

ECONOMIC REVIEW OF THE FISHERIES IN 1947 AND PROSPECTS FOR 1948

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ECONOMIC REVIEW--1947

In 1947, the fishery industries contributed about 2.6 billion dollars, or 1.28 percent, to the national income, which was estimated at 203 billion dollars by the President's Council of Economic Advisers. Of this amount, about 275 millions were received by fishermen and boat owners for their catch, or about 0.14 percent of the national income. This percentage relationship was only slightly smaller than the percentage relationship of the number of fishermen engaged full time in commercial fishing to the total civilian labor force, which was 0.16 percent. About 97,000 full time fishermen were engaged in commercial fishing, while the total civilian labor force in 1947 was about 60,186,000. This relationship is similar to the relationship of the farmers' income to the national income and of the number of farmers to the total labor force. The income of the fishermen in 1947 was, on the average, about 15 percent higher than 1946, while the farmers' income was about 20 percent higher.^{1/}

Prices for several species of fish showed considerable increase during the year. Pilchard prices increased from \$40 per ton in 1946 to \$60 by November 1947, an increase of 50 percent. Albacore tuna prices in California increased from \$390 per ton (1946 OPA ceiling) to \$410 in 1946 and to \$520 in 1947. Similar increases occurred in the price of Pacific Coast mackerel and the price for various items of salmon. In the important Bristol Bay region of Alaska, the price of red salmon to the fishermen increased about 12½ percent over the previous year. The increase of the prices of these species, which are mainly used for canning, noticeably influenced the fish price development in 1947 and more than balanced some price decreases of fresh and frozen fish; such as rockfish and sole, in the early part of 1947. The main reasons for the price increases of some of the species used for canning were the lack of abundance in some cases and the greatly increased demand for canned fish. Pilchards, for example, were caught only in one-fourth the quantity of the 1937-40 average, or one-half of 1945-46 season. The salmon catch in 1947 was about 10 percent below the average 1937-40.

As in the case of agricultural products, the price of fresh and frozen fish showed noticeable advance during June 1947. According to the Bureau of Labor Statistics, U. S. Department of Labor, the Retail Price Index for fresh and frozen fish averaged 240.5 points in 1946. It averaged 225.1 points in June 1947, then



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^{1/}The Agricultural Situation, U. S. Department of Agriculture, December 1947.

increased in December 1947 to 260.7 points.^{2/} The price of large haddock, as landed, in Boston, Mass., was 10.55 cents per pound, on the average, for 1946. It averaged 6.76 cents per pound in June 1947, and then increased to 12 cents in December 1947. This price decline in mid-1947 was greater than the seasonal fluctuation usually encountered at that time of the year.

The reason for the price decrease in the first part of 1947 was that, during the first half of the year, competitive foods made heavy inroads in fish-food consumption. Somewhat of an influence was also the high level of cold storage holdings in early 1947 which resulted in a heavier withdrawal in 1947 as compared to 1946. The decrease of cold storage inventories was 41.4 percent from January 1, to June 1947, while it was 30.7 percent during the same period in 1946. The heavy offerings of frozen fish, occasionally below cost, contributed to price decreases in the early part of 1947.

Canned fish prices were riding high during all of 1947. The Retail Price Index of the Bureau of Labor Statistics shows, as far as salmon (pink) is concerned, an average of 198.2 points in 1946, increasing constantly month by month to 391.0 in December 1947.^{2/} The price increase resulted from not only the higher prices of the raw materials and the short production in some items, but also from the effect of larger family incomes and the willingness of the consumer to pay the prices for the more favored grades of canned fish.

There exists a definite relationship between the demand for fish and the demand for competing foods which are eaten on certain days of the week or the year because of religious customs. Foods competing with fish and shellfish on these days include cereals, noodles, eggs, and cheese. Increased grain prices had an immediate effect on fish prices owing to the interrelation just mentioned.

PROSPECTS FOR 1948

Considering the outlook for 1948, the market for fish and fishery products should remain strong for another year. The prices of fish and fishery products will probably average about the same as the prices of 1947, and the incomes of fishermen and the members of the fishery industries will probably be near those of 1947. This forecast closely parallels the outlook for agriculture for 1948, which was published by O. C. Stine in The Agricultural Situation, December 1947.

A few specific situations and developments which will influence prices and markets in 1948 to some extent are:

1. Domestic demand for fish and fishery products will continue to be brisk. This demand is not only based on and influenced by the natural increase of the population, it is also influenced by the development of new markets.

