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Saving Fisheries without Property Rights: “Surgery with a Baseball Bat”

By
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The collapse of the once-rich fisheries off the coast of New England is testimony to the failure of fishery management in the United States. This tragedy is the result of traditional fishing limits on seasons and gear, which fail to address the motivations of fishermen to vacuum the seas. As a result, the cod stocks that were once the staple of New England diets are now basically commercially extinct.

January decision to restrict fishing is fatally flawed. Despite severe restrictions already in place, a December report by scientists with the National Marine Fisheries Service found the cod population of the Northeast at its lowest in 30 years. Therefore, in an attempt to save their ever-dwindling groundfish fisheries, the New England Fishery Management Council (a regional board set up by the Magnuson Act) voted once again on January 28 to step up its own fishing restrictions. They expanded the areas where all gear capable of catching groundfish are banned, and cut the daily cod catch from 400 pounds per boat to 200 pounds.²

As the council “agonized” over balancing the interests of both fishermen and the cod, member Tom Hill described the process; “It’s like trying to do brain surgery with a baseball bat.”³ This could account for the absolute failure of similar measures in the past and the likelihood that this latest round will also lead to little improvement in the health of the fishery. Fishermen have no desire to destroy their own source of livelihood, but as long as the rules of the game reward over-harvesting, fish stocks will continue to decline.

Substantive reform is required, not just \$\$\$. According to Senator Ted Kennedy (D-MA), as many as 2,500 fishermen could be out of work and 700 boats grounded under these new restrictions.⁴ His answer to the problem? Yet another demonstrably failed approach – an influx of federal money. In fact, nothing will change until there is substantive reform. Further restrictions

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² Associated Press, January 29, 1999.

³ John Richardson, *Portland [ME] Press Herald*, January 29, 1999.

⁴ Associated Press, January 29, 1999.

and bailouts give the illusion of reform, but in fact only exacerbate the problem since they completely ignore, and leave in place, the very root cause of fisheries depletion.

Incentives matter. Without any sense of ownership, it is unreasonable for any individual to attempt to conserve or enhance marine resources because the benefits of doing so are diluted throughout the fishery. What's the point of leaving fish in the water if they are simply going to be caught by someone else? Self-destructive incentives must be alleviated before fishermen will seek creative and practical solutions to the problems they face.

The institutional arrangements – that is, the set of rules that govern a fishery – are the single most important indicators of the health of fish stocks around the world. Under a system of clearly defined property rights, held either in common or individually, fishermen capture the benefits of conservation, use more efficient fishing methods and protect habitat. Limiting access and allowing the private ownership of fishery resources, or at least some sense of it, is the surest way to ensure the long-term health of a fishery. As shown in *Fishing for Solutions*,⁵ private solutions to marine conservation problems have had spectacular success, while regulatory approaches have been dismal failures.

A step in the right direction. The National Research Council (NRC) reinforces this notion in a forthcoming, Congressionally commissioned study. The study, *Sharing the Fish: Toward a National Policy on Individual Fishing Quotas*,⁶ explores one kind of market solution – transferable individual fishing quotas (IFQs), finding they may not only protect fisheries but the livelihoods of commercial fishermen. Systems such as this have been used successfully around the world. New Zealand and Iceland have by far the most extensive transferable quota programs, and each has been in existence over ten years. In both countries there is no question that fisheries management has improved dramatically, as have a number of fish stocks managed by IFQ's. The New Zealand fishing industry has, on occasion, even asked for lower quotas than those deemed acceptable by the government.

Since 1996, Congress has banned fishery managers in the U.S. from granting such rights. The report recommends dropping that moratorium, adding that the transferable quota “deserves a place in the array of techniques that may be needed in any particular fishery management plan”. “Allocating individual quotas has led to more efficient fishing while other methods - such as limiting fishing seasons or restricting the type of gear used - only intensified the race for catching the most fish,” NRC committee chairman Jan Stevens said.⁷

Allowing groups or individuals to own resources in the oceans is the ideal solution, but in cases where this is not a feasible reform, creating private access rights such as IFQs has also proven effective. Congress should eliminate current restrictions on such systems, allowing fishery managers to introduce a system of tradable harvest rights. These rights should also be allowed to evolve so that quota owners might begin to manage the fishery themselves. To reconcile competing commercial, recreational, and environmental concerns, some form of private ownership is essential. All other reform efforts are really nothing more than “surgery with a baseball bat.”

⁵ Michael De Alessi, London: Institute of Economic Affairs, 1998.

⁶ Washington, DC: National Academy Press, forthcoming.

⁷ Joby Warrick, “U.S. Panel Backs Quotas For Vulnerable Fisheries”, *Washington Post*, December 19, 1998.