

## Reports on the Newfoundland Fishery

James P. Feehan

Volume 8, Number 2, Fall 1992

URI: [https://id.erudit.org/iderudit/nflds8\\_2re01](https://id.erudit.org/iderudit/nflds8_2re01)

[See table of contents](#)

---

### Publisher(s)

Faculty of Arts, Memorial University

### ISSN

1198-8614 (print)

1715-1430 (digital)

[Explore this journal](#)

---

### Cite this document

Feehan, J. P. (1992). Reports on the Newfoundland Fishery. *Newfoundland Studies*, 8(2), 189–201.

## REVIEW ARTICLE

# Reports on the Newfoundland Fishery

*Independent Review of the State of the Northern Cod Stock.* Report of the Northern Cod Review Panel, Chairman, Leslie Harris. Ottawa: Supply and Services Canada, 1990; *Report of the Commission of Enquiry into the Alleged Erosion of the Newfoundland Fishery by Non-Newfoundland Interests.* Commissioner, Aidan Maloney. St. John's: Executive Business Centre, 1990; *Obituary on the Labrador Coast Fishery.* Report of the Industrial Adjustment Service Committee on the Labrador Coast Fishery, Chair, Carol Brice-Bennett, 1992.

JAMES P. FEEHAN

ON JULY 2, 1992, the federal Minister of Fisheries and Oceans, Hon. John C. Crosbie, announced a moratorium on fishing for Northern Cod. Newfoundland faces enormous difficulties as a result of Crosbie's unhappy, though inevitable, decision. It is tempting to conclude that the moratorium and the concomitant reductions in catch quotas for other regions and species render redundant the reports by Leslie Harris, Carol Brice-Bennett, and Aidan Maloney. Not so. All three have much to teach us. The chief topic of the Harris report — the proper management of the Northern Cod stock in view of the dynamics of fish population and biomass — is intimately related to issues embodied in the other two reports, i.e., the sharing of fish resources between Newfoundland and other participants, and the subdivision of the Newfoundland allotment of fish among the regions and industry segments within the province. There is a strong one-to-one relationship between these three issues and the three reports reviewed herein.

Harris focuses primarily on scientific knowledge of fish stocks, Maloney deals with the sharing between Newfoundland and others, and Brice-Bennett centres on the difficulties faced by a particular region. Interestingly, all three appear to share a common normative basis.

Harris chaired a review panel established by the federal government and charged with examining the scientific advice on which the federal authorities set fish quotas for the Northern Cod fishery. That activity is (or rather was) carried on in the waters off the northeast coast of Newfoundland from the southern tip of the Avalon Peninsula to far north of Labrador; in places it extends out beyond Canada's two mile limit. It constitutes the core of the Newfoundland fishing industry. The Harris report was submitted to the then Minister of Fisheries and Oceans, Hon. Thomas Siddon, in February, 1990, more than two years before the moratorium took effect.

The terms of reference for the review panel make abundantly clear that its mandate was to deal with science and, by implication, nothing but science. The panel was to consider "the scientific advice provided by the Department of Fisheries and Oceans [DFO] since 1977 on the Northern Cod stock, and make recommendations regarding stock assessment methods and means with a view to better forecasting the size, growth potential and behaviour of the stock in future" (11). Panel members were also directed to examine the definition of the Northern Cod, the data and methodologies used for stock assessments, possible causes of changes in the stock, approaches used by others in measuring fish stocks, and explanations for the differences between current and past scientific advice. They were further assigned the task of recommending improvements in data collection, methodologies, and related research resources. Directives such as these are usually the stuff of highly technical and, to those of us who are science illiterates, immensely boring reading, no matter how important. That cannot be said of the Harris report. It merges the issues of science with historical and current background, delves into policy matters such as how to deal with foreign fishing, and provides a sense of how the Northern Cod fishery was a vital component of Newfoundland's culture.