Recent surveys show that during the last 10 years, inland markets have undergone noticeable changes. In about one-fourth of 52 cities surveyed, fresh local fish, which were the preferred species in 1936, have been replaced by frozen fish transported into the respective localities from more distant areas. This means not only a change of the species of fish on the tables of those who live in the respective areas, but it means more fish consumption as a whole because frozen fish (mostly frozen groundfish) are available in larger quantities, and more constantly during the year than the most local varieties of fresh fish, formerly preferred.

^{2/}See "Retail Food Prices by Cities," U. S. Dept. of Labor, January 1946 to December 1947.

Recent reports show that in certain inland areas insufficient frozen fish is available to meet the demand, and in some instances, prices increased sharply because of the demand.

Whether domestic production of fresh fish can or will be increased, is a matter of speculation as to the availability of the fish as well as relations between management and labor. If management-labor relations, which in 1947 were badly disturbed on both coasts, improve in 1948, increased production should ease a tight market situation, such as existed at the beginning of the current year.

2. The demand of the urban population for certain species; such as, shrimp, oysters, and lobsters, will remain high in 1948, since the demand for these products has increased because of the greatly enlarged higher income groups who can afford to buy them. It can be expected that these urban income groups will continue to have a high income in 1948, because most of the groups are occupied in trades (automobile, building, railroad transportation equipment, and heavy machinery) in which a great demand probably will continue in 1948.

3. It also can be expected that exports of fish and fishery products will be less in 1948. Exports were encouraged by the recent lowering of some tariff barriers (for example, the tariff reduction for certain canned salmon in Great Britain). However, the lack of dollar funds in foreign countries will limit the export of fishery products.

It also can be expected that the foreign fisheries will recover rapidly, and that in 1949 and 1950 our export trade in fish and fishery products probably will be made more difficult due to the increased offerings of domestic production in the 16 countries which are expected to participate in the European Recovery Program.

Imports in this country are expected to continue on a high level in 1948. These imports are dominated by groundfish fillets, mostly from Canada, Newfoundland, and Iceland, and by fresh-water fish and sea herring, principally from Canada. Other items heavily imported are salt cod, canned sardines, shrimp, lobsters, and fish oils. Imports of higher priced products probably will not affect the price level of American products. Either they will be going to specific markets in which little domestic competition exists or the production costs will have increased in foreign countries to such an extent that little danger of dumping exists.

4. Inventories of frozen fish in the beginning of 1948 were lower than in 1947, which factor indicates a good policy applied by the members of the trade. This policy should be continued and inventories should be further lowered at the beginning of 1949 as compared to January 1948. This advice as to inventories is based on the consideration of some weak factors in our economy:

(a) Varying policies of tightening or easing bank credit create uncertainty. This factor is limiting somewhat the processing of fish and fishery products for delayed deliveries or for storing.

(b) Possible devaluation of foreign currencies has been experienced recently in France must be considered. If such devaluations should be followed in other countries or should reoccur in countries which already have had devaluations, our export might be handicapped or come to a complete standstill.

(c) Certain shortages of raw materials which may not be freely accessible will affect industrial production.

(d) Spot shortages of manpower, especially the lack of skilled laborers, may prevent the full output of industrial products for which there is a demand.

There are signs that, after 1948, a period of price and production declines may begin. The economic experts who worked on the European Recovery Program indicate in their charts that, in 1949, foreign production will increase sharply and in 1950 probably will result in increased imports. These economists say that in 1950 there probably will be overproduction in agricultural output as well as in certain industrial production. A policy of saving during 1948, and of reduced inventories, will help the fishermen and the members of the fishery industries to cushion any possible future decline in economic prosperity.



VALUE OF FISHERY PRODUCTS AT
VARIOUS LEVELS OF PRODUCTION
AND DISTRIBUTION IN THE UNITED STATES
1939-1946

PRODUCTION OR DISTRIBUTION LEVEL

YEAR	EX-VESSEL DOLLARS	PROCESSOR DOLLARS	WHOLESALE DOLLARS	RETAIL DOLLARS
1939	965,320,000	188,237,000	245,480,000	316,431,000
1940	99,000,000	198,200,000	255,600,000	327,400,000
1941	134,172,000	261,635,000	341,199,000	439,815,000
1942	170,338,000	332,159,000	433,169,000	558,367,000
1943	204,000,000	397,759,000	518,711,000	668,692,000
1944	207,300,000	404,200,000	527,100,000	679,500,000
1945	230,941,000	450,335,000	587,283,000	757,025,000
1946	253,000,000	528,105,000	688,697,000	887,791,000