CABINET

WHITE FISH INDUSTRY

Memorandum by the Minister of Agriculture and Fisheries and the Secretary of State for Scotland

The Fisheries Ministers propose the establishment of a White Fish Production Board, independent of the industry and subject to direction by the Fisheries Ministers, with wide powers to re-organise, regulate and develop the white fish industry at the ports. The main objectives of the Board would be:

1. the maximum increase in the production of fish and fish products consistent with the preservation of fish stocks;

2. the replacement of obsolete vessels and the adoption of the most modern methods of handling, freezing and processing fish on sea and at the ports;

3. the promotion of research and training of personnel in conjunction with existing agencies;

4. the improvement of quality and the adoption of better standards of accommodation for crews on fishing vessels and for fish workers at ports;

5. the development of co-operative methods in the inshore fishing industry and in ancillary trades at all fishing ports.

The Board would require power to:

(a) secure the merger of trawler owners, processors, and wholesale merchants at the ports of landing into larger and more efficient combined units;

(b) license vessels, catchers, processors and wholesale merchants at the ports;

(c) make loans for building fishing vessels;

(d) space out landings so as to enable increased supplies of fish to be handled by the labour available and prevent wastage of manpower;

(e) process fish at the ports, e.g. quick freezing, smoking and salting, where such facilities cannot otherwise be provided; and
work out a scheme for substituting for auctions at
the ports a system of graded prices for fish and
fish products on a first sale.

The Fisheries Ministers would require powers to
give directions to the Production Board and also in
conjunction with the Minister of Food to fix prices on a
first hand sale of fish and fish products.

2. Our proposals raise the question of the line of
demarcation between the functions of the Fisheries Ministers
and the Minister of Food, on which so far no decision has
been made. We contend that our sphere of supervision should
include all activities on the sea and at the ports of landing,
as that we would be able effectively to control the fishing
industry up to the point at which fish is ready to leave the
ports of landing for inland distribution. We base this
contention on the fact that under our proposals, catching,
processing and packaging would become a combined operation.
This would not interfere with any proposals for distribution
which the Minister of Food may wish to bring forward and
would leave him free to carry on a policy of non-interference
with the distributive side of the industry or to set up a
buying corporation with the ultimate intention of nationalising
wholesaling functions.

3. In order that our colleagues may appreciate the real
issue between the Minister of Food and ourselves it is
necessary that we should draw their attention to certain
wrong impressions given by C.P.(47) 325.

(1) **Producers' Board.** Our proposal is not to set up
a Producers' Board as the Minister of Food claims,
but to create a Production Board independent of
the industry and subject to direction by Ministers.

(2) **Imports.** We propose that the Board should control
catches landed from foreign trawlers direct at
United Kingdom ports. It would not, however,
have any say in the quantities to be landed by
such trawlers, nor would it be responsible for
the purchase of foreign fish which would remain,
as now, a matter for the Minister of Food. He
would then have complete control of the quantities
of foreign caught fish landed in the United
Kingdom and could, by adjusting imports, prevent
exploitation by British producers.

(3) **Distribution Board.** Originally our proposals
related solely to a Production Board as we do not
wish to accept any responsibility for distribution.
The suggestion that there should be a Distribution
Board came from the deliberations of the sub­
committee of the Lord President's Committee which
was charged with resolving the differences between
the Minister of Food and ourselves.

(4) **Unnecessary charge of £11 millions to fall on the
Treasury.**
The £11 millions mentioned in our proposals are to
be used for loans to the industry for replacing
the near and middle water fleet, repayable within
ten years, and bearing an appropriate rate of
interest. The ultimate charge would not fall on
the Treasury. In view of building costs we feel
that unless a measure of this kind is introduced the
near and middle water fleet will not be rebuilt.
As we understand the present position the Minister of Food objects to our proposals and in doing so has put forward at various times a counter proposal (a) to set up a small public corporation to buy quick frozen fish and trade in fresh fish (L.P. (47) 31, paragraph 34 (a) and (e)); and (b) to set up an interdepartmental Committee of not more than three or four senior officials representing the Agricultural and Fisheries Departments and the Ministry of Food, with perhaps a Parliamentary Secretary in the chair, to make a continuous investigation of all the industry's problems, to authorise action on their own responsibility or where necessary, to seek authority from Departmental Ministers. Where differences arose which could not be resolved by this procedure they would be referred to the Lord President's Committee (L.P. (47) 133, paragraph 15).

We are convinced that these measures will not solve the problems of the fishing industry. They would not, for example, prevent wasteful duplication of freezing plants or the purchasing of poor quality fish at low prices for freezing and subsequent release at high prices during periods of scarcity.