Despite these features, the Harris report does not evade its mission, the review of the scientific advice. The core chapters of the report deal with a host of scientific issues. Among the important matters is the collection of data by research vessels, and from catch reports from offshore fishing vessels, the latter known as catch per unit of effort (CPUE). The report discusses the use of the data from these surveys as inputs into virtual population analyses, which provide estimates of what the stock of fish must have been in the past to produce the number and composition of the fish found in the surveys. With the accumulation of more data from later samples, the size of past stocks is reestimated, making the estimates more accurate with the addition of information. This methodology eventually caused scientists to conclude that the

stock size was smaller in the recent past than they had thought. This error led to the realization that substantially lower fish catch quotas would have to be set in the future if the stock were to be saved from a very serious decline, one which had already begun. The panel found that the mortality rate for the fish stock could have been as high as 45% in recent years, a frighteningly large amount and more than double the rate that federal government fisheries scientists had felt was needed for a growing stock. The scientists believed the stock was indeed growing until additional data in the late 1980s forced a different conclusion.

The Harris report suggests that the basic methodology used to generate the scientific assessments and advice is appropriate. The stock assessment errors were in part due to past anomalies in the data and, as well, to a sense of optimism among scientists that fish mortality was within the bounds advised by them. More importantly, the report makes clear the inherent complexity of the forecasting. Many variables come into play, variables that can substantially affect projections even when the raw data are truly representative of the population. For example, technological change in the harvesting of fish can result in more mortality than expected; environmental factors such as water temperature may play a significant role; and the behaviour of other species that may prey on the northern cod or be their prey can at times be important. Moreover, collection of data is extraordinarily difficult. The geographic area in question is huge and rates of discard of cod as well as cod bycatches may change with time; there is little or no data obtained from CPUE on the inshore fishery; changing technology may kill more undersized and young fish; and foreign and domestic fishing efforts may be deliberately underreported.

Not surprisingly, these observations led to a conclusion that a more comprehensive approach is needed in the scientific assessment process, one which takes into account the entire physical and ecological complexity of the ocean environment, drawing on the biological, oceanographic and related sciences. That, combined with increased efforts to obtain more accurate baseline data through more and broader surveys, with appropriate adjustments for discards and underreporting, is the essential message of the Harris report when it comes to the purely scientific issue of stock assessment and projections. This approach is embodied in the report's recommendations 8 through 17, about one third of the recommendations.

In all, there are twenty-nine recommendations in the Harris report. Almost two-thirds do not directly consist of scientific assessment and advice, although some are closely related. Paradoxically, one may argue that it is those recommendations, rather than the discussion of the purely scientific matters, that are the more vital contributions. Indeed, while the science-related recommendations are eminently reasonable, some of the background discussion underlying them does not fully clarify exactly what the scientists do. For

instance, the discussion of virtual population analysis would have been greatly improved if a schematic chart or similarly illustrative device had been employed to take the reader through the actual steps involved. Another example is the discussion of the newer ADAPT methodology for virtual population analysis, in which words are used to express a mathematical relationship. One reads that "tuning was achieved by minimizing an objective function of the sum of squares of the difference between the natural logarithm of the observed abundance estimate and its predicted value. The use of the logarithm transformation in the case of the age-aggregated CPUE data is the most obvious difference between this analysis and past analyses" (92). Why not give simple examples of the equations and take the reader through an illustrative example? Similarly, the discussion in chapter 7 regarding the relationships between number of recruits to each year-class of fish and the size of the associated spawning stock, for different growth rates of the fish stock, is not kind to the reader. In short, while the difficulties of the scientific assessment are communicated effectively and the recommendations are appealing, one does not quite get to understand exactly what fisheries scientists do in making stock assessments.

The remaining nineteen recommendations fall into five categories: management actions, international issues, technology, goals, and, fifthly, institutional arrangements and procedures. Several recommendations in the last of these categories are closely related to the scientific aspects of fish stock assessment and involve procedures within DFO regarding the collection of data, research, and its dissemination; others pertain to patrols and penalties for violations of fisheries regulations. There is only one recommendation listed under the heading of technology and it involves possible use of satellites for surveillance, fitting fishing vessels with transducers to track their movements. The four recommendations coming under management actions reflect the panel's finding that substantial reductions in fishing mortality were needed, along with other measures designed to protect younger fish from being harvested.

