. This class is largely made up of the fishermen-farmers, and it is needless to

say that those who are assiduous on the land as well as on the sea generally manage to live in comparative comfort."<sup>11</sup>

**Table 2**  
**Bonavista: Percentage Population in Various Occupations, 1891-1921**

	1891	1901	1911	1921
Fisher - Cultivators*	59	55.7	23.7	18.2
Males Catching and Curing Fish*	29.7	28.1	21.3	18.2
Females Curing Fish	22.1	11.5	8.3	16.8
Merchants/Traders	0.2	0.3	1.4	1.0
Office/Shopworkers	0.9	1.9	1.5	2.2
Farmers	0.1	0.1	0.4	—
Mechanics	0.8	0.8	1.3	1.0
Lumberers	—	0.1	—	—
Miners	—	0.2	0.2	—
Factory/Workshop	0.1	—	—	—
Otherwise Employed	1.9	2.7	7.4	4.5
<b>Total</b>	<b>114.8</b>	<b>101.4</b>	<b>65.5</b>	<b>61.9</b>

\*The census does not indicate whether there is double-counting in these categories, but it is clear that there must be.

Source: Census of Newfoundland, 1891, 1901, 1911, and 1921.

The Amulree report of 1933 described the lifestyle of the people thus:

The average fisherman is also a "farmer", that is to say, while he is primarily dependent for his livelihood on the products of the sea, he also cultivates a small strip of land... which serves the purpose of supplying the owner and his family with potatoes and other vegetables and sometimes supports a few sheep or goats.... After the conclusion of the fishing season, [he] occupies himself with the cutting of wood...for fuel for his household: with repairs to his house, boat and fishing gear....<sup>12</sup>

There follows an extended description of occupational pluralism, including such activities as boat building, fence mending, moving away seasonally to cut timber for the mills at Grand Falls or Corner Brook for a "small minority of the fishermen," sawmilling, mining, or even moving to Canada or the United States on a short- or long-term basis.

11. Quoted in *The Report of the Newfoundland Royal Commission* (St. John's, 1933), 42 (hereafter cited as the *Amulree Report*).

12. *Ibid.*, 75.

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**Table 3**  
**Acreege, Occupations, Amount/Value Production by Household,**  
**Bonavista: 1891-1921**

	1891	1901	1911	1921
No. of acres held	2	2	2	1
No. of acres improved	2	1	2	1
No. of gardens	1	1	1	1
No. of fisher - cultivators	3	3	1	1
No. of male fishers	2	1	1	1
No. of female curers	1	1	—	1
No. of merchants/traders	.01	.02	0.1	0.2
Dollar value of fish produced	112	140	162	223
Quintals of cod:				
- Banks	1	—	—	—
- Shore	22	36	28	25
- Labrador	6	1	3	1
No. of seals caught	1	—	—	6
Tons of hay	1	1	1	1
Barrels of potatoes	21	19	17	15
Barrels of turnips	3	2	3	3
No. of sheep	1	1	—	—
No. of fowl	2	2	3	2
Pounds of butter	5	7	8	5
Pounds of wool	3	2	1	2

Source: Census of Newfoundland, 1891, 1901, 1911, and 1921.

Table 3 shows how this worked itself out in Bonavista. Data are calculated on a "per household" basis, the household being the basic economic unit of analysis. It shows, therefore, the amount each household owned, produced, or earned. This is important, because the data makes it possible to identify pressure or expansion at the level where individual decision-making took place. For example, between 1911 and 1921, the number of acres held and improved per household fell as the number of households in Bonavista increased (Table 1). The absolute numbers, however, show that only sixty-four acres of improved land were still unused by 1921, compared to 481 acres unused in 1911. The acreage devoted to pasture was down significantly, and that in gardens was increased from 555 to 988 acres. More people had less land per household to work with and they were using it increasingly intensively. There was also a decline in the number of sheep and fowl per household, and a drop in the production of butter, wool, and even potatoes. This does not mean that less use was being made of the informal component of the economy, but that that base was under stress: the land could support no further increase in the number of households. Bonavista was, so to speak, "full up." Fortunately, the inshore fishery continued to provide a rising income per household, even with a falling catch after 1901. Clearly the residents of the area were utilizing the existing means of livelihood to the utmost, and moving away if necessary.



This is the backdrop against which analysis of the ledgers of one merchant firm in Bonavista has been carried out.<sup>13</sup> Philip Templeman, a general merchant, was a typical Newfoundland firm, exporting fish and supplying fishermen. It was established in 1881 and, by 1900, had branches in Trinity Bay, Bonavista Bay, and White Bay; it also supplied the Labrador fishery. By 1914, it was dealing in fifty thousand quintals of cod per annum, operating on cash and credit, and supplying all manner of goods to its clients in exchange for cash or fish products. It finally closed its doors around 1937.<sup>14</sup> The ledgers and journals are fairly complete for the years between 1885 and 1937; two separate sets of accounts have been used for this study: one dealing with wage employees and family members working for the firm, shipments, dealings with other firms, codfish accounts, and the like; the other with fishermen and other clients.

