Fisheries management: Hijacked by neoliberal economics

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This is a story about a fashionable political-economic ideology that has taken over the management of many fisheries. It happened as a matter-of-fact offshoot, sort of by-catch, of the neo-liberal or neoclassical paradigm.

In the beginning fish were aplenty and there were no rules upon the face of the deep, and the spirit of free access moved upon the waters. And the fishermen saw that it was good and fished as many fishes as they needed to feed their families and their neighbours. But people were multiplying and replenishing the earth, and more and more fishermen had to catch more and more fish to meet the demand of the ever-growing humanity. And governments said: let there be management, so that there would always be enough fish left in the seas to procreate. And they limited the gear, the vessels, the seasons, and the fishing areas, and they called it 'input regulation'. But, the fishermen kept fishing and their fleets kept growing, and the governments saw that it was bad. So they made the licenses, and their scientists thought up the "maximum sustainable yield" (MSY), and they made the "total allowable catch" (TAC). But the fishermen kept competing, and over-capitalizing, and the fish became scarce. And the economists said unto the governments: let there be property rights. And they spawned "individual transferable quotas" (ITQs). And they believed that it is good and said unto the fishermen: Behold, rights' privatization is your salvation. And the governments sent the ITQs upon waters to replenish the seas and subdue all fisheries. And it was good!

This is more or less the gospel, which prevails throughout fisheries administrations in many countries. It makes some people richer and they become its devoted believers and supporters, while the many made poorer, or afraid to become so - its adamant opponents. And the consequences in almost every single case are more or less gradual concentration of fishing rights in fewer and fewer hands, often enough in the hands of major corporate interests, at the expense of small-scale, family, and skipper-owned fishing enterprises that operate one or two small or even medium-sized fishing vessels, each.

Fisheries management is supposed to look after the health of the fish resources exploited by fishermen. This requires knowledge of fishery biology and ecology, population dynamics, and historical data of the fishery and of environmental and associated stock fluctuations in its area. As fisheries management can only manage people, it entails negotiations, legislation, technology, and enforcement. There's a whole catalogue of management systems and technical and administrative methods that managers can use to try to achieve their targets. The political attitude of the powers in charge determines the choice of the system and the manner in which it is applied through licensing, quotas allocation, or limits set on effort. The system chosen influences, through allocating benefits to the different stakeholders, the distribution of the benefits derived from the resource. For example, allocating fishing rights to a large number of small-scale fishermen would call for different management methods than allocating them to a large company.

Traditional knowledge. Old-type management by tribal and community leaders and local fisherfolk's organizations based on traditional knowledge of the resource and traditional justice, is now almost totally extinct. It has been replaced throughout most of the world by bureaucratic and technocratic mechanisms heavily influenced by political and economic considerations that, while interested in fish as marketable merchandise and a source of profits to the operators, have only little to do with safeguarding the resource as a source of income to fishing people. Fisheries management has thus become a power play over benefits from the resource. Stakeholders are many, starting with fishing people and local interests in fishing communities, through recreational fishermen, environmental lobbies and coastal development interests, and ending with powerful corporations and market forces, whether local, national, or multinational.

Neoclassical economics invaded management of various commons and national resources as an extension of a paradigm dominant - though very much at issue - in the industrialized world. Its gospel is being spread over the world and its political, financial, and academic institutions by troops of disciplined economists, rewarded for devotion, and punished for dissent. So, what is this neoliberal or neoclassical teaching in economics that has also impinged on fisheries? And on what basis its devoted adherents are preaching that theirs is the only way society can take to utilize its fish resources in a feasible and efficient manner?

The old “classical” economic teaching has introduced the belief in the “invisible hand” guiding rational individual decisions driven by self-interest eventually into an optimum economy, in which free market forces are taking care of all aspects of peoples’ life. An implied outcome of such “free play” is that any financial profit derived from a common, fully, partly, or quasi-privatized resource, would somehow trickle down and redistribute itself all over the society. But this is a myth and a fallacious contention, if not an outright lie. It is a common knowledge that, in most of the world’s countries, a big share of such benefits indeed trickles down, but to various investments abroad, and to imported luxury products and services. The “trickle down” theory can approach the real situation only in a few rich countries, where profits feel secure and investments promise further accumulation of capital.

Criticism. Recently, more and more economists and other social scientists started casting doubt on the neoclassical gospel, nicknamed by some “autistic economics”. Awarding the 2002 Nobel Price in economics to two professors, one of them a psychologist, who refuted the theory that, as a rule, individuals make rational economic decisions, reflected this growing criticism. Economic determinism inherent in the neoliberal theory doesn’t work; the markets’ reaction to prices, the prices’ reaction to the dynamics of supply and demand, and peoples’ reactions and economical activities don’t fit that theory’s assumptions. Hence, its weakness in economic analysis and forecasting.