In the area of goals, the single recommendation is insightful and fundamental. It urges the government of Canada to "reexamine its biological, ecological, and socio-economic goals in respect of the fisheries to ensure that they are clearly defined, internally consistent, and attainable." Earlier the report identified what it saw as the sources of conflicting goals, putting them in terms of competing and mutually exclusive provincial and federal government interests. These are: the province's objective of maximizing the economic value versus the federal one of using fishing concessions to attain external relations objectives; federal authority over the resource versus provincial control and influence over processing facilities and harvesting equipment; and differing social goals such as provincial employment objectives versus federal desires to reduce the numbers involved in the fish industry. The need for reconciliation of

the two levels of government — as well as achieving consistency within the goals of each (e.g., the provincial goals of maximizing employment and economic value are likely incompatible as well) — is obvious. While the report spends little time on it, the suggestion of a joint federal-provincial board to manage the fisheries under some mutually agreed set of criteria seems entirely sensible.

Finally, under the heading of international issues, the report recommends stronger measures to get control of foreign fishing outside but adjacent to the two hundred mile limit and reduction in foreign fishing permitted inside that border, together with emphasis on stock allocations reflecting community needs and adjacency. The report is unequivocal on these matters. At one point, it goes so far as to suggest the intriguing tactic, if diplomatic efforts fail, of concentrating domestic fishing effort in those areas beyond the two hundred mile limit where foreign fishing is out of control. The logic here is appealing. By fishing in that area, Newfoundlanders would ensure that less is available to foreign fleets. That would surely reduce the foreigners' incentive to engage in that fishery. On the other hand, if their actions remain the same, then the stocks would be depleted anyway; but at least not all the benefits would go to foreign interests. If Canada would make credible threats of this type, perhaps the foreign fishing problems would be resolved in short order.

In summary, there is no doubt that the Harris report fulfilled its mandate. Yet its spillover into policy, its success in placing the importance of the northern cod fishery to Newfoundland in perspective, and its eloquence make it more than a turgid review of scientific methodology.

While the sharing of the northern cod is an aspect of the Harris report, the sharing of all fisheries along the province's coast is the single focus of the *Enquiry into the Alleged Erosion of the Newfoundland Fishery by Non-Newfoundland Interests*. The Maloney inquiry was undertaken in late 1990 at the request of the provincial government; the report was submitted in December, 1990. Despite that short time span, the commissioner conducted a review of the relevant documents, interviewed various officials, received submissions, and finalized his report: an impressive feat.

Effective control of and access to fish resources off the coasts of the island of Newfoundland and Labrador have been goals of Newfoundland governments since the establishment of responsible government. (S.J.R. Noel's book *Politics in Newfoundland* [1971] contains some of the relevant history on that point.) However, competing interests have proven to be difficult obstacles, both before 1949 and after. At best, the Newfoundland provincial government can only pressure Ottawa to consider its objectives among the many other interests that may influence federal fisheries policy. One may argue that the Maloney report is one means of ensuring that Newfoundland interests are not forgotten in Ottawa.

The provincial government commissioned the Maloney report in an atmosphere dominated by expectations of ongoing reductions in fish catch quotas and actual fish catches. This unfortunate prospect no doubt played some role in the provincial government's decision to have this inquiry. Newfoundland interests have never been the sole beneficiaries of the fish resources located on the continental shelf off its coasts. With a declining resource base, both the absolute amount as well as the share going to the province of Newfoundland would be at risk. Even with a large and growing stock, Newfoundland's share is crucial to its economic well being. The struggle with other claimants for a larger share of a diminished resource makes the situation even more problematic.

The more specific impetus for the enquiry was the suspicion that Newfoundland interests were being denied access to various fishery resources. It was the task of the Maloney commission to investigate the validity of that notion. The mandate was to inquire into the federal government's fisheries policies that affected access to the resource off Newfoundland's coast and to examine allegations made to the provincial government by fishermen: in essence, these were complaints of asymmetric treatment of Newfoundland-based and non-Newfoundland-based fishing activities in matters of surveillance and enforcement. In addition, Maloney was directed to report on the implications of any increased access to fish resources by non-Newfoundland interests on the Newfoundland fishery and economy.