**Table 4**  
**Average Price (\$) Selected Staples, 1918 and 1921**

1918		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Molasses	F	.80	—	—	.95	1.20	1.23	1.28	1.18	1.15	1.20	1.20	—
per gallon	E	.75	.80	.90	.90	—	1.15	1.15	1.15	1.15	1.20	1.20	1.20
Tea	F	.68	—	.63	.63	.65	.72	.70	.65	.68	.80	.73	—
per pound	E	.56	.66	.66	.58	.66	.66	.66	.66	.72	.61	.60	.72
Sugar	F	.16	—	—	.13	.13	.14	.13	.13	.13	.14	.21	—
per pound	E	.13	.12	.12	.12	.12	.12	.12	.12	.12	.13	.14	.14
Flour	F	16.13	—	16.00	16.00	16.25	16.25	16.50	16.50	16.00	16.00	16.00	—
per barrel	E	15.50	15.13	15.25	15.50	15.00	15.50	—	16.00	16.00	16.00	16.00	16.00
<b>1921</b>													
Molasses	F	1.90	1.70	1.70	1.75	1.35	1.30	1.20	1.15	1.10	1.15	1.10	1.05
per gallon	E	1.70	1.60	1.55	1.50	1.30	1.20	1.10	1.10	1.10	1.20	1.20	1.15
Tea	F	.73	.63	.58	.58	.60	.50	.55	.55	.53	.53	.48	.48
per pound	E	.57	.57	.57	.57	.54	.53	.54	.42	.36	.55	.52	.36
Sugar	F	.27	.30	.29	—	—	.16	.17	.16	.15	.15	.15	.13
per pound	E	.26	.26	.26	.26	.20	.14	.14	.14	.13	.13	.12	.12
Flour	F	17.25	17.00	18.25	17.38	16.75	17.00	17.00	15.75	15.50	14.75	11.75	10.75
per barrel	E	16.00	16.25	16.25	16.25	15.50	15.50	15.00	15.50	14.00	14.00	12.25	10.50

Average price of fish: \$9.80 in 1918; \$4.25 in 1921.

F = fisherman; E = employee

Source: See footnote 15.

13. Public Archives of Newfoundland and Labrador (PANL), Papers of Philip Templeman Limited, Bonavista, Newfoundland, Ledgers and Journals, 1918-28, P71A/71 (hereafter Templeman Papers).

14. *Ibid.*, information on a typed sheet at the front of the papers.

Templeman's had extensive dealings with other Newfoundland firms who supplied them with goods to sell in their stores. In 1918 alone, they dealt with about 190 companies. The dealings ranged from the purchase of \$186,000 worth of supplies from T. and M. Winter, to minute purchases, such as a six dollar transaction with Roper and Thompson. In that year the total business outlay was over \$599,000, of which they had paid \$474,000 on account by year's end. Other firms also bought from Templeman's: Job Brothers purchased \$44,800 worth of goods from them in 1918, Reid Newfoundland \$267 worth — the largest and smallest accounts.<sup>15</sup> Clearly, this was a substantial firm. Their sales of primary products focused on codfish and cod oil: in 1918, the fish brought a gross return of \$952,635, about one-twentieth of the average value of annual exports of cod from Newfoundland over the period 1916-20.<sup>16</sup>

At the local level, the records reveal enormous variability in prices for goods sold. Price was set according to year, brand, client, and season. This complexity was directly linked to the price of fish, which itself varied by grade and even within grades. Table 4 shows the prices for selected staple goods for 1918 and 1921, a good and a bad year in the fishery, for fishermen, and for store employees.<sup>17</sup> To take one example, molasses ranged in price in 1921 from a high of \$1.90 per gallon to a low of \$1.05. It was cheapest for store employees in July through to September, a situation explicable in terms of ease of transportation, but cheapest for fishermen in December when the fish were in and accounts had been balanced. The dearest month for everyone was January, the dead of winter. Of course, even then there was price variability by brand and client so that the cheapest January price was \$1.80, the dearest two dollars. This pattern held true across the range of store goods, including staples. Moreover, prices charged to fishermen were generally higher than those charged to firm employees and family members: in 1918, to take one example among many, the price range for molasses per gallon was \$0.80 to \$1.28 for fishermen, but \$0.75 to \$1.20 for store employees and family.

This price differential should not be interpreted simply as the gouging of poor clients. In the first instance, it was a way for the firm to protect itself from the possible inability of a fisherman to pay at the end of the season for goods acquired on credit before the fish came in. It operated in the same manner as the premium charged on truck store goods wherever such practices have obtained.<sup>18</sup> As the table also shows, store prices equalized towards the end of the season, when the fishermen's accounts could be balanced, and they demonstrably had the wherewithal to purchase supplies.

The pricing of codfish was also complex, as Table 5 shows.<sup>19</sup> These prices were the basis of a fisherman's commercial income and they influenced what he would have to pay

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15. Ibid., Ledgers, 1918 and 1918 No. 2.

16. Ibid., Ledger, 1918; R.A. MacKay, ed. *Newfoundland. Economic, Diplomatic, and Strategic Studies* (Toronto, 1946), Appendix, Table 10.

17. Templeman Papers, Journals, 1918 and 1921: accounts of Henry Marsh, Harold Templeman, Albert Fisher, Dr. Chesley A. Forbes, William Brown, and Samuel Cooper Senior.

18. See George W. Hilton, *The Truck System* (Westport, Connecticut, 1960), 25-30; see also my discussion of truck premiums in the Gaspé fishery in Ommer, "The Truck System in Gaspé."

19. Templeman Papers, Ledgers and Journals, 1918-29.

**Table 5**  
**Range of Prices Paid for Fish, September-November, 1918-27**  
**(Templeton's)**

Year	No. of Grades Priced	Sept. \$/qtl.	Oct. \$/qtl.	Nov. \$/qtl.	Year Average \$/qtl.	Grades
1918	7	12.00 5.60	14.00 7.00	14.00 5.60	10.65	
1919	8	14.00 3.50	10.00 2.30	11.00 2.50	7.80	
1920	10	11.00 2.50	11.00 3.00	n.d.	7.25	small marketable =
1921	9	6.00 2.00	6.50 2.00	6.50 4.00	4.89	a grade large marketable
1922	7 no Labrador	6.50 2.50	6.00 2.50	6.00 2.50	4.84	damp, cullage,
1923	4 no Labrador	6.50 2.30	5.00 2.30	6.00 2.30	4.01	talqual, West
1924	5 no Labrador	8.50 4.00	n.d.	n.d.	6.60	Indies, haddock,
1925	3 no Labrador	8.50 4.00	9.00 4.00	9.00 4.00	7.17	Madeira, Labrador.
1926	3 no Labrador	7.50 3.00	6.00 2.50	6.00 2.50	4.81	Labrador cullage
1927	n.d.	n.d.	n.d.	n.d.	9.00 (est.)	

for staples at the store. The drop in fish prices that took place between 1920 and 1921, for example, was reflected in a widening gap between store prices for employees and those for fishermen, and this kind of variability could operate monthly as well as annually. Wages of store employees were much more stable than the price of fish (the fisherman's "wage"), and this explains why the merchant was willing to charge less for goods sold to wage employees: he knew they could pay.

