651 Osler Avenue,
ancouver, B.C.

19th December 1938.

R. V. Winch, Esq.,
c/o Queen Charlotte Fisheries Ltd.,
Vancouver, B.C.

Dear Mr. Winch;-

I have read your memorandum of 9th March last and the Canners Committee Report dated the 9th inst., and, as requested, herewith give my opinion as to the possibility of improving the situation that confronts the salmon canning industry to-day.

A Canners Association was formed about 40 years ago, which in itself was preceded during the previous 10 years by annual meetings of canners, to settle the season's price of raw fish. In spite of the proved violation of the agreements arrived at in these conferences nothing was learned from experience and the Association never accomplished the purposes for which it was formed. The member companies all gave bonds to guarantee their good faith yet this did not prevent the violation of their undertakings, and their backslidings often occurred during the very time they were signing documents purporting to insure honesty of action.

Under the Canners Association during the many years of its existence and all through the subsequent period in which its functions were undertaken by the Canadian Manufacturers Association any company that in good faith signed its undertakings and honestly tried to live up to them was penalized, handicapped and out manoeuvred by those who acted unscrupulously. Such a one would suffer similar disadvantages under the revival of such an association to-day. To retain one's self respect one would have to decline actual membership though working in agreement with the Association when sure its aims were identical and would be lived up to honestly. This however would necessarily exclude all major reforms, (which past experience proves will not be voluntarily honoured), and what few minor changes could be effected would not warrant the expense of forming the mockery of a real association. The lesser objects can just as easily be secured by verbal or written agreements by the individual operators.

I believe that for the successful reform of existing bad practices the packers must bind themselves to the same sort of outside control as baseball club owners submitted themselves to when they appointed Judge Landis as baseball czar or the moving picture industry did when Hays was made its dictator. Perhaps the Railway Board of Canada is another equally as good an example. Unless such dictator is given ample authority and power to regulate and control the actions as well as the policy of the member companies he could not hope to make the slightest change in existing practices; and unless the member companies are each and everyone of them irrevocably bound to accept and carry out the dictator's rulings they will not live up to their undertakings.

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NAME

BUSINESS

	LINE AUTHORIZED	PRESENT ADVANCES
ACCOMMODATION	$	$
TRADE PAPER	$	$

RANGE	HIGH	DATE	LOW	DATE
ACCOMMODATION	$		$	
TRADE PAPER	$		$	

SECURITY	MARKET VALUE
	$
	$
	$
	$

In the past attempts were often made to regulate the number of boats operating in the various districts. In 1908 and again in 1910 independent commissions suggested a definite division of fishermen in District No 2 but while such ratings were generally accepted and bonds put up by the operating companies comprising the Association no sincere trial was ever attempted to make the ratings effective and the efforts proved as abortive as in all previous cases. The only area where harmony and good faith prevailed was on Nass river, which was not included in the Association's jurisdiction.

If a real association is formed and a dictator appointed, with such authority and power as Landis, Hays or the Railway Board possesses, he must have conferred on him sole and effective control of;-

(a), the number of gill net fishing boats to be operated in each district and sub-district and the pro-rating of same amongst the existing operators;

(b), the advances to be made to fishermen and the allowances (if any) to be made them for use of their own fishing appliances,

(c), the sale and sale prices of nets, boat fuels, and all other supplies incidental to fishing operations,

(d), similar control over employment and remuneration of seine fishermen and their boats,

(e), similar control over employment and remuneration of fish collectors and their boats,

(f), cost of installing engines in privately owned power boats, the security covering all such advances, and the prevention of transfers in such securities to the detriment of the original security holder,

(g), the control of Chinese and Indian contract labour in cannery operations and the remuneration to be paid for same.

Also, as far as the effect of foreign competition in the world's selling marts will permit, the dictator should have full control over such matters as;-

(h), pro-rating of orders received from countries operating under "quota" conditions,

(i), the selling prices of canned products, with special regard to rebates, brokerages, commissions and trade allowances of every description.

And finally, to insure unanamity in the presentation of desired legislation, the dictator should be the intermediary through whom the Provincial and Dominion governments are approached when seeking governmental action on such matters as

(j), prohibition of the export and import of raw fish for canning purposes,

(k), the establishment, opening and closing of fishing operations in areas and sub areas,

(l), the examination of qualityand marketing of the finished product in so far as the governments may have jurisdiction.

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It is obvious that only one possessing technical knowledge of all phases of the business can qualify for such dictatorship and that his period of control over operations must be of sufficient duration - say 10 years - to stabilize and establish the changes he will be compelled to effect. It would be useless to appoint such an officer for a one, two or three year term since attempts would be made to undermine his decisions by promises or actions that would become effective after his jurisdiction ceased. It would be equally fatal if his tenure of office was only temporary and he had to curry favour with the operators in order to secure a renewal of his appointment.

In order to permit the dictator to properly carry out the functions of his office sufficient revenue must be assured him to secure;-

(a), the establishment and maintenance of offices,

(b), the employment of the necessary staff,

(c), the employment of his own legal adviser for examining and preparing all documents and, where advisable, the presentation of evidence before the governments and Courts of law.