The Maloney report identifies twenty-two specific allegations, some emanating from fishermen and some from other sources such as provincial government authorities and various reports on the Newfoundland fishery. Ten of the allegations relate to the federal government's allocation policy, six come under the heading of licensing policy, two relate to sector management, and the remaining three concern enforcement and surveillance. The complaints involve: the allocation of underutilized species, the resource-short plant program for providing offshore groundfish to inshore plants, the intrusion of a large number of Quebec-based vessels into the 1990 fishery off Black Tickle in Labrador, foreign fishing allocations within the two hundred mile limit, and favorable treatment of Maritime and Quebec interests in relation to licensing and surveillance. Maloney assesses the validity of the allegations in a very lucid manner. Each is stated first, then followed by brief and balanced discussion of the relevant facts and a conclusion. This no-nonsense, straightforward approach is most appealing.

The Maloney report concludes that there has been some erosion of Newfoundland interests. Of particular note are three findings: first, the exclusion by the federal authorities of Newfoundland's fleet of Scandinavian longliners from the Northern Cod fishery, effectively eliminating those five vessels from any use; secondly, the disproportionate manner by which the allocations for the resource-short plant program were reduced; and thirdly, the

## *Newfoundland Fishery 195*

laxity of the federal authorities in allowing so many Quebec-based vessels to enter the cod fishery off Black Tickle in 1990. The report finds no justification within federal fisheries regulations or from explanations offered by federal officials for any of these events. It estimates the impact of these adverse developments on Newfoundland as a loss of over 3,500 metric tons of fish, which would have yielded eighty-one person years of work and about \$2.1 million of revenue to the economy.

These figures are not large. If they constitute the full extent of the erosion, one need hardly be concerned. However, the report agrees that many of the other allegations have strong bases but simply finds it impossible to provide numerical estimates of their impact, largely because of data problems. These other notable matters relate to access to underutilized species, allocation of northern cod to non-Newfoundland vessels that lacked historical attachment to that resource, capricious weighting of the principle of adjacency in the lowering of the allocation catch for northern cod, the Seafreez arrangement, and the issuance of crab licences for the northeast Gulf fishery. Of these, the most distressing to Maloney is apparently the complicated 1990 Seafreez arrangement under which a company — with Newfoundland and Nova Scotia owners and with facilities in both provinces — and the Soviet Union agreed to a joint venture of sorts involving the exchange of allocations of various species of fish. On the one hand, Maloney raises concern over the allocation of caplin involved in the deal, citing the Harris report's cautionary note regarding the interdependency of cod and caplin. On the other hand, and more seriously, Maloney points out that this venture was precedent-setting and was accomplished without "meaningful consultations occurring between industry groups and both levels of government beforehand" (51).

The report concludes that various other allegations are without foundation, being the results of misunderstanding or lack of information.

The substantive finding is that while the measurable erosion of Newfoundland's access to the fishery is small, some recent decisions by the federal authorities are alarming. Yet Maloney does not intimate a conspiracy theory. On the contrary, his report "does not ascribe ulterior motives to Federal Fisheries Managers" and proceeds to suggest that the erosion may be due to the pressure from non-Newfoundland interests to retain as much as possible of a declining resource. In short, the pie is getting smaller and everyone wants to preserve his share. Unfortunately, the implication is that the non-Newfoundland interests may be winning a larger share, and in part this may be exacerbated by ad hoc application of existing federal regulations. Additionally, the report reminds the reader that the fundamental problems are the drop in the allowable catches of the major fish species and a very uncertain future. It argues that a joint board to coordinate the policy objectives of both levels of government is required to address the greater fisheries problem successfully — a proposal



similar to that made in the Harris report and supported by the provincial administration led by Premier Clyde Wells.