Tables 6 and 7 develop this point.<sup>20</sup> The former shows the end-of-year balances on the books of several account-holders, selected to show the typical patterns associated with different occupations. The figures in these columns show cumulative debt. Table 7 shows the amounts of credit that were actually given to these fishermen, set alongside the price of fish. There is a great deal that could be said here about truck-pricing practices, life styles, class distinctions, and associated subjects. For the purposes of this paper, what is crucial is the clear distinction that was drawn between the fisherman, whose ability to pay rested on his capacity to produce fish for the firm, and the store employee or family

20. Ibid., Letters and Journals, 1918-28, accounts of Henry Marsh, Harold Templeman, Albert Fisher, Dr. Chesley A. Forbes, William Brown, and Samuel Cooper Senior.

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**Table 6**  
**Yearly Balances: Six Case Studies, 1918-28**  
**(Templeman's)**

Year	Fishermen					
	Henry	Samuel	Albert	Clerk	Doctor	Family
1918	0	-52.90	0	- 11.04	0	- 3,079.05
1919	0	-41.24	—	- 99.53	-289.25	- 4,015.49
1920	-10.00	-94.14	- 24.90	- 85.30	-659.80	- 5,136.81
1921	0	-94.14	-170.97	- 53.45	-313.96	- 5,340.53
1922	0	-94.14	-170.97	+ 45.89	0	- 5,794.04
1923	0	-94.14	-170.97	+ 27.63	-133.60	- 7,051.72
1924	0	-74.14	-170.97	+ 10.97	0	- 8,173.21
1925	0	-65.23	-170.97	- 83.61	-528.52	- 8,932.57
1926	0	-65.23	-170.97		- 29.79	-10,019.31
1927	0	-65.23	0	-257.58*	-184.04	- *458.22
1928	-115.00	-50.00	gone	+218.05	-567.91	- 217.47

Notes

	cut off	cut off	* two years		*bad debt
	1922-3.	1922-6	together		written off

**Table 7**  
**Amount of Credit Received by Fishermen (\$) and Price of Fish (\$/qtl.)**  
**(Templeman's)**

Year	Highest Price Fish	Lowest Price Fish	Average Price Fish	Value of Henry's Credit (\$)	Value of Samuel's Credit (\$)	Value of Albert's Credit (\$)
1918	14.00	5.60	10.65	1472.98	230.43	162.00
1919	14.00	2.30	7.80	1102.67	158.94	—
1920	11.00	2.50	7.25	886.74	—	34.90
1921	6.50	2.00	4.89	805.72	28.60	292.86
1922	6.50	2.50	4.84	574.75	—	—
1923	6.50	2.30	4.01	506.31	—	—
1924	8.50	4.00	6.60	602.68	118.42	—
1925	9.00	4.00	7.17	1001.05	142.40	—
1926	7.50	2.50	4.81	717.24	—	—
1927	9.00*	9.00*	9.00**	1235.25	52.52	442.10
1928	9.00*	9.00*	9.00**	1379.08	263.25	—

\* Average.

\*\* Estimated.

member, whose ability to pay rested on individual wealth, which in turn was ascertainable because income was steady and not tied to the variability of the resource. From the merchant's point of view, he could tell whether or not his store employee had

the wherewithal to pay for goods purchased because he controlled the wage; with the fisherman, he could not establish this until the fish was caught and its price determined. The store operated on a system which took into account the unreliability of the resource and the variability of market prices for that resource.

What this implies for the fishermen of Bonavista was that they were always likely to be living close to the margin, sometimes perilously so. Theirs was not a lifestyle in which a gradual rise in wages could ever be anticipated, unlike their counterparts who worked in the store: the wage bill at Templeman's rose from \$18,383 to \$36,482 between 1918 and 1928, and the lowest wage rose from seven dollars per month to ten dollars per month.<sup>21</sup> Whether by force of circumstance or by choice, fishermen tended to be economic satisficers rather than optimizers, since the means by which they might save and optimize were severely restricted. It is at the level of the individual account that this comes through most clearly, and it is here also that we see the purpose of the informal economy for the fisherman (and through him the merchant) in terms of capacity to survive in hard times.

The six individuals shown in Table 6 — a sharesman, a "bad" fisherman, a "good" fisherman, a store clerk, a doctor, and a family member of the firm — had different financial circumstances, and therefore different kinds of dealings with Templeman's. Their accounts are consistent from year to year; it is unlikely (for reasons to be discussed later) that they also had dealings with other firms in the district, with the exception of the "bad" fisherman for whom there is evidence in the records that he did business with another merchant. Samuel, the sharesman, worked for Templeman's over the ten-year study period, running a small negative balance on the books throughout, as Table 6 shows. His largest debt to the firm occurred in 1920 (\$94.14), and he was given no credit that year, as Table 7 shows. The following year his purchase of goods on credit was very small (\$28.60), which was paid off, perhaps in cash from his sharesman's wages. During the next two years he had no credit with the firm and he paid off none of the old debt, but in 1924 he had reduced his debt to \$74.14 and was permitted credit purchases amounting to \$118.42, some of which he paid for in fish and "cash" (wages). By 1928 he had reduced his debt to \$65.23, of which \$15.23 was written off by Templeman's as "bad debt" (that is, not recoverable).<sup>22</sup> The overall impression gained from this account is that Samuel lived close to the margin, his well-being was directly tied to his ability to catch enough fish for the firm, and his expenditures were spare. There was no profligacy here.

