Newfoundland and Labrador
History in Canada, 1949-1972

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Joseph R. Smallwood, the man who presided over Newfoundland as its first premier from 1949 to 1972, never seemed to tire of listing the changes in Newfoundland society that had occurred since Confederation. From counting the numbers of indoor toilets in Newfoundland schools, to the massive scale of development at the hydro-electric project at Churchill Falls, the continual reminders of these changes became integral to Smallwood’s public persona. While Smallwood had clear political motivations for regaling the electorate with the changes that had occurred since Confederation, no one can deny that the first two decades after 1949 did bring some fundamental transformations to Newfoundland. Politically, the former British colony underwent the adjustment of becoming a province of Canada, after having given up Responsible Government in the 1930s for Commission of Government. Becoming a part of Canada, in some ways, meant changes in people’s relationship to the state, as the people of Newfoundland felt the effects of the emergence of the Canadian “welfare state” emerging after World War II. While the economic developments in Newfoundland and Labrador were never as far-reaching and complete as Smallwood and many of the political planners had hoped, the 1950s and 1960s did see Newfoundland drawn more closely into a North American industrial economy, particularly in the fishery, forest products, mining and energy. Newfoundland experienced profound changes, as social welfare programs, education, roads, communications, and utilities became a part of the lives of its inhabitants. Indeed, finding a way to provide all these new services to the hundreds of small, primarily fishing communities became a major occupation with provincial governments in this period, and both federal and provincial governments tried to encourage consolidation and centralization of rural communities through various resettlement plans. Despite these transformations and a rich resource base, however, the vision for an economically prosperous Newfoundland promised by Smallwood never quite materialized.

This paper will examine the literature on Newfoundland from Confederation to 1972, focussing on the political, social and economic history of the province. In particular, it will consider scholars’ explanations for Newfoundland’s position as a “have not” province, and their evaluations of attempts by both the federal and provincial governments to alleviate social and economic problems in the region. It will begin by providing an overview of the history of the period, outlining the political background to Newfoundland’s entry to Confederation, the economic transitions, social change, and the uneven results of two decades of “development.” Then, this paper will look at writing on the political history of this period, looking at the political culture and the figure of Smallwood in these critical years. As well, it will discuss federal-provincial relations in the first decade after Confederation, as Newfoundland made the transition to a province of Canada. After considering the political history of Newfoundland, this paper will then look more broadly at writing on social and economic conditions in the province and the various development strategies employed by federal and provincial governments. Finally, this paper will examine the writing on development plans and policies for fisheries in Newfoundland in this period, and their impact on the men and women who continued to depend on the sea for their livelihood.

The first half of the 20th century was a particularly turbulent period in Newfoundland’s political life. Crises in the fishing economy, the heavy burden of debt left after World War I, and largely unsuccessful attempts at bringing industrial development to Newfoundland through railway ventures proved devastating to an already unstable political system. After the onset of the Great Depression of the 1930s, the former colony was close to bankruptcy,
and the Liberal government of Richard Squires faced accusations of corruption and financial-wrongdoings. Squires lost the 1932 election to Frederick Alderdice, of the newly-formed United Newfoundland Party. Alderdice agreed to a Royal Commission to examine the political and economic problems of the country. The 1933 “Amulree Report” recommended a “rest” from politics and the creation of an appointed Commission of Government to administer the affairs of Newfoundland until the economic crisis was resolved. In 1934, a six-member Commission of Government, comprised of mainly career civil servants and administrators from Britain and Newfoundland was appointed to govern the troubled country. This Commission of Government remained in place until 1949, when Newfoundland became a province of Canada.

Political life after Confederation was no less difficult, as responsible government was restored and Newfoundland settled into the federal framework as a province of Canada. The premier, Joseph R. Smallwood, dominated political life in this period, as he translated his folksy, charismatic powers of persuasion into a political machine that won six consecutive provincial elections. Despite his electoral success, Smallwood and his governing Liberals faced the difficult task of trying to provide services and employment to the province’s rural population. Smallwood embarked on several highly-publicized campaigns to develop the economy in these years, the first of which was the creation of a series of light industry manufacturing companies in the early 1950s. Most of these firms, established with European entrepreneurs and technology, but with funds from Newfoundland, had failed by the mid-1950s. Not fazed by the setback, Smallwood continued to launch major resource development projects, carried out largely by capital interests from outside the province. Relying on outside capital certainly had its benefits for Smallwood, who had limited resources to invest in economic development. For the outside developers, they received access to the resources, plus a cheap supply of labour – the people of Newfoundland. These projects, included the iron-ore mine in Labrador, the Churchill Falls hydro-electric development, the Bay d’Espoir Generating Station and the Stephenville Liner Board Mill. One of the most controversial and costly projects of the early 1970s was an oil refinery at Come-by-Chance built by businessman John Shaheen, which received financial assistance from both the federal and provincial governments. The refinery, like the Stephenville Liner Board Mill and several other projects, were financial failures. While in the short term, people from Newfoundland benefited from the construction jobs these projects provided, the long-term return on the resources was limited. Indeed, the developers of the iron ore operations in Labrador and the Churchill Falls hydro-electric project continue to profit from the resources, decades after the last construction job ended.

These industrial projects initiated by Smallwood were representative of the broader transition occurring in the Newfoundland economy after Confederation. Historically, Newfoundland’s economy was based on the rich resources of Atlantic cod that inhabited the large continental self off the coast of the island and Labrador. Since the early nineteenth century, most of the fish was caught by inshore fishing people living in the hundreds of outports along the coastline of the island and Labrador. A smaller part of the fishing population was engaged in offshore “Banks” fisheries, based in the ice-free ports of the south coast of the island and St. John’s. Most of the fish was dried and salted, and sold in markets of southern Europe, the West Indies and South America. Far from being completely dependent on a single resource, however, fishing families made use of a variety of local resources such as wild game, seabirds, seals, whales, wild berries, and household gardens to supply their members with sustenance. During
World War II, a new, industrial sector based on frozen fish emerged, providing employment in processing plants and on offshore fishing trawlers. While the majority of fishing people remained attached to the small-boat, inshore fishery, the saltfish sector gradually declined, as did local reliance on merchant credit, which had been the foundation of the inshore saltfish sector.

