

The Truck System

Newfoundland and Labrador's outport economy depended not on cash, but on merchant credit for much of the nineteenth century. Each fall, fishers traded their annual harvest of salt-cod to local merchants for clothes, food, fishing gear, and other supplies from their stores. Fishers often received these goods earlier in the year on credit, but did not know the price at which they purchased them.

Merchants set the price for goods taken on credit at the end of the fishing season, balancing the prices of goods against the prices merchants would get for fish in international markets. Such price manipulations maximized the opportunity for merchants to profit from the fish trade, but left their clients with the prospect of simply breaking even or falling into deeper debt each season.

Known as the 'truck' or 'credit' system, the price manipulations of this particular cashless exchange had advantages and drawbacks for all parties involved. Merchant credit helped fishers withstand poor fishing seasons and provided them with goods they could not produce locally, such as molasses, tea, and nails. However, many fishers could not catch enough cod to pay off their credit and sometimes fell into deeper debt each year. Some merchants also exploited fishers by charging too much for goods and paying too little for fish. The merchants, meanwhile, had a guaranteed clientele through the truck system, but had to absorb any losses when the cod fishery failed or when fishers failed to pay debts.

The truck system emerged in Newfoundland and Labrador in the early nineteenth century, when a resident fishery replaced the English migratory fishery. It was not unique to the colony and had existed in parts of Britain, for example, since at least the fifteenth century. Credit-based economies appeared most commonly in rural mining, fishing, farming, and logging communities where cash was scarce and where only a very limited variety of locally produced goods existed to meet residents' needs.

Article by Jenny Higgins. ©2007, Newfoundland and Labrador Heritage Web Site

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http://www.heritage.nf.ca/society/truck_system.html (copied Nov. 09)