Albert was less reliable than Samuel from the firm's point of view, probably being cut off in 1919, and almost certainly so from 1922 to 1926. In 1918 he owed nothing, paying for \$162 worth of purchases with \$162 worth of fish. The price of low-grade fish fell sharply the next year, as Table 6 shows, but Albert had no account with the firm that year. The next year he had a small account, which he failed to pay off (he paid ten dollars on \$34.90). The year after that he purchased \$267.94 worth of goods; he paid only \$121.87 in fish, and was cut off. It is likely that at this point he went to another merchant,

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21. *Ibid.*, Ledgers, 1918-28.

22. There were two errors in this account, one of \$19.70 and one of \$7.45, both of which worked against Samuel.

for in 1927 he cleared his account, paying with \$140.28 worth of fish, and twenty-five dollars written off as bad debt; the remaining \$301.82 was paid to Templeman's on his behalf by another firm.

Henry, by contrast, ran an exemplary account with the firm, owing nothing in all but two years. Those were years when his fish catches had been high, and it is most likely that he increased his spending in line with his productivity. His credit entries ranged from roughly five to fifteen hundred dollars and these paralleled the value of his catches—substantial amounts compared to the other two fishermen. As fishermen in Bonavista went, Henry was well off.

William was a clerk in Templeman's store, whose credit payments show up on the books as wages. He alone of the six case studies actually achieved a positive balance with the firm. His range of purchases was very similar to that of Henry but, unlike him, William's account rose steadily over the years. This reflected his independence from the price of fish, as a comparison of his account (Table 6) with the average price of fish (Table 7) shows. The account reflects a man of modest but reliable income.

Dr. C. was a very different case indeed. His account ranged from no debt to one of \$660, his purchases from two hundred to one thousand dollars. Payments came in the form of fees, cash, credit notes, and returned goods. He was clearly independent of the fishery and his lifestyle was quite unlike the previous cases, a point that will be discussed shortly.

Finally the account of Harold, son of Philip Templeman, shows how distinct the merchant family was from the rest of the community, even the doctor. Harold was paid an annual wage, which he always overspent to a considerable degree. In 1918 he was already in debt to the tune of over three thousand dollars; by 1926 the debt was up to more than ten thousand dollars. The firm wrote off \$9400 of this as "bad and doubtful debt," as they had done with Samuel's fifteen and Albert's twenty five dollars. Harold paid cash and wages into his account, to set against purchases that went as high as \$12,400 in 1926. He not only spent more; he also spent differently, and it is to this matter of consumption that we now turn.

There is a very clear distinction between the kinds of goods purchased by fishermen on Templeman's books (not just the examples presented here), and the purchases of other clients. Basically, fishermen purchased necessities that could not be had locally: beef, molasses, tea, flour, nails, spruce board, and salt. Samuel and Henry, for example, purchased roughly similar amounts of these, Albert much less. These are typical of the kinds of purchases fishermen made. Clients not in the fishery had a different kind of consumption pattern, even if the total amount of the account was similar to that of a fisherman, as was the case with William. Along with necessary staples, clients such as store clerks bought sandals, skirts and blouses, school books, tinned pineapple, curtains, and even veal. Professional clients, like the doctor, had an enriched form of consumption; they purchased not only staples and clothing, but also luxury goods—tinned lobster and rabbit, tinned cream, cherries, grapefruit, cigarettes, silk, and a wristwatch—all of which reflected a modest professional lifestyle. Harold, once again, was different; indeed, his purchases were strongly reminiscent of the kinds one might

expect from the English gentry. He bought all that the doctor bought, and more: a fishing rod for sports fishing, port wine, chocolate, perfume, records, and dolls. Harold was leading the good life in Bonavista, to the tune of as much as twelve thousand dollars per annum, and a forgiven debt of over nine thousand.

There is, once again, a great deal that could be said about matters such as consumer demand or class formation (and exploitation) on the basis of this sort of data, but what is important here is the kinds of purchases that these different people were making, or not making, in terms of what that says about the existence of an informal economy underpinning the merchant inshore fishery. On this point, the evidence is clear, though it comes in the form of what was *not* purchased by fisherfolk when compared to the purchases of those whose occupation was not the fishery itself. Fishermen must have been living within a household-subsistence economy since the markedly restricted range of goods which they purchased included only those articles which they could not make, or grow, for themselves. Fishermen purchased flour, not bread; molasses, not sugar; they bought no vegetables, or household furniture, but the raw materials with which to make it; no ties, shirts, skirts, or blouses, but the occasional length of cheap material. The contrast with even the clerk's purchases is marked, and what is missing from these fishermen's accounts is precisely the kind of goods that household production could substitute. When these gaps in purchasing are put alongside the census evidence of what was produced in the way of vegetables, meat, butter, wool, and the like, it is quite clear that the fisherfolk of Bonavista wove together an informal noncommercial economy with that of the formal commercial economy of the fish merchant's store.

People could, of course, have been purchasing from more than one merchant, at least in theory. However, the 1937 report on the fisheries of Newfoundland observed that

In practice, the men, with few exceptions, deliver their fish and other produce to their supplying merchant, and accept from them such prices as the merchants may be prepared to pay. Apart from a recognition of their obligations to pay for the goods received, there is the knowledge of their dependency upon the merchant for supplies in future years, and their failure to deliver their fish to their supplier may jeopardize their chances of further credit.<sup>23</sup>

Moreover, there is a striking consistency in the kinds of items purchased by fishermen (raw material inputs into the informal economy), as well as those not purchased (local subsistence foodstuffs and luxury items), when taken together and observed over numerous accounts for a large number of years. That is not, of course, to say that fishermen alone *always* used household production, while store employees *never* did so; it is to point to a general pattern in which the informal economy was clearly an essential part of the lifestyle of the fishermen in a manner which was not the case for clerks, professionals, or merchants.