We are told that the fishing industry is prosperous, operating successfully and that supplies are nearly meeting demand at current prices, giving large returns to employers and employees alike. We are accused of bias because we have pointed out that the fishing industry consists of three well-defined sections, (1) the distant water trawler fishery operated by 130 large trawlers from Hull, 86 from Grimsby and 53 from various other ports which this year have produced 45 per cent. of our total home caught fish supplies; (2) the near and middle water trawlers numbering some 770 which also produced this year 45 per cent. of our home caught fish supplies, and (3) the inshore fishing fleet, consisting of small boats, which produces the remaining 10 per cent. of our catch. The distant water trawlers are able to operate at prices which mean a loss to the near and middle water trawler owners and the inshore fishermen as at present organised. This is reflected in the current building programme which consists of 58 distant water trawlers, 8 middle water trawlers and four near water trawlers, although 60 per cent. of the 770 near and middle water trawlers are obsolete, with grossly inadequate crew accommodation and are urgently in need of replacement by new vessels.

We do not regard the distant water trawlers as being efficient. It is true that they are larger and more modern vessels than the near water trawlers, but it has yet to be shown that the distant water trawlers are capable of landing fish of good quality. Fish may lie in their holds for anything up to a fortnight and even the owners of these vessels admit that such fish ought not to be frozen on landing.

We are also accused of being restrictionist and endeavouring to set up monopolies for selected groups. There is nothing in our proposals which would prevent the adoption of an all-out fishing policy and we are confident that if the distributive machine is properly overhauled, the British trawler fishing industry will be only too glad to catch and land maximum supplies. We must point out, however, that as the catching capacity of the fishing fleet becomes greater, either through an increase in numbers or by increased efficiency of vessels, the size of gluts at some times and shortages at
others will also increase unless there is some authority with power to space out landings so as to maintain a balance between these and the handling capacity at the ports. Unspaced landings also cause waste of labour, e.g. at Grimsby during August, 1947, 1,694 days were lost by lumpers who were not required because of small landings on certain days, and in September, 1947, 1,905 days were lost. Similar wastage of manpower went on at other ports.

8. Producers tend to restrict supplies because of their fear of the inability of the distributive machine to handle the supplies and to market them at reasonable prices. Our proposals anticipate the dangers envisaged by the Minister of Food in that the Production Board will be directed to work towards a system of fixed graded prices on a first hand sale of fish and fish products. These prices would be fixed by the Fisheries Ministers and the Minister of Food who, by reason of this and his ability to import foreign supplies, would have the strongest possible protection for consumers. Under such a scheme restriction could only result in loss to the producers.

9. In support of his arguments about restriction the Minister of Food quotes the action of the Herring Industry Board in the early part of this summer when certain measures of control were imposed on the herring fleet and in the result, there were insufficient supplies of herring for conversion into oil and meal. The Herring Industry Board were in fact placed in a dilemma. The fishermen are very strongly organised and if they fear that there is any chance of landing more herring than can be disposed of at acceptable prices, they have no hesitation in imposing severe restrictions on fishing. The Board were ultimately forced to impose certain limited restrictions because if they had not done so the fishermen, who had already started to restrict fishing, would have imposed more stringent restrictions. This would have resulted in insufficient supplies not only for oil and meal but for all other purposes including the home market. The Board's action led to greater quantities of herring being landed than otherwise would have been the case. Their powers do not enable them to coerce the fishermen and their attempts to persuade the fishermen to accept the Minister of Food's offer of 30/- per crane for herring for oil and meal were unsuccessful. Though this was a subsidised price it was not regarded by the fishermen as sufficient reward for the additional effort required to produce additional supplies; (a) because it was lower compared with the prices received by fishermen for the main part of their catch, and (b) because the offer was limited to the quantity of herring required to fill the limited capacity of the available plant. The Minister of Food could offer no price at all for supplies in excess of about five thousand cranes per week, a figure which would often have been exceeded if no restrictions had been imposed.

10. We are convinced that the solution of the difficulties experienced by the Herring Industry Board in the first half of 1947 lies in an extension of the powers of the Board so that they may pay one price for herring for whatever purpose they are used. Such a price has been paid at Lerwick where the Board's experimental scheme has been most successful, and in our proposals we would give the Board the necessary powers, the absence of which was a substantial contributory cause of the troubles about which the Minister of Food complains.
11. The Minister of Food claims that the industry should be freed as soon as possible from all controls, and he refers to steps he has already taken to admit new entrants as fish wholesale merchants at the ports. This has not added to the supplies of fish available for distribution, and on many days such merchants have had as little as one box of fish to dispose of and on other occasions none at all. It is notorious that there are too many coastal wholesale fish merchants, many of whom would be much better employed in other parts of the industry.