Formal economic activity outside the fishery, however, was limited. St. John’s had a small manufacturing sector, providing products for local consumption. The forest industry supported two pulp and paper mills, one at Grand Falls (1909), and the other in Corner Brook (1925) on the island’s west coast. The largest of Newfoundland’s mining operations was at Bell Island, where iron ore was extracted. Other mining enterprises included base metals at Buchans and a fluorspar mine at St. Lawrence. These operations, however, were small relative to mineral development in other areas of the Atlantic region. Newfoundland’s non-fishing economy began to diversify during World War II, when Canadian and American military bases provided thousands of construction jobs and other work for rural Newfoundlanders. After Confederation, opportunities arose particularly in the construction and public works projects, mineral development in Labrador as well as the growing service sectors.

While the changes to the economy were occurring gradually, the more dramatic transformations in Newfoundland society were in the areas of social welfare and services. The standard of living rose with the infusion of cash payments to Newfoundland families through federal programs such as Family Allowance, Unemployment Insurance and Old Age Pensions. The Smallwood government expanded education and developed a regional secondary school system outside of St. John’s. While the denominational character of these schools remained, as Noel argues, government infusion of money into education in the years after Confederation did make education more accessible, particularly to rural children and working class people of St. John’s. Post-secondary education, including Memorial University (formerly, it had been a non-degree-granting college), trade and vocational training, and a college of fisheries and navigation, all emerged during the 1950s and 1960s. Health care also received attention, and the people of Newfoundland were generally healthier, succumbing to diseases such as tuberculosis and diphtheria far less frequently. Another major area of change was in transportation and communications. The provincial government invested heavily in roads and communications, which linked many rural communities both physically and culturally to other parts of Newfoundland, and to North America itself. Indeed, the roads, along with radio and later television, would play a large role in transforming popular culture, leading to changes in entertainment, local customs and even to local dialects and speech patterns.

Despite these dramatic changes in the way of life for people of Newfoundland during the Smallwood years, Newfoundland remained on the margins of North American prosperity. While the population of Newfoundland had increased significantly during these years, the number of people leaving the province in search of work was high as well, averaging 3-4,000 per year between 1957 and 1971. Although per capita incomes rose after Confederation, they remained low relative to those in other parts of Canada (Appendix A). As well, unemployment rates in the province were consistently the highest in the country (Appendix B). Results from attempts at diversifying and expanding the industrial and resources sectors were uneven. The manufacturing base remained small, and local commercial and retail enterprises met considerable competition from larger firms from the mainland. Newfoundland’s natural resources, particularly in minerals and forestry, generated revenues, but the people of the
provinces received few benefits outside a few jobs, as most of the profits left the region. Employment in the resource sector did not increase substantially, as only 25 percent of the labour force found work in fishing, mining and forestry. By the early 1970s, Newfoundland was still heavily dependent on transfer payments from Ottawa.

In trying to understand why Newfoundland experienced these difficulties in these post-Confederation years, a few scholars have examined its political culture and the dominance of its first premier, Joseph Smallwood. S.J.R. Noel, in his analysis of 20th-century Newfoundland politics, argues that despite becoming a province, the political culture and attitudes in Newfoundland remained similar to what they were before Commission of Government. Denominationalism was still present, along with patronage. In fact, he sees strong similarities between the Squires governments of the 1920s and 1930s with the Smallwood governments of the 1950s and 1960s, particularly in the drive for resource and industrial development. Noel claims that by the 1960s, the Newfoundland electorate was gaining some political sophistication and was better able to understand the distinctions between the jurisdictions of the federal and provincial governments (he notes that Smallwood intentionally tried to blur the lines). The local party structures, however, remained weak in the 1960s, he claims, as Smallwood still retained strong personal influence over local riding associations and the Liberal Party itself. At the time Noel’s book was published (1971), Smallwood was still clinging to power, and Noel was looking forward to the broadening and maturing of Newfoundland politics.

Historian Peter Neary, in his analysis of politics in Newfoundland during the Smallwood years, also noted that strong, locally-based democratic practices and values did not emerge in the province immediately after Confederation. He argued that from 1949 to 1957, the major development in Newfoundland politics was the rise to power and influence of Smallwood. In particular, Neary detailed Smallwood’s personal control over not only both federal and provincial Liberal party machinery, but also the way he seemed to take personal credit for federal programs coming from Ottawa. Neary suggested that Smallwood was able to do this, partly because of his considerable speaking and persuasion skills, as well as the public’s continued identification of the opposition Conservatives with the anti-Confederation campaign. Neary also argued that Smallwood was able to centralize power because the people of Newfoundland, to that point, had not had a lot of experience with democratic institutions. Years of Commission of Government, along with the absence of local government and few municipalities, meant that many people expected politics to work that way. Neary says that Smallwood was able maintain his, and the Liberal party’s hold over Newfoundland politics during the period from 1957 and 1968, despite the election in 1957 of the Diefenbaker Conservatives in Ottawa. Although left without his “direct line” to the federal cabinet during the Diefenbaker years, Smallwood was still able to rally support in the province.