Some economists and other social scientists argue that, contrary to its pretense to scientific, objective approach, neoclassical economics is in fact a social-political narrative and a methodology used by global economic and political interests to concentrate power in the hands of corporate national and multi-national institutions. Thus, individual businessmen and small and medium-scale private enterprises, not to speak of wage earners, are losing their influence on socio-economic decision-making to powerful commercial-industrial centres and their collaborators in governments. This transfer of power is promoted, legislated, and executed through democratic processes occurring within the existing legal framework with the help of well financed journalistic and media campaigns and more or less biased scientific publications**,** with the neoclassical economic narrative serving as a tool for achieving explicit goals as well as hidden agendas of its promoters. Thus, the “invisible hand” has been transformed from the sum of the multitude of individual decisions into the sum of the political and economic decisions of powerful interests.

*Profit maximization***.** Neoclassical economics are supposed to aim at and produce maximization of ***social and national benefits,*** which in fact are dollar equivalent measures of how economists value goods and services (including non-market goods and services). It preaches maximization of profits or rents often attained at the expense of heavy social costs. The big question is how these costs and benefits are defined and calculated; since social costs are very difficult to estimate, any portrayal of economics as an absolute, scientific methodology is simply fallacious, and honest economists admit that they cannot adequately calculate all social benefits and all social costs. It is obvious that losses incurred through forfeiture of alternative actions, and due to various social, and other external costs, many of which cannot be evaluated in terms of dollars and cents are a part and parcel of any economy. As long as we are not taking into account all the costs and benefits resulting from production and market fluctuations, various management steps, defaults to act, social, economic, and cultural dislocations of people and their ramifications affecting coastal communities, as well as other "externalities" difficult to express in monetary terms, we are unable to calculate true net social costs and benefits.

Also, many people associate the term "social benefits" with how benefits derived from national resources are distributed across the society. They ask, for example, how many people make a living from a certain resource. A "less efficient" small-scale fishery that employs many more people than an "efficient" big-owner fleet, may feed less monies to the "national purse", but as a rule is directly and effectively more beneficial to people and their communities. Only an in-depth analysis can establish which option would produce truer benefit values. Thus, it is quite consequential who defines national and social benefits, and how.

For example, calculation of net national benefits for an industrial shrimp fishery in a non-industrial country must include a deduction of the costs of all imports, such as expatriate manpower, fuel and lubricants, vessels, deck and propulsion machinery, processing and refrigeration equipment, and fishing gear, as well as insurance and maintenance costs incurred in foreign-currency. In some cases, the only net benefits from an industrial shrimp fishery in such countries are the revenues from license fees and the employment of nationals, while major share of the revenues as well as the product itself are going abroad.

Policy costs. Therefore, responsible economic theory must take into account also values that are non-financial/commercial, and the diverse peripheral socio-economic, political and cultural costs, as well as the taxpayer's money spent on dealing with human problems resulting from management decisions. Only then would the society and its governments be informed of the ***true costs*** of any policy proposition, before their natural resources were transferred into the hands of a few. Nowadays, however, such transfer is facilitated by governments' obsession with privatization as a panacea to all maladies of the economy.

The neo-liberal gospel preaches that practically nothing can work efficiently, if it is not somebody's private or corporate property. The massive ideological privatization practiced in some countries has embraced also such natural resources, as water, forests, various energy sources, and public transport. Even economically viable, and efficiently run national resources often fall victim to the privatization Moloch. How wrong this ideology can be has been well illustrated recently by a whole series of flops of some mammoth privatized and corporate companies, due to both, mismanagement and corruption, as well as by the rather disappointing results of the privatization of the British railway system. "Swissair", "PanAm", "Enron", and other recent bankrupt giants have not been run by governments.

One consequence of the domination of neoclassical economics is the rather obscure struggle between ***free enterprise*** and ***corporate interests***. In the past, the concepts of capitalism and free markets used to emphasize private initiative. Nowadays, however, it isn't necessarily so. The neoclassical economics is leading to a regime in which major businesses and corporations are gradually displacing smaller-scale enterprises and businessmen, while being indifferent towards the social conditions of working people whose role it reduces to selling their work power on market. Neoclassical economics is most "happy" when supply of labour exceeds demand, simply because unemployment depresses wages and thus improves profits.