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23. *Report of the Commission of Enquiry Investigating the Seafisheries of Newfoundland and Labrador other than the Sealfishery* (St. John's, 1937), 73 (cited hereafter as the 1937 Report).

MERCHANT CREDIT AND THE INFORMAL ECONOMY

**Table 8 (a)**  
**Little Bay Islands: Population, 1891-1921**

	1891	1901	1911*	1921
Population	316	460	—	331
No. of Households	59	77	—	61
Persons per Household	5.4	6.0	—	5.4

\* Not in 1911 census.

Nor was Bonavista somehow unique. Table 8 (a) shows the same kind of population statistics for Little Bay Islands, a remote area of the northeast coast of Newfoundland, as were presented for Bonavista earlier. The census data for this area are more than usually unreliable — they do not even seem to have been collected in 1911! —and must be treated with extreme caution, but it can safely be said that the population of Little Bay Islands was small, growing at the turn of the century, and in decline by 1921. Table 8 (b) shows that there was some labour force loss in the early period and, if the data can be believed at all, serious loss at some time between 1901 and 1921. Table 9 shows that there was a narrow range of occupations in the area, centred on fishing and subsistence agriculture, except in 1901 when lumbering expanded as an occupation as did the unhelpful category “otherwise employed.” The most likely explanation for this report is that people were taking up the new opportunities for work in the woods and on

**Table 8 (b)**  
**Percentage Population Loss/Gain by Age and Sex Cohort, 1891-1921**

	M	F	M	F
10 - 19	+18.7	+17.1		
20 - 29	-6.7	-5.1	-3.5	-1.1
30 - 39	-2.5	+0.3	-15.0	-15.7
40 - 49	+0.6	-0.3	-3.5	-4.3
50 - 59	-0.6	+1.6	-2.4	-2.8
60 - 69	+0.6	-0.6	-2.6	-2.6
70 - 79	-1.6	-2.5	-1.1	-1.3
80	-1.3	-0.6	-1.5	-2.0
* Increase				
10 years of age*		23		32.8
Total Loss/Gain		+20.3		-59.4
Total Growth		+45.6		-28

\* Calculated as a percentage of total population of earlier year: under twenty years of age for 1901-21.

Source: Census of Newfoundland, 1891, 1901, and 1921.



the railway that opened up after 1890 on the nearby "mainland."<sup>24</sup> This would certainly account for the falling off of workers in the other occupational categories, if people chose to incorporate these new activities into their seasonal round; it is less helpful in explaining the slight evidence of in-migration presented in Table 8 (b).

**Table 9**  
**Little Bay Islands: Percentage of Population in Various Occupations, 1891-1921**

	1891	1901	1921
Fisher-Cultivators*	22.2	7.2	16.3
Males Catching and Curing Fish	21.8	8.7	16.9
Females Curing Fish	19.9	1.3	10.9
Merchants/Traders	—	1.5	1.8
Office/Shopworkers	1.9	0.4	3.6
Farmers	—	0.9	—
Mechanics	2.2	1.3	1.8
Lumberers	—	8	—
Miners	—	—	—
Factory/Workshop	—	—	0.6
Otherwise Employed	2.2	10.0	3.9
<b>Total</b>	<b>70.2</b>	<b>39.3</b>	<b>55.8</b>

\* Probable double-counting.

Source: Census of Newfoundland, 1891, 1901, and 1921.

Table 10 shows a quite healthy local economy rooted in the fishery and subsistence agriculture, with a greater acreage in use and larger returns on fish and produce than was the case in crowded Bonavista in 1891 and 1901. By 1921, however, Little Bay Islands was beginning to show some signs of trouble. For example, in 1901 there were forty-one acres of unused improved land out of a total of 194 acres, but by 1921 only three acres were unused and there were no longer any in pasture. It is, however, of note that subsistence agriculture was maintained throughout the whole period, including 1901, the year when there were fewest fishermen per household. The inshore and Labrador fisheries were both important in this area, and returns per household were substantially above those for Bonavista, especially in 1921. Based on the census data, then, the economy of Little Bay Islands was showing some stress by 1921, but no evidence of crisis.

With this as backdrop, we turn briefly to the ledgers and letterbooks of the firm of Strong and Mursell, the only fishing firm of any size in the area.<sup>25</sup> Table 11 shows the yearly balances of six individuals who are presented here as examples of those with

24. I am grateful to Dr. J.K. Hiller for information on these new developments in the area. Sawmilling was being established in the Botwood-Lewisporte area and a branch line was built from the main railway line to Botwood.

25. PANL, Strong and Mursell Papers, Little Bay Islands, P7/A/64.

MERCHANT CREDIT AND THE INFORMAL ECONOMY

**Table 10**  
**Acreege, Occupation, Amount/Value Production per Household,**  
**Little Bay Islands: 1891-1921**

	1891	1901	1921
No. of acres held	4.4	2.5	2.0
No. of acres improved	1.6	2.5	2.0
No. of gardens	0.7	1.8	1.8
No. of fisher - cultivators	1.2	0.4	0.9
No. of male fishers	1.2	0.5	0.9
No. of female curers	1.1	0.1	0.6
No. of merchants/traders	—	0.1	0.1
Dollar value of fish produced	175.6	184.8	1143.8
Quintals of cod:			
- Banks	—	—	—
- Shore	10.3	25	7.3
- Labrador	25.2	24	91.8
No. of seals caught	0.5	—	16.4
Tons of hay	1.8	0.4	0.5
Barrels of potatoes	18.5	11.9	5.0
Barrels of turnips	0.6	0.5	0.2
No. of sheep	3	2.2	1.0
No. of fowl	5.3	5.1	9.3
Pounds of butter	—	9.1	7.0
Pounds of wool	0.8	6.8	2.6

Source: Census of Newfoundland, 1891, 1901, and 1921.