The Maloney report leaves two critical questions begging. First, what is the optimal share of the Newfoundland fishery that should go to Newfoundland? The mandate of his inquiry was to examine the erosion of the fishery to others. By its very nature that implied movement from some initial level, but what level? One of the daunting tasks in establishing a federal-provincial board to manage the fisheries would be agreeing on what Newfoundland's share ought to be. Otherwise discretion and political pressure would continue to rule the day. A second and related question is: what would be the objectives of the proposed joint board? Both the Harris and Maloney reports contend that better cooperation and coordination would reduce many difficulties, but when objectives are mutually exclusive, which one dominates? We await answers to those questions, which were not in the mandate of either enquiry.

The focal point of the Harris report is the declining size of the resource. Maloney focuses on the sharing of that resource between Newfoundland and non-Newfoundland interests. Carol Brice-Bennett takes us to the regional/community level. Brice-Bennett chaired the Industrial Adjustment Service (IAS) Committee on the Labrador Coast Fishery. The federal government set up that committee in the summer of 1990. It was composed of representatives of various organizations having interests in the twenty-four tiny communities spread along the lengthy and rugged coastline of Labrador, from L'Anse au Clair in the south to Nain, a thousand kilometers to the north. All these communities are dependent on the fisheries. The mandate of the IAS committee was to investigate the impacts of the declining fishery, to consider ways of improving the fisheries, and to devise development strategies, including training. The collapse of an entrenched status quo was the impetus for this mandate.

According to the report, 85% of the region's labour force of approximately 3,000 is usually engaged in fisheries-related activities, primarily inshore fishing and plant work, for enough weeks of the year to qualify for unemployment insurance (UI) for twenty-five to thirty-five weeks. Thus the status quo is ten to twenty weeks a year of productive work, supplemented by make-work projects when needed, and followed by up to thirty-five weeks of UI. Residents who fail to find employment for even those short periods typically depend on social assistance.

The failure of the 1990 fishery and the even more disastrous 1992 fishery severely disturbed this equilibrium. Sufficient employment to qualify for UI eluded many and caused a major increase in those seeking social assistance, while those who did fish or were otherwise employed suffered enormous drops in earned incomes. The 1992 announcement of the Northern Cod moratorium

## *Newfoundland Fishery 197*

means that this disruption will be long-lasting. Though the IAS committee's work was nearly complete before the cod moratorium was announced, it had recognized the nature of the problem and had arrived at a recommendation to close the inshore and offshore cod fishery off the Labrador coast, i.e., the northern third of the Northern Cod fishery, for five years.

The Brice-Bennett report is an extensive, well-written document. It provides a comprehensive picture of the economic situation of the Labrador coastal communities. In fulfilling its mandate, it delves into six main issues. The first is the 1990 Emergency Response Program, which refers to the system of make-work projects instituted by the federal government when it appeared that the poor fishing season, combined with the possibility of a fourteen-week rather than ten-week qualifying requirement for UI, would mean that many of those normally relying on UI as an income supplement would not be eligible to receive it. As it turned out, the qualifying period was in fact ten weeks and the looming crisis was largely averted.

Secondly, the report deals with the principle of adjacency, the notion that those residing nearest to the resource have superior rights of access to it. The unfortunate experience of the south Labrador community of Black Tickle in 1990 is reviewed in detail. The basic point is that the cod fishery there was reasonably good in 1990 and, as a result, vessels from the island of Newfoundland and the Quebec North Shore converged on the area, competing with the smaller resident inshore vessels for fishing berths, and shipping fish elsewhere rather than to the Black Tickle plant for processing.

Next, the report turns to the proposal for a Northern Fisheries Development Corporation, a federal-provincial crown corporation, to serve as a mechanism for economic and social development initiatives. While agreeing that such an institution is desirable as a replacement for an existing patchwork of federal and provincial government policies, the report prefers an enhanced role for the existing Canadian Saltfish Corporation. Indeed, the fourth issue raised in the report is the mandate of the Canadian Saltfish Corporation. That entity acts as buyer and marketer for saltfish, with the objective of improving incomes of the producers. The report notes the severe financial difficulties faced by this institution in recent years but rejects the suggestion that it should be curtailed or eliminated. Rather, the report suggests a broader role for that organization that would include fishery ventures beyond saltfish.