By the late 1960s, however, Smallwood’s political power and influence had been undermined, partly by increasing economic and financial crises in the province. It was becoming clear that development strategies which relied on outside capital had failed to diversify the economy and reduce dependence on the fishery for employment. Neary argued that the Canadian version of federalism, which had left responsibility for economic development to the provinces, played a role in Newfoundland’s inability to take greater control over its resources and the way they were exploited. He suggested, “The capital for an alternative strategy of public ownership and development might have been mobilized by the federal government but this course was never contemplated either in St. John’s or Ottawa.” Instead, Newfoundland’s economy continued
to decline, while the value of the minerals and hydro-electric power shipped out of the province rose. Neary argued that “What Newfoundland’s post-Confederation history perhaps demonstrated above all else was how a decentralized federalism facilitated the progress of foreign capital in Canada.”

The figure of Smallwood himself and his politics and development strategies has, not surprisingly, attracted considerable attention in the popular political literature. Journalist Richard Gwyn, as well as former political colleagues of Smallwood, Harold Horwood and Harold Pottle, have each offered their opinions on the often contradictory, enigmatic premier.

Gwyn, writing while Smallwood was still in office, portrays the man as a dynamic, enterprising man, obsessed with power and progress, who, despite his flaws, brought about a “revolution” in Newfoundland society (hence the title of his book: Smallwood: The Unlikely Revolutionary). Horwood, writing in the 1980s, saw Smallwood’s vision for Newfoundland as dated, a relic of the 19th, not the 20th century. He portrays Smallwood as increasingly being corrupted by his own power. Herbert Pottle, a former Minister of Public Works in the first Smallwood government who later spent his career in education and social welfare in Newfoundland, was particularly critical of Smallwood and his vision for Newfoundland. He claims that in the two decades following Confederation, Smallwood sacrificed long-term social, educational and economic development for projects offering short-term political rewards. In the process, he argues, the people of Newfoundland remained dependent on government and never had the opportunity to grow politically, to gain political understanding and awareness.

While each of Smallwood’s biographers had their own opinions on the Newfoundland politician’s strengths and weaknesses, a few aspects of his personality and background provide some insights into the way he governed the province in these years. Smallwood was clearly a man who came to the premier’s role without any political or administrative experience. He was primarily self-educated and he tended to view the world, the economy and politics in fairly simplistic terms. At the same time, however, he was a very persuasive man, enthusiastic, and eternally optimistic about his abilities to solve problems, whether they be building enough roads to rural communities, to stopping out-migration through major employment schemes. Perhaps we should not be surprised at his seeming naivete in putting so much faith in some of the more outlandish development projects. Herbert Pottle argued that Smallwood was an exceptional promoter, well-suited to lead the Confederation forces in 1948, but was ill-suited to the role of running the new province. However, the question remains if another more capable politician in the premier’s chair would have been able to make a difference.

While Smallwood continues to raise debate and questions, historian Raymond Blake has looked more closely at the role of the federal government in integrating Newfoundland as a province in the first decade of Confederation. He argues that despite the logistical difficulties of sorting out new roles and procedure, the move was relatively smooth, made easier by the infusion of federal social welfare programs into rural communities. For example, Blake noted that the federal government quietly set up the framework to administer the Family Allowance program shortly after the Terms of Union were signed, to ensure that people could receive cheques as quickly as possible. Blake claims that by the end of 1955, Newfoundland families had received $65 million in Family Allowance benefits. Likewise, the federal government created a temporary program to enable workers in Newfoundland to qualify for the Unemployment Insurance program. Since Newfoundland workers had not yet contributed to the national program and did not qualify for benefits under the normal rules, the federal
government contributed funds to allow them to collect if they became unemployed. In the first year after Confederation, the federal government paid $3.2 million in Unemployment Insurance benefits to Newfoundland workers. Indeed, Blake claims the number of recipients swelled in the first few years after Confederation when Smallwood created a number of public-works projects specifically to enable Newfoundland workers to qualify for the federal program. While the Old Age Pensions took longer to implement because of the need for new provincial legislation, people qualifying for the program in Newfoundland saw their pensions rise from $72 a year to $30 a month. All in all, in the first few years after Confederation, the federal government was contributing $24 million annually to Newfoundlanders through the Family Allowance, the Unemployment Insurance program, and the Old Age Pensions.

While Blake argues the federal government fulfilled its obligations in extending social welfare programs to the people of Newfoundland, it was reluctant to provide support in the area of economic development. The Association of Newfoundland Industries Limited, which represented the manufacturing sector, asked the Newfoundland delegation negotiating the Terms of Union with Canada for tax concessions and other assistance to help them make the transition. Blake notes that the secondary manufacturing sector in Newfoundland was small, but it did provide 4,000 people with jobs and relatively cheap consumer goods for the local market. Newfoundland manufacturers had been protected from competition from Canadian good through a protective tariff. In 1949, those tariffs would disappear, leaving the approximately 130 companies vulnerable to dumping of products by larger Canadian firms. As well, taxes would increase and Newfoundland manufacturers would have to switch from American to Canadian suppliers of raw materials such as steel. The negotiating team, however, failed to heed the request. As well, after Confederation, the federal Minister of Trade and Commerce, C.D. Howe, refused to give special consideration to Newfoundland manufacturers, believing that the government could not treat manufacturers in one Canadian province differently from another. Furthermore, local manufacturing was a provincial, not a federal responsibility. Blake argues that in the short term, 18 Newfoundland manufacturing companies, mostly in the area of garment-making, boot and shoe production, mattresses and tobacco, were unable to compete with Canadian firms and closed. On the other hand, however, some Newfoundland enterprises were able to withstand the competition, and took steps to improve both the quality and price of their goods.

Another issue of concern for the manufacturing industry, and in particular, the resource sector, was whether or not the Canadian government would allow foreign-owned companies in Newfoundland to retain tax breaks they had secured before Confederation. The Bowaters pulp and paper operation, which was British-owned, were paying considerably lower taxes in Newfoundland than they would under the Canadian tax laws (Bowaters paid $150,000 annually before Confederation. Under Canadian tax law, the company would have to pay approximately $1 million annually). While the chairman of the company, Sir Eric Bowater, lobbied the Newfoundland delegation negotiating the terms of union, his efforts had few results.