12. The Minister of Food states that the ultimate solution of the problems of the fishing industry is nationalisation of the wholesaling function. This by itself will not prove a remedy and full development and reorganisation of the industry at the ports of landing must first be accomplished if full benefit is to be derived from the course proposed.

13. The Minister of Food has accused us of trying to create a monopoly from which new entrants would be excluded, and he professes great concern for the interest of the small man. He overlooks the fact that a near water trawler now costs some £30,000, and a distant water trawler £100,000. The small man is no longer able to have such vessels built as is proved by the details of the building programme already referred to in paragraph 5. On the other hand, the Minister of Food completely ignores the provisions of the Inshore Fishing Industry Act, which enables the Fisheries Ministers to make grants up to one-third of the cost of new vessels, and in addition loans up to 56\%/3 per cent. of the cost, thus enabling the small man to enter the industry. There are also the provisions of the Sea Fish Industry Act, 1938, which we propose to revise and extend, regarding co-operative schemes for inshore fishermen, as we believe that by the development of such schemes and the assistance which a Production Board can render to inshore fishermen, a healthy development of the industry will take place.

14. Our proposal drastically to reduce the number of trawler owners, processing and coastal wholesale merchants, was not made with "the obvious intention of reducing competitive pressure", but was made in the light of the fact that there are too many owners of single vessels in the trawler industry who can never hope to earn enough to replace their vessels, many of which, apart from gross inefficiency as fishing units, have accommodation for crews which ought not to be permitted.

15. As regards this year’s experience it will be recalled that the Minister of Food wished to remove maximum prices in April last. We successfully protested against this and pointed out that in our view there would be many occasions on which fish would be in short supply and prices would soar if not controlled. Events have justified our protest.

16. We are accused of predicting a glut which did not materialise. Supplies in 1947 were affected by abnormal conditions in distant waters, where extraordinarily large quantities of small fish were taken and in many cases half of the catches had to be returned to the sea. There was also an unprecedented scarcity of sizeable fish on the usual fishing grounds, consequently distant water vessels had to spend more time in searching for fish. In the first nine months of 1946 1,422 voyages yielded 4,130,000 cwt., whereas
in the first nine months of 1947, 2,141 voyages yielded only 5,682,000 cwts. or 52 per cent. of the capacity of the vessels employed.

17. We convinced a sub-committee of the Lord President's Committee that if no action is taken the existence of the near and middle water and the inshore fisheries will be threatened, and a useful reserve of boats and men for naval purposes will be squandered. The consumers will be faced by the disappearance of the varieties and high quality fish landed by these vessels and they will have to depend on an unrelieved diet of inferior quality cod, haddock and plaice landed from distant waters, unless large sums are spent on buying foreign fish. We believe that a type of vessel can be evolved and built which can fish the near and middle waters and compete with the distant water vessels. We are also convinced that the latter must undergo modifications to enable them to undertake freezing and processing at sea and to exploit new fishing areas to ensure our fish supplies, in case stocks in the present areas should fail. This is especially important as our scientists tell us that they have some doubts as to the permanency of the fertility of the distant waters.

18. The sub-committee (L.P. (47) 129 of 23rd July, 1947) reported as follows:

"(1) We recommend that the request of the Fisheries Ministers for legislation to make possible intervention by the Government to reform the fishing industry should be accepted.

(2) We recommend that the reform of the fishing industry should be carried out by two Boards, the Production Board responsible to the Fisheries Ministers, and a Distribution Board responsible to the Minister of Food.

(3) We have taken note that the Fisheries Ministers accept the report of the Official Committee on Restrictive Practices by Supervisory Boards (Gen. 177/6), and we agree that safeguards to meet the points there made should be incorporated in the necessary legislation.

The Minister of Food dissented from these conclusions."

19. These recommendations were approved by the Lord President's Committee on 12th August, 1947, (L.P. (47) 25th Meeting, Minute 3).

20. The proposal that there should be a Distribution Board was not originally made by the Fisheries Ministers and the Minister of Food now states that he finds difficulty in seeing what useful functions the Ministry of Food and the Distribution Board would perform. Under our proposals our responsibility and that of the Production Board would cease at the point when fish is ready for despatch from the ports. It is for the Minister of Food to say how its subsequent distribution should be dealt with. We do submit, however, that there is much room for improvement of the whole distributive system.
21. Several committees and commissions have drawn attention to the need for the re-organisation and development of the fishing industry. Now that home produced fish plays such an important part in feeding the people and the demand is likely to be maintained, it is more than ever necessary to ensure that the productive machine is geared to maximum production with the minimum call on labour resources.

We invite our colleagues, therefore, to endorse our proposals.

T.W.
A.W.

11th December, 1947.