The fifth matter is the 1992 emergency response program. That was the response to the failure of the 1992 fishery, this time due to severe ice conditions followed by an appalling scarcity of fish. The conclusion is that the fishery may not recover sufficiently to support a return to the status quo.

Finally, the report turns to alternatives to the fishery, discussing education, training, and other employment prospects. While acknowledging the merits of further training, and noting the relatively low levels of education in

the coastal population, the report rightly points out that training may lead to population loss. It points to the experience of the Labrador communities in the Strait of Belle Isle, which have lost population. It argues that training must be supplemented by development initiatives that draw on newly acquired training and skills.

The remainder of the Brice-Bennett report identifies fisheries initiatives designed to improve the circumstances of the coastal communities. Those recommendations reflect the conditions described in the previous discussion. They include measures such as a cod moratorium and restrictions on other species, greater access for coastal communities to fish resources when available, and measures to support and improve the processing sector, along with the establishment of a Labrador Fisheries Management Council to implement the various initiatives. That is followed by an epilogue on the Northern Cod moratorium. This raises concerns over compensation and the social impacts of excluding such a large portion of the coastal population from their seasonal employment. Nevertheless, the report recognizes the need for a moratorium and urges realization of its fisheries initiatives so as to transform the regional economy in the meantime.

Perhaps the most telling feature of the Brice-Bennett report is its title. Despite the recommendations of the report and its expression of future possibilities, it conveys a deep pessimism. Early in the report one reads: "none of the IAS members were confident that a radical change in attitude or approach to either the fishery or the coastal economy would result from these efforts, simply because the Labrador region and its resources have been discounted for so many years" (20). An obituary is, according to the report, in order because of neglect and indifference.

The word obituary implies death; but the cause of death is contentious. As described in the report, the coastal communities have survived for years through dependency on transfer payments, mostly UI, acquired from fisheries activities, which can proceed for only a few months of the year. There is no suggestion that the income earned from the fisheries and other sources is sufficient to provide a decent average standard of living. Also, the climate is severe, the delivery of social services and infrastructure is expensive, people are isolated, and those people who remain in the region have invested little in education. There were no prospects for this to change even before the moratorium. Despite the report's formulation of fisheries initiatives, the prospects for the future appear bleak. The harsh reality is that if there was ever an economic base for the sparsely populated coastal communities, there is not one now and, barring fortuitous discovery of a new resource, there will not be one. The isolation and climatic conditions are unlikely even to permit long distance commuting to other areas for employment. If the communities are to survive, then subsidized projects, social assistance, and other transfers from government will be the basis

for that survival. Those who stay will continue to acquire little in the way of education and training, while those who seek to leave will try to acquire the skills needed for mobility. That outcome is, disappointingly, the most likely prospect.

Fortunately for the people of the Labrador coast, Canadian democracy responds to the appeals of organized interest groups and, as well, Canadian society is noted for a level of compassion rarely found elsewhere. Therefore, while it is not desirable that these people be abandoned to fend for themselves, it is also unlikely. The people and their leaders have access to support mechanisms in order to devise plans for adjustment. In developing adjustment plans, there must be a recognition of the realities of the situation, including the special circumstances of the aboriginal people. The alternative is the perpetuation of massive dependency on government transfers, though perhaps in new form.

Maloney argues for more consistent and equitable application of adjacency, the notion that those closest to the resource ought to have superior access to harvesting it. Harris lauds adjacency, relating it to the historical and cultural development of the province. Brice-Bennett further emphasizes this principle. Adjacency is a pillar of its fisheries plans, which include many proposals to restrict access to nearby fish stocks to the local inshore fishery and to have much of the catch processed in the region as well. Indeed, adjacency is one of the stated criteria for the allocation of fishing licences and quotas by the federal fisheries authorities.