Blake concludes that in many ways, the transition to provincial status for Newfoundland was successful. Federal social services extended to the people of Newfoundland helped improve the standard of living by raising monthly cash incomes. As well, the dropping of trade barriers with Canada and competition with mainland goods led to a reduction in prices for consumer goods. On the other hand, however, neither Confederation nor the continuing relationship with the federal government was able to erase economic problems in the new
province. Blake argues that the limitations of the Terms of Union (specifically the lack of attention to assistance in economic matters) as well as the federal government’s reluctance to provide help to Newfoundland’s economy in the post-Confederation years, contributed to the province’s inability to become prosperous.

While the politics of Newfoundland provides a starting point for an understanding of post-Confederation society, other scholars have looked more broadly at social and economic issues in this period. Some of the first academic studies on Newfoundland’s economy and society during these years came from scholars, primarily anthropologists, sociologists and ethnographers from Europe and the United States who studied rural communities in the early 1960s. These academics, who were funded by the newly-formed Institute of Social and Economic Research at Memorial University, conducted fieldwork in Newfoundland’s outports and later wrote a series of community studies. Much of this work was informed by variations of “modernization theory,” which offered a dualistic model of economic development consisting of “traditional” and “modern” societies. According to this model, “traditional” societies were characterized by labour intensiveness, occupational pluralism, with low levels of technology, entrepreneurship and capital. Conversely, “modern” societies were innovative, highly capitalized with high levels of technology and an educated and specialized workforce. Believing that they were witnessing the shift from a pre-industrial, simple, autonomous society untouched by modern values to an industrial society, these scholars found Newfoundland an interesting “social laboratory.” This modernization model has been criticized, however, for focussing on internal factors such as technology and entrepreneurship, but ignoring other factors in social and economic change such as capital structures and class relations, gender and race relations, colonialism and other unequal power relationships. Later social theorists also argued that the model was static and ahistorical and did not adequately explain why and how change occurred. While these early community studies looked at changes occurring in this period, many failed to place these changes within a wider historical context. Nevertheless, these studies provided some insights into these communities in the 1960s and influenced later work.

By the late 1960s and early 1970s, however, scholars turned their attention to the impact of federal and provincial social and economic policies after Confederation. One of the more visible manifestations of state intervention in Newfoundland society was the resettlement program. In the years following Confederation, thousands of people living in small fishing communities migrated into larger centres, some on their own, and others through government-sponsored programs. In the 1950s and early 1960s, in a move to reduce costs of providing services to smaller outports, the Newfoundland government provided financial assistance for those willing to move to larger centres. Beginning in 1965, the provincial government entered into a joint program with the federal government to encourage applicants to move to designated “growth centres” instead of being allowed to move to a community of their choice. This program was loosely based on the “growth pole theory” which was current in regional development policy in the 1960s and early 1970s. It assumed that development concentrated in specific centres would generate further development, through economic spin-offs and spread effects. While the program generated some controversy among the population, thousands of people moved. By the early 1970s, there were some 200 fewer rural communities in Newfoundland than there had been at Confederation.
Some scholars who examined this period in Newfoundland lauded these efforts, whereas others questioned both the efficacy, and the motivations of the government, as well as the underlying causes for regional disparity. Sociologists Noel Iverson and Ralph Matthews argued that the program did not provide enough support for those making the transition, and most had trouble finding work in the designated “growth centres.” Indeed, they argued that many resettled fishing people ended up having to return to their former communities to fish, as they had little means of earning a living in their new homes. More recently, anthropologist John C. Kennedy has made similar arguments about the resettlement experience for people of southeastern Labrador. Between 1967 and 1970, one quarter of the population of the area moved to designated centres, mostly Cartwright and Mary’s Harbour. People agreed to move, partly for economic reasons (the cod fishery was declining in the late 1960s) and partly to obtain better education for their children. The results, however, were mixed, as many resettled families returned to their summer fishing grounds throughout the 1970s. Many also lost access to winter resources, including hunting and trapping due to local competition for these resources in their new communities. Resettlement also created social divisions within the designated centres, as “new” residents often lived separately from the “old” residents.

Conversely, Parzival Copes, a researcher who came to Memorial University in the 1960s, defended the resettlement program. He supported the removal of people from outport communities because he believed that the fishery, the primary occupation of people of rural Newfoundland, had limited potential for economic growth. He maintained that profit could be made only by increasing the volume of the catch, and he thought the supply could only support a small workforce. Catching fish from small boats was inefficient, he claimed, and could be done more effectively through centralized operations, using offshore trawlers. He believed that the fishery was not capable of supporting a growing population, and resettlement, he claimed, was the only solution. Not only did he think that the resettlement program was worthwhile, but he thought it did not go far enough in encouraging people to leave. Indeed, he argued that the government should be encouraging people to leave the province itself, not just the fishery. Copes’ views were controversial, yet the accusation that there were “too many fishermen catching too few fish” has been a common refrain among federal fisheries analysts and other critics of the inshore fishery in the years since. Copes’ arguments, however, made the assumption that sheer volume was the only answer to developing the fishery. At the time that Copes was writing, most of Newfoundland’s frozen fish was sold in large blocks, then sent to the United States where it received further processing. It was in this “value-added” step of processing where the profits on frozen fish were generally made.

