

Missing the Big Picture

The New Cod Moratorium Will Have Little Impact on the Newfoundland Economy

By [Peter Fenwick](#)

The fishery in Newfoundland has changed drastically in the last 12 years, but not the politicians or the politics of the fishery.

On April 24th Federal Minister of Fisheries and Oceans, Robert Thibault, announced the closure of the last remnants of the Gulf of St. Lawrence and the northern cod fisheries. According to the minister the spawning biomass was a tiny fraction of its pre 1992 level, and the prospects for the next few years were continuous decline.

In Newfoundland any politician worth his salt was quick to condemn the federal government. The premier went so far as to suggest the four Liberal members in the House of Commons resign from the Liberal Party in protest and sit as independents. None of the uneasy Liberals took him up on his offer.

The closures will cut 10,000 metric tonnes from last year's catch. And while that is a fair catch, it pales in comparison to the 1992 closure when a 275,000 tonne fishery was closed. But everyone knew the catch had to be cut back. The Fisheries Resource Conservation Council, an industry-government board with strong Newfoundland input, had already suggested cutting the quota to 5,000 tonnes. Minister Thibault just went a little further.

When the Fisheries Minister closed the two fisheries, Newfoundland's federal cabinet minister, ACOA Minister Gerry Byrne, announced up to \$25 million in make work programs. This allocation was made despite government-sponsored surveys that suggested that few fishermen and plant workers would be seriously affected by the closure.

Four days before the closure announcement, Byrne released a report on the possible impact on people working in the fishery. The report indicated that about 3,000 Newfoundland fishermen would be affected, but a full two thirds of them received less than 25% of their income from cod, and most made well over \$30,000 annually. While that income might be missed, the fishermen would not be forced from the industry.

The impact on fish plant workers was equally mild. Approximately 400 might lose their jobs in Newfoundland and Labrador, and 550 might lose the ability to claim EI.

This minimum impact is in stark contrast to the enormous dislocation that hit the industry in 1992 when the first moratorium idled up to 35,000 fishermen and plant workers. While 1992 was a disaster, the 2003 closure is nothing more than a blip on the Newfoundland economy. In total it represents less than one per cent of the province's labor force, and less than one per cent of the province's GDP. An economy that has created about 20,000 jobs in the last five years should have no trouble accommodating the workers affected by the closures.

But those sobering statistics did not stop the protests. The day of the announcement, a union led crowd blocked the trans Canada Highway outside of Port aux Basques, and various pundits suggested that this would be the death of many rural Newfoundland communities. If that is so, they have not been to many rural communities lately. In most the number of fishermen has dropped substantially. Most communities have managed to find other means to support themselves, and the loss of part of a fisherman's income is

not a death knell.

After all, the lucrative crab and shrimp fisheries are the real mainstays of rural Newfoundland fishing communities today. Those fisheries are doing quite well despite some adjustments to quotas this year. In recent three years they pushed the total value of the fishery past the billion-dollar mark.

Fishermen who often earn up to \$35,000 in four months crab fishing still have up to \$12,000 a year in EI benefits to rely on. Indeed it is EI, and the possibility that some of the ACOA Minister's constituents might not qualify for EI, that underlies the offer of \$25 million in make work projects. To their credit most provincial politicians have heaped scorn on the proposal, although these same politicians often put in place their own make work projects when the political situation calls for it.

Especially depressing in this whole affair is the response from the federal government. When federal Liberals propose a make work project as their only solution to economic change, it shows how bankrupt they are of new approaches to rural Canada. Make work programs are despised by the participants, by most honest politicians, and by economists who see the damage they do to rural economies. Yet Gerry Byrne, and the federal government, had no better ideas to put forward.

In the 1980s, a succession of federal and provincial fisheries ministers bemoaned the excessive reliance on cod in the Newfoundland fishery. They argued a decline in that stock would be an economic catastrophe. And, in 1992, it was. They urged the industry to diversify so that no one stock would devastate the province. In the 1990s that diversification occurred. And now, even a moratorium on cod has minimal impact.

Unfortunately the politicians are still stuck in the last century, responding as if cod were still king. It isn't, and we are all better off that it isn't.

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