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## Community Fish or Fishing Communities ?

### Summary:

The basic idea is here that a social dimension in European Fisheries is not something that can be crafted onto the existing bio-economic paradigm; In order to avoid confusion and double-talk it has to be an integral part of a new or a revised Common Fisheries Policy from the outset, and it always has to be carefully specified to whom the fish resources are common. This idea is substantiated by a brief analysis of the different incentive systems operating in European fisheries and the degree to which these produce viable fishing communities which are able to craft the local institutions necessary to complete the community-wide or nation-wide institutional frameworks in such a way that control, sustainability, recruitment, retirement, justice and legitimacy is taken care of.

The mounting pressures on the common fisheries policy (CFP) of the European Union take on many appearances. Taken all together these pressures should make whatever uniform fisheries policy the union might have had, crumble long before the magic year 2002:

- © The empty quotas ("paper fish") of the North Sea,
- © the serious deterioration of the European marine habitats,
- © the destruction of somewhat balanced European fish markets by the breakdown of the Russian fish market while local fish stocks were low (and prices should be high),
- © the overinvestment in Distant Ocean Fishing Vessels while distant waters were increasingly closed off by adjacent coastal states,

- © the dangers of organised crime filling an institutional vacuum resulting from an introduction of the CFP in the Mediterranean Area,
- © the socially motivated overinvestments of Structural Funds in fisheries dependent regions.

Social scientists have a tendency to concentrate their analysis on what destroyed the "traditional" system of managing a resource. This might yield some valuable insights into the mechanisms of past social change. But the real challenge for social scientists is to study what it is that destroys the purposely designed resource management systems of the age of High Modernity (Giddens 1991). It is necessary to take up this challenge and to ask what social scientists can offer in terms of analysis for a new or a revised Common Fisheries Policy.

All the pressures mentioned above are part of the "crisis" of European fisheries. And if we follow Schumpeter, it is during such times of crises that the inventive restructuring is done. It is now the basic incentive structures can be changed by conscious collective action, but it is also now that entrepreneurs grasp the opportunities offered by the misfortunes of the unlucky ones - or "the non-competitive actors" - and shape the future themselves (Schumpeter 1934). To the extent that the CFP produces an institutional vacuum at the local level, it is in this vacuum that entrepreneurs shape the future - so that the year 2002 becomes a *fait accompli* - and there is no "going back to the traditional ways", nor to the truth of the purposely designed Common Fisheries Policy. In such a fluid situation the social scientist tend to objectivise the fisherman, his strategies are often analysed and interpreted both by economists and other social scientists within the current political environment and the current incentive structures. Who is "efficient" and "competitive" is always relative to the "rules of the game" - or institutional structures of a given society and a given historical epoch. Therefore an analysis of the formation of a new fisheries policy also requires objectivisation of the social scientists, what is her interests, what is her frame of reference, what is her ability to see beyond the prevailing institutional establishment (Bourdieu 1992)? More often than not, fishers can - individually or collectively - offer self-reflections that go beyond the theoretical paradigm of the social scientist, but "being trapped" in the struggle for daily income, they cannot act otherwise. It is here the professional and social duty of the social scientist

to explain the **relations** between the institutional set-up and the outcomes of the actions of fishers.

One fundamental relation is identified by asking the simple question: "To whom are the fish resources common?" If they are common to the whole European Community (now Union), the resulting institutions produce a certain set of strategic choices from fishers. If it is common to a Nation State or a Region within a State, the resulting institutions produce different strategies from fishers. If the fish resource is common only to one or several coastal communities, this implies very different social institutions and very different strategies and outcomes of the actions of fishers. By asking this simple question, one can avoid the fallacy of a logically necessary connection between a "Common Fisheries Policy" for the EU and a "Common Pond" for the EU. Logically there is no contradiction between a "Common" Fisheries Policy and institutional arrangements that allows fish resources to be common to smaller units within the European Union, e.g. regions and coastal communities.