Other scholars, however, were beginning to offer broader critiques of the development policies of the post-Confederation years, and interpretations on the reasons for regional disparity. Influenced by Marxist-based theories of capitalist underdevelopment of marginal regions as well as “dependency” theorists of Latin America, they looked to the wider economic and capitalist structures of the area. The work of Henry Veltmeyer, Steven Antler, and Ellen Antler, among others, examined the class structure, rather than local geographic or resource issues, to explain regional poverty. Ellen Antler and James Faris, in their study of a resettled community on the northeast coast of Newfoundland, claim that the social and economic policies of the federal and provincial governments in these years were motivated to create a “reserve army” of labour. Seeing the state as catering to the demands of large-scale capital, Antler and Faris argue that the resettlement program was an example of an attempt to proletarianize
the labour force, to reduce attachments to the fishery so that labour would be free for work on either the mainland, or shorter-term construction projects such as the Churchill Falls hydro-electric development. While this analysis fails to explain why governments would go to such lengths when labour needs were relatively small in the region, and were adequately served on the mainland, the work did generate interest in the broader questions about capital structures and regional poverty.

Other scholars, who were also influenced by the “dependency” theorists but who paid closer attention to the historical specificity of the region also tried to understand the failure of Newfoundland to thrive economically in the two decades following Confederation, included historian David Alexander and sociologist Ralph Matthews. Alexander, in an influential article “Development and Dependence in Newfoundland, 1880-1970,” argued that lack of resources or comparative locational advantage did not cause Newfoundland’s poverty. Instead, he suggested that Newfoundland had adequate resources and talent to prosper, but that poor management, and an inability to defend its interests against wealthier regions hindered development.36 He also faulted the local entrepreneurial elites for failing to take opportunities that would have led to a stronger local economy. Alexander claimed Newfoundland suffered from trying too much to imitate the industrial model of central Canada, a tactic which leads to the peripheral region achieving only “a shabby dignity or a shabby replica of what exists in the heartland.”37 Instead, he suggested that areas such as Newfoundland must find their own, unique path to development, using a strategy that builds upon the strengths and advantages of the region.

Ralph Matthews, while sharing Alexander’s beliefs that Smallwood’s post-Confederation development projects contributed to regional dependency, argued that Newfoundland nevertheless posed considerable challenges to anyone trying to find a way to provide employment and services to its population.38 The population in Newfoundland grew rapidly in the post-war years, rising from 361,416 in 1951 to 457,853 by 1966. Over 40 per cent of the 1951 population was classified as urban, concentrated mainly on the Avalon Peninsula and the Humber Valley. However, the rural inhabitants were scattered widely along the thousands of miles of coastline. These demographic and geographic features made it difficult for government to deliver basic services such as education and health care. As well, the distance from major markets, and the high rates of illiteracy in Newfoundland (twice the national average), despite the growth of the education system, provided major impediments to social and economic development. While Matthews credits Smallwood for transforming rural Newfoundland through roads, schools and mass communication, Smallwood’s attempts at economic development only deepened the economic weakness of the area. Matthews acknowledged that the Smallwood government had little choice in relying on outside capital for large-scale resource development projects. In doing so, however, the province gave up valuable long-term benefits from the resources for short-term employment, such as in the case with Churchill Falls power development. Matthews was highly critical of the Smallwood government’s rural policy, which focussed on resettlement, rather than actually trying to make the rural economy stronger. He suggested that focussing on small and medium-scale projects, using local resources for local consumption, would provide greater benefits (and be less costly) than the “mega-projects” favoured by the Smallwood governments. Matthews noted that:
Few small societies ever have the opportunity to alter their economic history completely and move from economic dependency to self-sufficiency. Whether or not Smallwood’s government was given that opportunity in 1949 will always be a matter of conjecture. By 1972, however, its dependency was so severe that self-sufficiency no longer seemed possible.39

Matthews believed that Newfoundland entered Confederation with severe handicaps, including isolation and illiteracy. While the two decades following 1949 did reduce some of these problems, Smallwood’s development policies ended up benefiting outside capital at the expense of the people of Newfoundland, who receive few returns on the mass export of minerals and hydro-electric power.

Although Smallwood and the provincial government were largely alone in their attempts to bring industries to Newfoundland in the 1950s, the federal government initiated a wider program of regional economic development in the Atlantic provinces in the 1960s.40 The 1957 Royal Commission on Canada’s Economic Prospects, chaired by Walter Gordon, recommended that the federal government turn its attention to supporting the economies of economically weak areas of the country, including the Atlantic region. The Diefenbaker government introduced the first of several programs aimed at developing agricultural areas in the Atlantic provinces. Newfoundland, however, received little of this federal funding until the end of the 1960s, when Ottawa created the Department of Regional Economic Expansion (DREE). Like the earlier federal-provincial resettlement program, DREE loosely employed “growth pole theory” to designate “special areas” for development. Unlike the agricultural programs of the early 1960s, DREE focussed primarily on urban and industrial development, and provided infrastructure assistance, incentives to private enterprise, educational and technological support. DREE embarked on these projects, sharing the costs with provincial governments. In Newfoundland, in the late 1960s and early 1970s, St. John’s received many of the DREE projects, including an industrial park, new water and sewage systems, a new high school and an engineering building for Memorial University.

As both Ralph Matthews and sociologist Donald Savoie have noted, however, DREE came under attack fairly early in the program.41 Critics argued that the Liberal government favoured its own supporters in awarding grants and incentives to private enterprise. Provincial governments complained that they had little influence on policies created by the highly-centralized DREE organization. Concerns were also raised about the heavy emphasis on infrastructure at the expense of other types of projects. As well, the Newfoundland government was afraid that companies receiving incentives to set up operations in Atlantic Canada would choose Halifax over St. John’s. After several years of the program, few saw any signs that DREE had made a difference in alleviating regional inequalities. The department underwent several structural and organizational changes in the 1970s, before finally being disbanded at the end of the decade.