whom the firm did business.<sup>26</sup> There is a clear distinction between the amount of debt incurred by the people directly involved in the fishery (the two fishermen, the carpenter, and the schooner owner) and that of the book-keeper for the firm; there is an even sharper contrast between him and the local merchant himself. It is clear from these accounts that the larger debt of those involved in the fishery was a result mostly of the market price for fish. Table 12 shows the importance of market price rather dramatically. These statistics are drawn from one Strong and Mursell account:<sup>27</sup> almost identical calculations could be made from the Bonavista data. What the table explains

26. Ibid., account of P. Hewlett, in Ledgers: 1918-21, 1922-29 South; account of W. Wiseman, in Ledgers: 1918-21, 1922-26 North, 1929 North (1927 and 1928 are missing); account of F. Chapman, in Ledgers: 1918-21, 1922-26 North, 1929 North (1927 and 1928 are missing); account of S. Hull, in Ledgers: 1918-21, 1922-26 North, 1929 North (1927 and 1928 are missing); account of J. Wiseman, in Ledgers: 1918-21, 1922-26 North, 1929 North (1927 and 1928 are missing); account of W.A. Strong, in Ledgers: 1918-21, 1922-26 North, 1929 North (1927 and 1928 are missing).

27. Ibid., account of J. Wiseman, in Ledgers for 1918-21, 1922-6 North, 1929 North (1927 and 1928 are missing).

**Table 11**  
**Yearly Balances: Six Case Studies, Strong & Mursell, 1918-29**

Year	Fishermen		Schooner Owner	Carpenter	Clerk	Branch Owner
	H	C				
1918	-136.43	-447.81	+2824.84	-569.18	- 86.05	+19,367.34
1919	-353.83	-485.03	+ 956.90	-681.14	-257.76	+21,193.33
1920	-576.79	-765.84	+ 484.78	-807.52	-124.42	+25,201.91
1921	-742.54	-867.20	-1438.84	-871.52	- 82.06	+26,994.12
1922	-736.87	-843.10	-2343.15	-871.33	-296.81	+28,500.99
1923	-446.28 <sup>1</sup>	-158.20 <sup>1</sup>	-1198.36 <sup>1</sup>	-113.07 <sup>1</sup>	- 19.93	0 <sup>1</sup>
1924	-212.51	-125.35	-1322.19	+ 12.39	0	0
1925	-339.51	- 50.00 <sup>2</sup>	-1541.54	- 75.11	-149.54	0
1926	-523.29	- 25.00 <sup>3</sup>	-1939.08 <sup>2</sup>	-166.22	- 24.08	0
1927	-431.67	n.d.	n.d.	n.d.	n.d.	n.d.
1928	-369.73	n.d.	n.d.	n.d.	n.d.	n.d.
1929	-321.52	- 10.00 <sup>4</sup>	726.66	-240.12	- 86.67	0

Notes

<sup>1</sup> \$450 bad debt	<sup>1</sup> \$700 bad debt	<sup>1</sup> \$800 bad debt	<sup>1</sup> \$950 bad debt	<sup>1</sup> no previous balance shown here
	<sup>2</sup> \$75 bad debt	<sup>2</sup> sold property to firm for \$210.92		
	<sup>3</sup> \$25 bad debt			
	<sup>4</sup> \$10 bad debt			

**Table 12**  
**Catch and Price of Fish, Little Bay Islands, 1918-22**

Year	Individual Catch (in quintals)	Amount Paid (in dollars)	Average price per quintal
1918	483	6067	\$12.55
1919	373	3731	\$10.01
1920	422	3278	\$ 7.77
1921	434	1920	\$ 4.42
1922	446	1778	\$ 3.98

very clearly is how it was possible for a fisherman actually to increase his productivity and still go further into debt. Between 1918 (a postwar "boom" year for fish prices) and 1922, the price paid to fishermen for their fish declined from an average of \$12.55 per quintal to \$3.98 per quintal in Little Bay Islands. In the case of this one fisherman, an almost identical catch in both years produced over six thousand dollars for him in 1918, but only eighteen hundred dollars in 1922. This is how debt accumulated among

fishermen. It is what made the informal economy essential to them, not only to live on, but sometimes to help with store debt. Consider the following letter, from a fisherman to James Strong, dated December of 1927:

Sir  
received the letter you sent concerning the Debt I owe you. But I am Sorry to say I never had any fish to turn in towards it as I were fishing alone only myself I never had any shareman. . . . I will cut wood and Stave Junks please let me know if you like to have some I cant get any work inside to earn any money  
I would like for you to give me a chance to cut some wood to pay for the debt....

or this one, to James Strong, May 1927:

Sorry I am not able to pay for anything now. I havent forgotten you I would have pay you long ago if I had the mony. as soon as I get a dollar I will send you.  
I am not able to go on the Labrador this summer because I cannot afford to buy clothes to wear....

or this one, to James Strong, undated:

we maia a wonderful mistake this spring by not going away. we were all ready to go but they were getting as much fish in deep water we thought we would have a trial we done very good but our fish rotted we got nothing for it.... we never cleared our expences while we were at it. we are going to bring over our trap and turn it in if you will except it.... toward our account next spring. I am going to try to get a few cord of wood for you the winter....

or a few barrels or herring, or some mackerel or cabbages or potatoes — anything would do to keep the account open.<sup>28</sup>

This is a different kind of crisis from that faced by the doctor in Little Bay Islands who wrote in 1931 that

This past year I have had as little charged as I possibly could. I mean real necessary things. Necessary food and fuel is all I will ask for credit.... Mrs. Lidstone is doing without a girl though we certainly need one with a large house, two babies and myself away a lot.... We have markedly cut down on food and are just eating plain food, with no frills....<sup>29</sup>

or the worries of Arthur Peters of the firm's head office in St. John's:

The Bank of Commerce sent for me yesterday and I was with them for about an hour. The credit for this year has been arranged, but at the present time we are over the amount until such time as we can get our fish off, which makes financing very tight, and all the firms looking for a few dollars. . . . Great care must be excersised [sic] in the giving out of supplies, stocks must be reduced considerably by the end of the year. Great care must be manifest in the collecting of our accounts. . . . I think it would be well to gather in, between this and the end of the year, all engines outstanding, also nets so as to have these accounts closed out, and it is better for us to have these items in stock at a small

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28. Ibid., letter to James Strong, Little Bay Islands, Box 1, File 1927.