The cost of these services and the remuneration paid the dictator himself should be provided through an assessment of so much per case on the preceding year's pack of canned salmon. In order to prevent attempts to influence action favourable to any particular packer interests the dictator should have the sole authority to make and collect these assessments up to 1¢ per case for any one year, any unexpended funds to be retained in his treasury for the (in part) following year's requirements. Should extra expenditures appear necessary - in excess of 1¢ per case per annum - same would have to be voted specially by the packing companies.

In further considering the recommendations contained in your memorandum of 9th March 1938 and the Canners Committee Report of 9th Dec. 1938 I take their points up in the order of presentation.

Your memorandum of 9th March 1938.

Control by Board of Directors.

This was tried continuously throughout the past 50 years and never proved workable. Most directors, being office representatives, were connected with the larger companies principally, (the smaller operators being at the seat of their operations during the fishing season when most decisions had to be made), and naturally voted for what they considered in the best interests of their own companies. Furthermore if a dictators actions are to be effective and impartial he must have no dictators over him, and such would surely be the case if his actions were controlled by any board composed of representatives of member companies.

Lawyer.

For the larger duties of the office no lawyer possesses a technical knowledge of the business, nor, if influential enough in public affairs to warrant employment, could afford to give up his private practice to devote all his time to the canners interests. A lawyer certainly would be required to pass on all contracts, agreements, mortgages and other documents and to represent the industry in legal actions and in securing governmental action, but he should have no direct

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contact with those representing operating companies and should be engaged by and be responsible to the dictator only.

Outside of the above there is not much to dwell on in your memorandum which I have not already covered in my earlier remarks. The reforms you seek in marketing the finished products are all very desirable and should be effected, but it must be remembered B.C. represents but approximately 1/8th of the world's pack and if the other 7/8ths stick to present methods we are powerless to change them. Persuasion, not coersion, is the policy which must be pursued in settling these difficulties.

Canners Committee Report 9th Dec. 1938.

Recommendations 1 to 5 inclusive.

These would be obviated under the dictatorship plan suggested.

Recommendations 6 to 9 inclusive.

This is a proposal to revert again to the old system that for more than 40 years was tried annually and in not one single instance proved effective or satisfactory to any one of the operating companies. Its proposal shows nothing has been learned from past experience and nothing proposed which there is any present reason to expect will work any differently to-day.

An Executive Committee and a secretary that was the creature of that Executive was exactly what was had in the past and the then secretary frankly admitted he was there to represent the larger companies only since they provided the major part of his salary and could dismiss him from office if and when they felt so inclined. Under the circumstances he naturally wrote and acted in their interests only and the smaller operators had no real voice in the Association that purported to be acting in their name and on their behalf.

An Executive Committee of three would naturally mean one each from the B.C. Packers, Canadian Fishing Co. and the A.B.C. Pkg. Co. as anyone of those three would be foolish not to insist on representation. This would mean none of the smaller concerns would have any representation at all. Even though the Executive Board was increased to include one or two from the smaller operators they would still be in a minority and just as ineffective as if not represented at all.

Special emphasis is laid on recommemdation 7 as a guarantee of protection for any canner to retain "his full rights as an individual and still allow the Industry the benefits that accrue from an accredited Association." There is no change in this recommendation from the method and procedure which prevailed in the old associations and which was so abused by the larger interests that on one occasion the Association had to be dissolved and a memorial was sent Ottawa, signed by 60% of operators in District No 2 and 40% of all operators in B.C., stating the B.C. Canners Association did not include them and was not authorized to speak in their name.

Recommendations 10 and 11.

An Association on the lines recommended would be ineffective and useless and the $3,000 estimated cost would be money wasted. There is nothing proposed in this Report as to saving money now being thrown away in duplication of fishing gear, unwarranted advances to fishermen, unnecessarily high prices for fish and

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many other extravagances and yet savings in this direction alone would easily total many hundreds of thousands of dollars annually. A Secretary-Manager who would accept $3,000. per annum (or less) would not be of the calibre required, nor would he be secure from the offer of bribes from those with private axes to grind who recognized he was underpaid. A man capable of doing what would be expected of him should be equitably paid and in such manner and in such an amount as would make him above bribery or the suspicion of bribe taking. The total cost of his remuneration and the operating expenditure his office would require would be a mere drop in the bucket as compared to the savings the canners would make over present operation returns.

If the policy of recent years is continued there is only one possible ending, namely, insolvency for most, if not all, the larger operators and the disposal of their assets in involuntary liquidation at a fraction of their real value. This will prove a fine thing for the ultimate purchaser if he uses business judgement and methods in his administration of the properties. It will be hard on the present shareholders however if their interests are sacrificed by those who are to-day intrusted with the management of affairs and sacrificed through senseless and avoidable expenditures which these managements recognize do take place but which they have not made, and are not now making, any sincere effort to overcome.

Yours faithfully,

HD/P.

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