Strains in the federal-provincial relationship were also evident in fisheries issues after Confederation. When Newfoundland became part of Canada, responsibility for sea fisheries transferred to Ottawa. Several scholars have tried to understand the implications of this event, as well as the broader fisheries development agendas of the post-Confederation years. One of the most influential works on this period was David Alexander’s The Decay of Trade: An Economic History of the Newfoundland Saltfish Trade, 1935-1965.42 Alexander saw
the collapse of what was once the world’s largest saltfish-producing economy as a major blow to the viability of the Newfoundland’s fishery in the 20th century. He acknowledged that by the time the Great Depression sent saltfish prices spiralling downward, the saltfish economy in Newfoundland needed help in the form of new investment, processing methods, organization and marketing. While he believed that the Commission of Government’s creation of a marketing body, Newfoundland Association of Fish Exporters’s Limited (NAFEL) after World War II was a promising step, Alexander argued that the organization was never able to surmount the larger problems experienced in the trade. Marketing and currency exchange difficulties in post-war Europe, the inability to deal with quality and production problems, the movement of local fish merchants out of the business were certainly contributing to the decline of the sector.

Alexander, however, was particularly critical of the federal government and its apparent lack of interest in revitalizing the saltfish trade. Alexander remarked that “The saltfish trade was never regarded as a jewel in the crown of the federal Department of Fisheries.” Indeed, in the post-Confederation years, both federal and provincial governments favoured supporting the frozen fish sector, believing that its industrial structure and markets in the United States offered a more secure future for the fishing economy. Alexander, however, saw potential for the saltfish economy, arguing that with market development, research in saltfish production methods and products, greater interest from local fishing companies, and the commitment of the government, the saltfish economy may have been restored. The fact that the frozen fish industry failed to offer the economic security it initially promised suggested to Alexander that developing the saltfish sector may have lessened Newfoundland’s dependence on Ottawa for support. Alexander claims that instead, “the fishery resource was abandoned to other countries, the economic development of the province was seriously weakened; and a modest little trade with the United States was substituted for the restoration of Newfoundland’s historic role as a major world fishing nation. Both Newfoundland and Canada lost in the process.” While Alexander perhaps overestimated the ability of the fishing industry and even the Canadian government to deal with the larger problems that occurred in the post-World War II years, he certainly raised important questions about decisions made regarding fisheries development by the state.

Indeed, more recently, Miriam Wright has examined the role of the state in supporting the industrial, frozen fish sector in the post-World War II years in her book, *A Fishery for Modern Times: The State and The Industrialization of the Newfoundland Fishery, 1934-1968*. She argues that state planners and politicians supported the industrial fishery, partly because it seemed to solve some of the production and marketing difficulties in the industry, and partly because it seemed to represent a “modern” model of development. In the post-World War II years, currents in thinking on economic and social development suggested that the path to prosperity was through technology, centralization, industrialization and professionalization (this was a variant on “modernization theory,” similar to the social models used by the anthropologists who first studied Newfoundland communities in the 1960s). Planners and politicians believed that “modernizing” (i.e. industrializing) the fishery was a necessary part of the wider transformation of Newfoundland society and culture in the 1950s and 1960s. Wright argues that this profound faith in the ability of “modernization” to solve social and economic problems in outport Newfoundland blinded at least some politicians to other models of development that were more community-based and less capital intensive.
Initially, the Smallwood government provided most of the funding for fisheries “modernization,” which involved providing loans to private operators to build frozen fish processing plants and trawlers. Although a joint federal-provincial commission on fisheries development in the early 1950s suggested that Ottawa and St. John’s work together on a larger fisheries program, the federal government ultimately declined to support such a venture. Arguing that they could not provide funds for economic development to one province and not another, the federal government instead supported “modernization” indirectly, through research and technological development programs.

By the 1960s, however, conditions in the fishery had changed rapidly with the rise of European distant-water fleets which began fishing off the coast of Newfoundland. Between the mid-1950s and the mid-1960s, the total catch of cod off the coast of Newfoundland tripled. This increased fishing effort began to have an impact on inshore and offshore fish landings in Newfoundland. Although the federal government’s extension of the Unemployment Insurance program to include fishers in the late 1950s had made fishing incomes more stable, many inshore fishers were having trouble surviving in this new environment. In the early 1960s, the Smallwood government began pressuring the federal government to provide more assistance to the Newfoundland fishery. Although it declined to take part in a wider fisheries development proposal submitted by the Newfoundland government, the federal government did begin to take a more interventionist role in the fishery. It made several (unsuccessful) attempts at limiting foreign offshore fishing by extending the fishing limit (the territorial limit was only three miles until it was extended to 12 miles in 1969). As well, the federal Department of Fisheries began to offer subsidies for trawlers and larger vessels used in the inshore fishery. These measures, however, were unable to alleviate some of the larger problems in the Newfoundland (and Atlantic) fishery in this period. Severe declines in landings in the late 1960s and early 1970s, as well as glutting in the American markets which kept prices low, made surviving in the fishery difficult. Over the long term, approaches to development which focussed on intensifying industrial capacity in the fishery contributed to the devastation of the resource in the 1980s and 1990s.