Technology and other factors have rendered the Newfoundland fishery a common property resource. As demonstrated by Gordon in a 1954 article, when a fishery is subjected to sufficient harvesting pressure, the absence of property rights leads to the dissipation of economic rent. In other words, the resource will be overexploited and the income that can be earned will fall. This observation does not apply just to fisheries. Severe environmental problems from the destruction of the Amazon rainforests to air pollution and destruction of the Aral Sea also stem from undefined property rights. Allocation according to adjacency is one possible way of limiting the overuse of the fisheries — although even the effort of those located in the adjacent area may have to be limited as well. A fundamental issue is the extent to which this principle ought to apply. Certainly, the Brice-Bennett report takes it very far. That is understandable, since only by extreme measures can that region gain even a meager chance of being economically self-reliant.

There is likely a trade-off between adjacency and capturing economic rent from the fisheries. The latter refers to the difference between the revenue derived from harvesting the resource and the cost of harvesting it. Economic theory, as explained in Anderson for instance, shows that the economic rent is dissipated when entry is unrestricted. Limiting access can be accomplished in

many ways, such as those advocated by the Economic Council of Canada in its report on the Newfoundland economy of 1990, or as surveyed by Hannesson in 1991. Allocation according to adjacency may, however, entail a loss of economic rent. Modern technology is such that physical proximity to a fish stock does not mean a lower cost of harvest or higher quality, and the use of small boats together with the limitations imposed by climate may lead to inefficiency. Adjacency of the type advocated in the Harris report, if applied widely, could reduce economic rent drastically.

Paradoxically, the dissipation of the economic rent from the fisheries may be beneficial to Newfoundlanders. To the extent that non-Newfoundland interests participate in the fisheries off the Newfoundland and Labrador coasts, they capture some of the economic rent, when it exists. Strict application of adjacency in that situation could remove non-Newfoundland interests and reduce overall economic rent, but since domestic residents would in those circumstances enjoy 100% of the resource they might be made better off.

This observation brings home the inherent difficulty of managing the fish resources. If the province of Newfoundland cannot enjoy the economic rent generated by the fisheries, then the best policy may be to ignore the efficiency considerations. Both from a moral and pragmatic stance, even if jurisdiction over the fisheries is federal, the province ought to be the recipient of the economic rent from the resource. That would imply either excluding non-Newfoundland participation from the resource or charging outside participants a fee remittable to the provincial government. In short, whether there is a federal-provincial board or whether the current arrangements remain, the objective of fisheries policy ought to be the maximization of economic rent for the benefit of Newfoundland and Labrador generally. Adjacency would be of secondary importance and would have to be limited wherever it might significantly reduce economic rent. Unfortunately, these propositions are of little relevance at present. There is practically no economic rent obtainable from the fisheries now; neither will there be any in the next few years, nor perhaps for many years to come.

The Harris report gives valuable insights into the failure of fish stock assessments and makes clear the need to curtail expectations of what can be obtained from the fisheries. Maloney expresses the ongoing struggle of Newfoundland to benefit from the resources that it brought into the Canadian federation. The Brice-Bennett report brings out the inherent difficulties faced by regions within the province that are heavily dependent on the fisheries-UI system. A reading of the three documents provides a useful insight into the conflicting objectives of domestic and foreign governments, individual communities, and those who harvest the resource. Such a reading instills as well a greater appreciation of the difficulty in determining just how much of a resource may be available in the future. The reports have much to offer and by

the very nature of their mandates are very diverse but, when the crucial issue of economic rent is considered, are different pieces of the one large puzzle.

## References

- Anderson, Frederick J. *Natural Resources in Canada: Economic Theory and Policy*. 2 ed. Scarborough, Ont.: Nelson Canada, 1992.
- Hannesson, R. "From common fish to rights based fishing: Fisheries management and the evolution of exclusive rights to fish." *European Economic Review* 35 (1991): 397-407.
- Economic Council of Canada. *Newfoundland: From Dependence to Self-Reliance*. Ottawa: Supply and Services Canada, 1980.
- Gordon, H.S. "The economic theory of a common property resource: The fishery." *Journal of Political Economy* 62 (1954): 124-42.
- Noel, S.J.R. *Politics in Newfoundland*. Toronto: Univ. of Toronto Press, 1971.