29. Ibid., letter to James Strong Ltd., 3 November 1931, Box 2, File 1931.

valuation than to have them in accounts receivable that the Bank considers are worthless.<sup>30</sup>

There are several issues involved in the information contained in these letters. First, they show the domino effect of distress in the international economy on the dominion's business community, its regional branch firms and, ultimately, the individual fisherman. They are good examples of the chain of credit that is so often ignored in regional historical studies, but which was, in fact, crucial and extended all the way from places like Little Bay Islands to bank headquarters in Toronto or Montreal and even beyond to the international finance community. The last two letters quoted above were written in 1931; the Great Depression had hit Wall Street, Water Street, and Cottles Cove.

Then there is the issue of survival. Who was worst hit by all this: the firm that might collapse, the doctor who might be bankrupted by that firm and lose his career, the store employee whose job depended on the firm surviving, or the fisherman who had no clothes to take him to Labrador so that he might earn enough to start paying his debt? The answer to that question is not as simple as it might seem. It is worth noting that, while the relative destitution of the fisherman might be argued to be greatest, so also was his ability to survive, because he had a set of subsistence skills that the doctor, for example, lacked:

Of course as a last resource you could close me up and sell me up. There is nothing but our personal belongings and my medicines. I don't own the house or have no other income except from my work. Should you find it necessary to take this step, of course it would put me out for good and all without hope of my ever being able to get on my feet again. I would be entirely finished and my family would be a charge on charity or the government.<sup>31</sup>

Finally, the issue of economic development is implied in the firm's response to the bank's credit squeeze: to have taken back the means of production from the fisherman to hold it in stock for bank valuation rather than use it productively is a nice example of the inefficiency that results when capitalism gets caught in a downwards spiral of deflationary pressures. The Bank of Commerce might have been happier to know that nets and engines worth some amount were in stock in Little Bay Islands, but the fisherman cannot have been, and the firm must have been worried about the resultant loss in produce for market and hence, ultimately, their own ability to stay afloat. In addition, the whole regional economy necessarily suffered seriously from these kinds of policies; other firms were in trouble too, as Peters's letter noted. In fact, responsible government collapsed shortly after, the dominion itself having gone effectively bankrupt.

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This paper has shown that credit systems and the informal economy survived in the Newfoundland inshore fishery in an age of abundant labour. In the days of earliest settlement, their mutual operation had circumvented the problem of labour and capital

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30. Ibid., Arthur Peters to Messrs. James Strong Ltd., Little Bay Island, 5 June 1931, Box 2, File 1931.

31. Ibid., letter to James Strong Ltd., 3 November 1931, Box 2, File 1931.

scarcity for the merchant, and survival in an isolated area for the settler. By the twentieth century, labour scarcity had ceased to be a problem; indeed, the problem had reversed itself and become one of an overabundance of labour. At some point after the 1880s, when the fishery first began to stagnate,<sup>32</sup> permanent settlers and their government came to regard the fishery as the “employer of last resort” and recognized that, as such, it was an inadequate support for the population. David Alexander has pointed out that, in theory, “occupational pluralism and non-market activities” were a possible solution to the dilemma, a solution that was considered by members of the commission of government, but not adopted, although it is clear that such activities were widely practised throughout the period.<sup>33</sup> It is also clear that there was a severe shortage of circulating capital in the region, and that merchant credit was the settlers’ preferred mode of operation. The Amulree report noted that “it could be said with truth only a few years ago that there were families in Newfoundland who had never seen money in their lives.”<sup>34</sup> For the merchant, a large population meant a potentially large supply trade if credit could be extended and debt eventually repaid. Subsistence production in the meantime would guarantee that the people could survive on the coast and fish for the company in exchange for goods, cash not being readily available or not desired by the fishermen for use in their dealings with the merchant. As the Amulree report observed,

The credit system . . . came to be accepted as an essential element in the conduct of the fishery. Very few men today, even if they were in a position to achieve independence, would dream of outfitting themselves on a cash basis although their supplies would be obtained much more cheaply. The great majority would regard any such procedure as speculating with their own hard-earned money; they would prefer to speculate with the merchants’ money and to hoard their own at home or deposit it in a Bank.<sup>35</sup>

In other words, merchant credit and the informal economy were once again working symbiotically, albeit under changed conditions, in such a way as to ensure the survival of both parties to the contract in all but the worst of times. Nevertheless, it appears as though the balance of logic had changed from one driven predominantly by mercantile need for fish to one driven predominantly by settler need for survival. It is also probably the case that the credit system weakened, needing to be less coercive as settlers became better able to move from one merchant to another, as other resources opened up, and as settlers (in some areas at least) became able to move to other places and other opportunities. It is not surprising, then, that the larger merchants tended to get out of fishery production into retailing organized from St. John’s after the 1880s.<sup>36</sup> This left smaller firms to handle the outport business. The latter would, of course, be vulnerable

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32. David Alexander, “Economic Growth in the Atlantic Region, 1880-1940,” in *Atlantic Canada and Confederation: Essays in Canadian Political Economy*, comp. Eric W. Sager, Lewis R. Fischer, and Stuart O. Pierson (Toronto, 1983), 66-67.

33. David Alexander, “Development and Dependence in Newfoundland, 1880-1970” in *ibid.*, 11 and 19-22; *Amulree Report*, 75-78.

34. *Amulree Report*, 79.

35. *Ibid.*, 80.