Sociologist Peter Sinclair has also examined the changes in the fishery in the post-World War II years, focussing on the impact of state policies, both federal and provincial, on the social relations of the fishery at the community level. In particular, he looks at the way that government policies have affected fisheries management, the capital accumulation process and maintaining fisheries incomes through loan programs, Unemployment Insurance and other forms of assistance. Sinclair notes how inshore fishing communities were transformed in these years, as the saltfish trade gave way to frozen fish, and small-scale, domestic commodity production (as he terms small boat owners) became tied to the frozen fish companies. While domestic commodity production continued to co-exist with a centralized, highly capitalized industrial fishery, community and work relations in fishing communities were altered with the rise of an intermediate-scale fishing enterprise – the longliner or dragger (decked vessels typically between 35 and 60 feet in length -- larger than the typical inshore boats which are usually less than 35 feet) beginning in the 1960s. Not only were these operations more expensive (usually supported through government loan programs and subsidies) but they led to more social distinctions between captain/owner and crew, and between the owners of the larger vessels and the small-boat fishers. Social relations in the fishery were also changed in these years with the beginnings of labour organization within the fishery, first in fish plants...
(early to mid-1960s), then among inshore fishers (late 1960s and early 1970s) and offshore trawler crews (early 1970s).47

Social and economic changes in the fishery in the 1950s and 1960s also had an impact on the historical role of women in Newfoundland’s fishing economy. Women’s labour had been central to the household-based, saltfish-producing inshore fishery since the rise of the resident fishery in the early 19th century.48 Women contributed to the household’s survival, not only through producing items for their families’ consumption such as gardening, berry-picking, cloth and clothing making, childcare and food preparation, but also through drying and curing the fish which their fathers, husbands and sons produced. Women’s level of involvement in the fishery varied across time and place, depending on the local organization and seasonality of the inshore fishery, and the particular uses of technology. Women living in Bank fishing communities, for example, cured fish for the local Bank fishery merchant, rather than their own families. As Marilyn Porter and Hilda Chaulk Murray argue, women’s roles as “skipper of the shore crew” gave them some autonomy within their sphere, and the respect of the community. These women existed, however, within a patriarchal framework, and their access to the fishing economy was through their fathers and husbands. Women who did not marry, or were widowed, lacked the economic security of the “shore skippers” who were typically married to boat-owning fishers. Young, unmarried women who “shipped out” or worked as domestic servants in the households of others, performing both household and fishery-related tasks found themselves in a more precarious position, socially and economically.

As the fishery began to change in the post-World War II years, with the transition from household production of salted fish to centralized processing in frozen fish plants, women’s relationship to the fishery also altered. Women gradually stopped curing saltfish as fishers began selling their fish fresh to freezing plants. Some found work in these plants, where they were available. Others, however, relied on government programs that brought cash into rural households, including Family Allowance cheques, Pensions and Unemployment Insurance.

While Ellen Antler portrayed this separation of production from the household as part of the “proletarianization” of the labour force in rural Newfoundland,49 Barbara Neis interpreted women’s changing relationship to the fishery as a shift from familial to social patriarchy.50 She argues that women moved from being part of a household-based patriarchal structure in the household saltfish enterprise to a situation where they were more dependent on the state and corporate structures - themselves imbued with gender ideology. Miriam Wright has noted the gender ideology that was an integral part of the fisheries “modernization” policies in the 1950s and 1960s, which assumed that women would be “liberated” from their work curing fish and that they would play a minimal role in the modern fishing economy.51 Neis notes that initially, the changes in the fishing economy and society gave women some independence from the household patriarchy, by offering waged work at the fish plants (in most areas of the province, this work remained seasonal) and access to a state social welfare system. The cumulative effect of new policies, including Unemployment Insurance and minimum wage laws, however, made women more dependent on both the state and the fishing incomes of their husbands. The Unemployment Insurance program for fishers introduced in the late 1950s failed to recognize women’s labour in the production of salted fish. Only men received “stamps” or credit for delivering saltfish to local merchants, even if women did the preparation and curing. Although women only rarely fished with their husbands, the women who did were not eligible for Unemployment Insurance benefits. The program stipulated that when a fisherman’s wife
worked as a member of the crew, and they sold their fish fresh (not dried) that the woman’s share went to her husband and he received “stamps” based on their combined catch. Likewise, minimum wage laws allowed employers to pay female employees less than male workers, even if performing the same job. Women eventually organized and fought to change some of these policies, including the minimum wage law (1974) and the regulation in the Unemployment Insurance program which denied benefits to women who fished with their husbands (1981). Clearly, however, the transition from saltfish to frozen fish, and the separation of production from the household in the 1950s and the 1960s affected men and women differently.

While this paper has surveyed the scholarship on Newfoundland society from Confederation to 1972, the literature is still far from complete. Many questions remain about the Smallwood government, the impact of the resettlement program, women, aboriginal peoples, Labrador communities, resource development and fishing communities, among others. Nevertheless, looking at this literature does highlight some of the ongoing problems that Newfoundland, as a new province in Canada, faced in the first few decades. Many of these problems have had long-term consequences, some of which we still see today. First, it is clear that Newfoundland entered Confederation with some considerable challenges, including a fishing economy weakened by decades of neglect, a highly scattered population who had not had the benefit of a comprehensive education system. As well, as both Noel and Neary have noted, traditions of local democratic institutions and practices were not strong and it took decades before the people of Newfoundland were able to develop local democratic political organizations. This situation made it easy for one person, Smallwood, to maintain control over not only his own caucus and government, but both federal and provincial wings of the Liberal party. So, Newfoundland began its life as a province of Canada with difficulties.

Newfoundland also had considerable challenges in trying to deliver the promises of confederation. As Raymond Blake pointed out, the federal government quickly extended its social welfare programs to the people of Newfoundland quickly, but was reluctant to provide any support for economic development. Indeed, in the 1950s, the federal government continued to insist that economic development, whether it was the fishery or other natural resources or manufacturing, was a provincial responsibility. That left the problem, of course, of how a small province with limited finances could provide more employment for its people and make use of its mineral, hydro-electric, forest and marine resources. Smallwood opted for following an industrial model based on the mainland, and invited outside capital to develop these resource industries. While this strategy provided short-term employment opportunities, it was these outside companies, over the long term, who reaped the benefits of getting access to these resources. As Alexander and Matthews, among others have pointed out, alternative models of development that might have taken advantage of Newfoundland’s strengths in local resources and skills, never featured in official plans for the province.