Sometime ago, after the demise of the Soviet system, one would think that free enterprise had won. One is not so sure nowadays. Like the Soviet monopolistic concerns, some of the giant companies of the "capitalist" world are run by financial bureaucracies supported by ideological economists, who seem to consider small and family-owned enterprises a noise and a nuisance in their concept of "economically efficient" world.

*Invasion***.** The invasion of fisheries by the neoclassical economics has been a logical consequence of its domination of the global, and many national economies. Like many historical invasions, it was partly invited from inside the fisheries by large-scale interests and their proxies in the management mechanisms, who gave it a friendly reception. Once in, it seems to be here to stay, especially in all those countries where, for various reasons, it is not met with strong opposition.

What brought this ideology into these fisheries is its claim that privatization is the most efficient, if not the only mode of exploiting a resource. This, even if the resource belongs to the whole nation, as is the case with water, forests and, for that matter, fish in the sea.

When, following the Second World War, the spiralling growth of fisheries brought about the need for management, it was initially based on, so called, “input control”. This implies regulation of fishing effort through such means as limited access, fishing time and areas, as well as other regulations that try to follow biological characteristics of the species involved. In some countries this management system still works well enough, in others it has been deemed, rightly or wrongly, inadequate. Fish population dynamics models have been used to estimate the biomass of fish populations and, consequently, the fixing of TACs. In some fisheries this led to highly competitive “gold rush” fishing operations and investment in excessively powerful and fast vessels. The next step was dividing the TAC into quotas that were allocated to vessels, usually, according to their fishing history. And this was the moment when the neo-liberal economists stepped in with a new pattern: marketable fishing quotas (ITQ).

Property rights. They introduced the rather axiomatic theory that property rights are a must in fisheries for maximum benefit, and efficiency spelled out in financial terms and rational exploitation of the resource. Since property rights are characterized by (i) security, or quality of title; (ii) exclusivity; (iii) permanence, and (iv) transferability, their application in fisheries boils down to ITQs. Thus, mere "fishing rights" have become "private property rights”. Trade in fishing rights eventually must hit the weaker stakeholder by allocating individual quotas too small to pay a vessel owner’s way out of the red, on one hand, and by pricing licenses and quota entitlements above the value of his/her fishing boat and gear, on the other. A license gone from a fishing community is gone forever, together with all the associated jobs, services, and income. If it were not for social opposition, a worldwide adoption of ITQs would have proceeded even faster.

Concentration. Since marketable quota systems favour the financially strongest, they invariably lead to a gradual displacement of small-scale individual or family-owned fishing enterprises, and sooner or later to the concentration of fishing rights in the hands of a few, either specialized fishing companies, or large holding corporations for whom fishing may be only one branch of a multifarious business. Such concentration eventually would occur even where there are legislative attempts at stipulating acquisition of quota by some maximum values. Hence, there is a growing concern of "privatization by stealth". It is incredible that managers introducing this system into small-scale or mixed fisheries would be unaware that its social, economic, and political ramifications favour large-scale business at the expense of local fisheries and processing industries, and small-scale operators, and threat to survival of the small-scale fishing sector. ITQs tend to depress artisanal and effectively exclude part-time participants in local fisheries, favour the owners, while disregarding crewmembers. Hence, selection of ITQ for such fisheries must reflect respective political and social attitudes of the respective government.

Green non-governmental organizations (NGOs) have willy-nilly contributed to the privatization trend. Although some of them, as for example Greenpeace, have joined protests against ITQs, there have been NGOs' with often-exaggerated and sometimes even fallacious alarmist publications as to the state of fishery resources painting fishermen as the main culprits, which fueled the neoclassical economists' fires. ITQ advocates have claimed that privatization based on marketable fishing quotas would maintain fish stocks on sustainable levels.

Their main argument was: "If fishing interests are allowed to invest in a permanent share of the TAC, so that they'd be sure of their relative share in the landings of the respective species from a given area, they wouldn't need to apply the "gold-rush" mode of operation, and would be interested in maintaining the resource in an everlastingly sustainable condition". On the other hand, ITQs is a rather peculiar sort of property rights: one pays, sometimes quite heavily for the right to catch a certain amount of fish, one never knows whether one will be able to get it and at what operational cost, and one doesn't really control the resource and doesn't know whether by observing the rules and sticking to the quota one is not made a sucker by others. Hence, the potential well-intended stewardship over the resources by quota-owners is, in fact, more than often frustrated by high grading, fish dumping, and quota busting. While ITQs indeed might mitigate "gold-rush" fishing, and their contribution to stock conservation might have happened in a few fisheries, it has been proved so only in a couple of them. At the same time, failures have been reported and documented.