36. Shannon Ryan, “The Newfoundland Salt Cod Trade in the 19th Century,” in *Newfoundland in the Nineteenth and Twentieth Centuries*, James K. Hiller and Peter Neary, eds. (Toronto, 1980), 48-50.

when hard times did occur, since they would then have extreme difficulty in liquidating assets, as this paper and the 1937 report of the commission of enquiry have both made clear.<sup>37</sup>

Thornton has identified the development of credit, rather than the old wage structures of the servant "ship" fishery, as being central to the transition to an independent family fishery.<sup>38</sup> Household production was also involved in this process. It gave the settler what he needed: the ability to maintain his family. The symbiotic relationship — between the interests of the merchant capitalist, with his formal credit system, and the fisherman with his informal production system — was retained, although the logic behind it altered in emphasis. In this respect it is worth noting that in the fishery, as compared to the industrial wage-labour situation, credit could not only extract surplus value from producers via some kind of direct or indirect manipulation of "wages"<sup>39</sup> — usually effected by manipulating the prices for store goods — but it also served to fuel the informal economy through the provision of essential inputs. That was important to the merchant as well as to the settler because it then allowed the informal economy to function as a kind of subsidy of mercantile activities. Under industrial wage-labour conditions, credit systems slowly disappeared;<sup>40</sup> in the east-coast Canadian fisheries they persisted well into the twentieth century, reinforced by the need of merchant and settler alike for the continuance of informal economies under conditions of relative isolation. As the 1937 report commented, "the opportunity of applying the resources provided by nature at their doorsteps must be made use of to the very utmost. Of the resources, fishing is the foremost, and that should be supplemented to the utmost by cultivation of their land, keeping of domestic animals, and the preserving for winter use of such foods, animal and vegetable, as they may be able to secure."<sup>41</sup>

Researchers in Newfoundland history have long been aware of the importance of multiple resource exploitation within the context of the household economy, often referred to in the literature as "occupational pluralism," but only Sider has put credit and subsistence together, and he has done so in such a way as to suggest that subsistence

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37. The 1937 *Report*, 154-55, 163-73, 282-88, 291, and 306-07. The same report observed, on page 141, that indebtedness could not be ascertained "except by an examination of the books of record of all the merchants throughout the country," a task obviously too formidable for them to complete.

38. Thornton, "Transition."

39. "Wages" in the so-called independent family fishery did not exist *per se*, but the credit given by the merchant for the fisherman's catch had a very similar function to the wage and really, as Thornton's work implies, evolved out of it.

40. See Hilton, *Truck System*, 1-6. See also Bettina Bradbury, "The Family Economy and Work in an Industrializing City: Montreal in the 1870s," *Canadian Historical Association, Historical Papers* (Ottawa, 1979): 71-96.

41. 1937 *Report*, 144.

production was forced on fishermen by merchant capital.<sup>42</sup> Very recent work on the informal economy in the province has stressed its capacity to support the survival of relatively large numbers of people in a marginal economy, with transfer payments (especially unemployment insurance and the welfare cheque) operating to provide the “start-up capital” for a series of noncommercial activities which then function as a safety net for people in outports under conditions of severe unemployment.<sup>43</sup> Outporters, that is, have made an implicit contract with government: “Newfoundlanders are surviving on very small incomes, below the poverty line in many cases. Yet the outporter in Newfoundland knows, with justifiable pride, that ‘you’ll never starve here’. . . . If this [transfer payment] base were removed. . . the whole structure would be undermined and Canada would have to deal with a rural poverty problem of massive proportions in outport Newfoundland.”<sup>44</sup>

What has happened in the years since Confederation is that the government cheque has come to take the place of the old merchant credit system, playing the same role under state welfare capitalism as the credit system did in the past under merchant capitalism. In this respect it is significant that “truck” in rural Newfoundland did not disappear until transfer payments came in: unemployment insurance and the welfare cheque are the direct descendants of the merchant credit system.

This paper has shown that the symbiotic relationship between credit and subsistence held under conditions of scarce or abundant labour. It would appear that it still holds, albeit in a somewhat different guise. In other words, it is now possible to think in terms of a historical continuum in which the constants have been the isolation of the region, the marginal nature of the economy and the possibility of maintaining the informal economy and, with it, a viable (although far from affluent) lifestyle.<sup>45</sup> To see merchant credit and household production as related parts of one evolving system is to make fuller sense of each. Together, they make a unity of settlement and economic history in Newfoundland, tying them not only into present-day provincial experience, but also into the wider history of merchant capital and economic development in North America.

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42. Gerald Sider, *Culture and Class in Anthropology and History: A Newfoundland Illustration* (London, 1986), 27 ff. Works dealing, in whole or in part, with the subsistence economy in Newfoundland are too numerous to cite, but see, for example, John J. Mannion, ed., *The Peopling of Newfoundland* (St. John's, 1977), especially the essays by Mannion, Thornton, Macpherson, and Sanger; see also Thornton, “Jack of All Trades”; Ryan, *Fish Out of Water*, 37; Alexander, “Development and Dependence”; *The Amulree Report* and the 1937 *Report*; and numerous publications of the Institute of Social and Economic Research of Memorial University of Newfoundland, particularly the works by Faris, Wadel, and Brox.
43. See the final report of the Newfoundland Royal Commission on Employment and Unemployment, *Building on Our Strengths* (St. John's 1986), especially Chaps. 2 and 4. For a simulation model of present-day household production in Newfoundland, see S. May, D. May, and H. S. Gaskill, “An Economic Model of Household Production,” paper presented to the Regional Science Association, Quebec City, 7 June 1989.
44. *Building on Our Strengths*, 112.
45. Alexander, “Development and Dependence,” 11, noted that “the logical way to maximise personal incomes was through occupational pluralism rather than specialization,” and the Royal Commission on Employment and Unemployment makes the same point for parts of the economy (*Building on Our Strengths*, Chap. 4).