Fishery activity has always been dependent on politics. During the Roman and the Medieval times, the channels of influence of fishers to emperors and kings and to clerical and feudal lords shaped the governing conditions for establishing European fishing harbours, for using forests for boat building, for obtaining privileges necessary for the marketing of fish towards European cities. In fact it is politics that has shaped the entire pattern of fishing hamlets along the coasts of the Atlantic Ocean, the Mediterranean Sea and the Baltic Sea - out of a concern about the relations between fishers and other agents in the society. For instance remained the whole northern part of the Norwegian Sea a prohibited area *with farbann* for foreign fishers and traders from the Viking age and until the liberalisation of the 18th century - initially because it was in the King's interests. What we today call "traditional fisheries" is thus produced by the political history of Europe.

After the first liberalisation of the 18th century and the accompanying doctrine of the "freedom of the seas", the advancement of sophisticated fish finding and fish gathering equipment brought in a new relation that became the major concern of the state - that between "their national fishers" and a limited and reproductive resource which could be exhausted.

While marine resources through the centuries were believed to fluctuate and migrate haphazardly, the states now saw a new role for themselves, that of managing the resource directly, like a herd of cattle - for a Specific Specie Maximum Sustainable Yield - to be managed for the benefit of the balance of trade and needs of the national Treasury. But the stock-properties of real life were different from the nice equilibrium models, and both states and intergovernmental organisations experienced fundamental problems in securing a steady flow of each specie of fish from the "managed" stocks of the European waters. Especially on the highly productive Northern Continental shelves the ecosystem tends to be basically unstable. It is "natural" with dramatic changes in these ecosystems, this is one of the main reasons why these kind of ecosystems can give such enormous amounts of fish. It was thought that rational and sophisticated multispecies modelling and management techniques could secure at least a steady flow of some sort of palatable fish - an Any Specie Maximum Sustainable Yield. But except for a fragile agreement among biologists and fish managers that a large and stable stock of herring is the backbone of any viable multispecies ecology, there is little scope for managing the seas for a stable maximum yield and maximum economic and social benefits for coastal communities. In many respects, it is the official belief in a management rationale that did not - and probably never can - produce a predictable future, that is the deep cause of the social crisis in many European fishery dependent regions.

When the present resource management system is depicted as a confluence between this obsolete rationale of a manageable future and a preservation of the politically convenient "relative historical stability of quotas", it is possible to identify the strong social forces that work towards an institutional breakdown in a multitude of coastal communities. The logical strength of these forces are of such a magnitude that it warrants the opening question: Is there an inescapable choice that has to be made between "Community fish or fishing communities?" If you choose the one alternative - a "Fishing Commons" for the whole European Union, you cannot simultaneously choose to have "Fishing Communities". And if Community Fish is the choice, are there feasible designs of management regimes that can work without fishing communities? And if it is technically possible to replace fishing communities with company or industry designs,

do these have lower transaction costs than the fishing community design? And finally - is this line of development socially desirable?

To shed some light on these fundamental questions, let us go to the factor of property rights, which by many is considered to be the basis for all incentive systems (North 1991). Here there is a massive conceptual confusion - also among academics - which tend to blur the debate on necessary institutional changes. The theory of common property always require us to specify to whom the property is common, who belongs to the group of proprietors with certain rights and duties towards the resource (Ostrom 1991). If the resource is "Common to everyone" - a "Community or Union Pond" - it is really a public property where no group of proprietors have any rights and duties towards the resource, but where the Nation State or a "Union State" is the owner and issues "access rights" and "harvest rights" to "authorised individual fishers" and "authorised fishing companies". The property rights are thus not privatised, they remain in the public realm - the realm of the state. It would therefore be more correct to define a system of historically stable quotas extended all the way down to the individual fisher level as a system of **privileges** - a state or union protection against other potential fishers. In some countries the distribution of such privileges is relatively stable, in other countries they can be accumulated, transferred or lost. Thus the strange combination of "Community Fish" and "historically stable quotas" in many respects implied a **refeudalisation** of the coastal areas of Europe.

Part of the social crisis in European Fisheries is the decreasing value of these privileges. Because of the conceptual confusion, quotas have to some extent been treated as quasi-property rights (really "imitated property rights") and have been entered as securities for loans far above the real financial value of the privilege. In much the same way as privileges became empty under the threat of state bankruptcy during the decline of feudalism (North 1981), the privileges of fishers have gradually been eroded. This is one of the factors that destroys the purposely designed resource management system of the age of Late Modernity. There are two ways of analysing this erosion:

- © One is the linear analysis; when there are too many privileges issued relative to the size of the resource, each privilege loses its value and

the holder risks financial bankruptcy. The linear solution is to reduce the number of privileges, i.e. reduce overcapacity so that the remaining privilege holders can make a decent living. This means using interventionist instruments to close the fishing sector and actively remove fishers from harvesting activities. This "thinning" of the fishing communities runs the risk of drying up the professional fishing-culture of the fishing communities so that they get progressively "thinner" by each successive downturn in the natural stock fluctuations, and finally disappear as active fishing communities.