Small is beautiful. The ITQ-system would be socially and nationally justifiable where the resource is technically not accessible to small and middle-scale operators based on coastal fishing communities, and where exploitation of the resource requires large-scale industrial fishing vessels and fleet-logistics. But where large numbers of small-scale operators traditionally exploit inshore and coastal resources, most of them consider marketable quotas socially and economically wrong. Harvesting methods that are most efficient in financial terms are often the ones with the worst collateral (including environmental) impact, while less capital-intensive and lesser technologically and operationally sophisticated fishing methods normally allow wider and much more equitable access to benefits from the fishery, with less negative environmental and social impacts.

In 3rd World countries, for example, coastal fisheries operate under many stresses, the main one today being invasion of larger-scale fisheries into waters and stocks accessible to and fishable by small scale fishermen, often with official government support or high-circles' well-paid "closing of the eye". But, in such areas, large-scale operations are by most criteria less ***efficient*** than small-scale fishing. They consume several times more fuel per each tonne of marketable fish than the small-boat fishery; capital investment in gear and vessels is much higher; and they produce fewer ***true national benefits.*** The same fish stock that can be fully and profitably exploited by 10 trawlers manned by 100 people, if allocated exclusively to coastal fisherfolk using nets, pots, and hooks-and-lines, may provide a living for many hundreds, or maybe thousands of them, never mind how low their calculated profits are going to be.

In many areas, both recreational and small-scale commercial fisheries form the backbone of coastal communities whose economies revolve around fishing. It causes money to flow to equipment and bait, food and fuel suppliers, boatyards, and a variety of commercial and technical services in docks, harbours and marinas, as well as those sectors of the tourist industry that are centered on fishing communities.

Hidden agendas. No doubt that management decisions depend first at all on the prevailing policy objectives. Different governments and the powers that influence them may have different, above-board and hidden agendas. Hence, worldwide, there's no consensus on the objectives of fisheries management. Some governments may believe that safeguarding the well-being of communities where fishery is an important contributor to the local and, thus, national economy is an important goal. "Safeguarding the well-being" means creating and maintaining conditions that would enable fishing industry adequate return on investment, and fishing people, sufficient take-home income. It also may mean that in certain special circumstances, the State may have to intervene to help a community over a temporary hardship, as it would do for farmers hit by a drought year, or an industrial community hit by an earthquake. Isn't that what governments are for: collecting taxes, providing services, and helping people when they are in trouble?

Subsidies. But some governments, as well as most global, transnational, and intergovernmental financial institutions are driven by this neoclassical ideology, especially when it comes to economic relations with developing nations. Undeniably, some of the conditions of economic co-operation and assistance imposed by those institutions stem from their wish to protect their investments from misconduct, corruption, and mismanagement. But, only too often, under the hypocritical pretext of securing free market and economic liberalization, their conditions are simply a tool of protectionism. And here we come to fisheries subsidies. The USA, the EU and some other developed countries, in view of the heavy overcapitalisation of their fishing fleets, came to the quite appropriate decision to stop subsidizing construction of fishing vessels. They want, however, to have their new policies "globalized" to cover also the developing world.

A number of developing countries have had for many years too large national fleets, and they also should not subsidize overcapacity. However, any international agreement involving fishery subsidies should take into account small-scale fishermen, who have to compete over their local fish resources against large-scale fishing fleets allowed to fish, or poach on their native, traditional fishing grounds. Such fleets are subsidized, almost as a rule, whether directly or in a roundabout manner, as are the EU payments for access to fishing grounds of Third World nations. Small-scale fisherfolks operating under such conditions deserve support both on the part of their own respective governments, as well as the international community. Would it be too much to ask WTO, EU, and individual governments of countries whose fleets are out to exploit coastal fish stocks of their own or other countries, as well as the governments who allow such fleets into their coastal waters, to give local small-scale fishermen a fighting chance?

Fisherfolk in the small and medium scale sectors, both owners and hired hands, who don't want to be dislocated from their traditional fisheries by management systems based on marketable fishing rights, should recognize that their main adversaries are the standard bearers of neoclassical economics in national and transnational financial institutions and corporations, and their proxies in fisheries management. It is very difficult to resist such powerful interests in democratic societies without joining forces. For this purpose, provincial, national, and regional fishermen's associations should organize under common umbrellas. Also international associations of fishing people should create a joint worldwide umbrella that wouldn't affect their individual structure and character, but would enable them to board the globalization train in weight and force.