By the mid-1960s, it was becoming increasingly apparent that the development strategies were not working as anticipated. The federal government, which was slowly increasing its level of intervention in regional economies, took some steps to help alleviate problems in the area. It joined with the Smallwood government in planning and implementing a massive household resettlement program, aimed at reducing people’s attachment to the fishery. While some communities gladly accepted the opportunity to move, for many others, the poorly-conceived attempt at “social engineering” failed to provide them with a new livelihood. The other major area of federal intervention in local economic development in the 1960s were
the regional development programs, of which DREE was the most visible. Apart from a few infrastructure programs, primarily in the existing urban areas, the impact on Newfoundland was negligible. Indeed, at the end of Smallwood’s years in office, Newfoundland was still heavily dependent on transfer payments from Ottawa.

While it is difficult to apply lessons from the successes or failures of development approaches of the 1950s, 1960s and early 1970s directly to the present, a study of this literature does reveal a few valuable insights. Although no one would seriously propose to resurrect the resettlement program, the overly-ambitious plan of the 1960s illustrates the folly of trying to use simplistic approaches to solve complex social and economic problems. David Alexander questioned the assumption that “successful” economies have to follow the same path as those of other industrialized regions. Newfoundland had a wealth of resources and some unique products, but a lack of control over those resources, and the attempts to copy industrial development of central Canada did little to bring economic stability to the province. Likewise, Ralph Matthews questioned the tendency to put too much faith in “mega-projects” in building the economy, instead of looking for ways to use the existing strengths, resources and skills of Newfoundland on a more modest scale. Similar conclusions could be drawn from the studies of post-Confederation fisheries development and policies. As well, the research on women in the fishery suggests that we need to be aware that economic development and policies have different implications for men and women. Although the last quarter of the twentieth century brought many more changes still to Newfoundland, an awareness of paths travelled in the first few decades after Confederation may help us better understand how we arrived at the present.
Appendix A

Earned Income, Per Capita

Relation to National Average (Canada=100)

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<thead>
<tr>
<th></th>
<th>1961</th>
<th>1966</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>53.2</td>
<td>52.5</td>
<td>54.8</td>
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<tr>
<td>Nova Scotia</td>
<td>75.0</td>
<td>71.5</td>
<td>74.2</td>
</tr>
<tr>
<td>Ontario</td>
<td>121.1</td>
<td>118.3</td>
<td>119.2</td>
</tr>
</tbody>
</table>


Appendix B

Provincial Unemployment Rate

Relation to National Average (Canada = 100)

<table>
<thead>
<tr>
<th></th>
<th>1961</th>
<th>1966</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>275</td>
<td>171</td>
<td>135</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>114</td>
<td>138</td>
<td>113</td>
</tr>
<tr>
<td>Ontario</td>
<td>77</td>
<td>76</td>
<td>87</td>
</tr>
</tbody>
</table>

Endnotes

1 I would like to thank Adam Sparkes, Doug Brown, Robert Hong and two anonymous reviewers for comments on earlier versions of this paper.


11 Frederick W. Rowe, *Education and Culture in Newfoundland* (Toronto: McGraw-Hill Ryerson, 1976); Noel, *Politics in Newfoundland*, 265. Noel provided some statistical indicators of the degree of change in Newfoundland during these years, from several sources. For example, he noted that total provincial government expenditures had increased from $30,011,000 in 1950 to $157,628,000 in 1965, with spending on education jumping from $4,012,000 to $82,000,000, health climbing from $5,538,000 to $28,580,000. As well, spending on social welfare increased from $8,620,000 to $19,009,000, and expenditures on transportation and communication rose from $3,978,000 to $47,371,000. Noel showed
other areas of change, including the rise of per capita personal income from $472 in 1949 to $1,029 in 1963. Indicators of change in access to education include an increase in school enrolment from approximately 75,000 in 1949 to 144,000 in 1965 and the rise of university enrolment from 307 in 1949 to 4,762 in 1967. The number of hospital beds in the province grew from 2,000 in 1949 to 5,000 in 1964, and the working doctors increased from 150 to 330.

12Noel, Politics in Newfoundland, 261-272.

13Noel, Politics in Newfoundland, 265. Noel notes that between 1948 and 1964, mortality rates for tuberculosis and diphtheria declined by 95 per cent.


16Noel, Politics in Newfoundland, 262-285.


21Raymond Blake, Canadians At Last: Canada Integrates Newfoundland as a Province (Toronto: University of Toronto Press, 1994).

22Blake, Canadians At Last, 70-93.

23Blake, Canadians At Last, 94-114.

24Blake, Canadians At Last, 114-121.

25Blake, Canadians At Last, 177-184.

26Examples of these community studies include: Tom Philbrook, Fisherman, Logger, Merchant, Miner: Social Change and Industrialism in Three Newfoundland Communities (St. John’s: ISER, 1966); James Faris, Cat Harbour: A Newfoundland Fishing Settlement (St. John’s: ISER, 1966); Melvin Firestone, Brothers and Rivals: Patrilocality in Savage Cove (St. John’s: ISER, 1967).


31Iverson and Matthews, *Communities in Decline*.


33Copes, *An Examination of Household Resettlement in Newfoundland*.


38Matthews, *The Creation of Regional Dependency*.


40Donald J. Savoie, *Regional Economic Development: Canada’s Search for Solutions, 2nd ed.* (Toronto: University of Toronto Press, 1992); Matthews, *The Creation of Regional Dependency*.


43Alexander, *The Decay of Trade*, 130.

44Alexander, *The Decay of Trade*, 164.


47 See Gordon Inglis, More Than Just a Union: The Story of the NFEAWU (St. John’s: Jesperson Press, 1985); Wallace Clement, The Struggle to Organize: Resistance in Canada’s Fishery (Toronto: McClelland and Stewart, 1986).


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