- © The other is a dynamic analysis of the function of the protective element in the privilege itself, and the relationship between this and the basic incentive structures. Despite a display of massive micro-economic engineering effort in the construction of quota-systems, the States or the Union have not been able to protect "their fishers" against other fishers on the seas or through the markets. In addition, the quota system has created an institutional vacuum at the local level that renders the fishers unable to protect against themselves. And the privilege gives no protection against other fishers who work through the market. Thus the value of the protection element in the privilege is also eroded, and only a steadily increasing control effort and substantial financial support - with mounting public expenses for the benefit of a dwindling number of fishers - guarantees the temporary survival of the system of state property rights and fishing privileges.

Taken together, the absolute uncertainty of the financial value of the privilege and the erosion of the protective element of the privilege, undermines both the internal and the external legitimacy of the refeudalised system. It is surprising that also in periods of upturns in certain fish stocks, like in Arctic cod in recent years, the substantial earnings by the reduced number of privilege holders tend to reduce the legitimacy of the system. Unemployed youth in coastal communities cannot accept the "closure of fishing" and the restrictions of "superearnings" to a few while there obviously would be sufficient fish to give all a decent share. Some sophistication of the quota system - like the Norwegian "recruitment quota" and "periodic group quota" can dampen the social effects of a rigid privilege system, but will always remain inferior alternatives to the individual fisher as long as the boat quota or the ITQ is in force.

It is important to understand that it is the "sticky" character of even imitated property rights that creates the rigidity. Experience shows that once a quota system is in place, it is very difficult to add new quotas for a particular species of fish which has an upswing, thus creating more fisher employment in a particular fishery. Existing quota holders will claim that they are justified in keeping a good year's catch for themselves as compensation for all the poor years in the past - and maybe also in the future. In the same way, it is very difficult in the short run to take away existing quotas from fishers who often have invested on the basis of what they thought were secure harvesting rights. The stickiness is increased even further by the various rules imposed by the different states on their privilege holders; very often participation in the poor year's fishery is a prerequisite for the extension of the privilege into future years.

If both the idea of a "Common Pond" and the idea of "historically stable quotas" - and especially the combination of the two - are heavily responsible for the current social crisis in European fisheries, what would then be the alternatives open to decision-makers and "designers of European institutions"?

Would a clearer definition and a recognition of **Fishery-dependent Regions** within the Union's regional development programmes provide a more positive role for State or Union intervention in fisheries than the present attempts at unitary regulations for the whole CFP-area, i.e. - should the Union adopt a policy that acknowledges and encourages social and institutional diversity?

To give a clear answer to such fundamental questions require penetrating analysis, and it should be pointed out that these are not simple one-dimensional questions which can be satisfied by one dimensional answers. Some aspects of European fisheries policy, like for instance pollution control, total allowable catches for pelagic or migrating stocks of fish, the institutional framework for a smooth marketing of fish etc., have to be determined at an international level. Other aspects of European fisheries policy, like the actual distribution of fishing rights, the recruitment to fishing and retirement from fishing can most efficiently be handled at the local level.

One immediate answer would, however, be to point to the need to pause and think twice about pressing ahead with unitary regulations also in the Mediterranean Sea, pending a more thorough analysis of the consequences of the incentive structure inherent in the present CFP.

As a modest contribution to such an analysis, we shall look briefly at some aspects of the incentives that constitute the institutional design of European fisheries. At the risk of making sweeping statements, we shall treat the CFP of the European Union, the basic regulatory institutions of the Nordic countries and of the Eastern European countries of the Baltic Sea as containing basically the same kind of incentive structures: National or Union Common Seas, Extensive mobility for fishing vessels and stable historical quotas extended down to the individual fishing unit.

One of the basic requirements of a balanced incentive structure is that there is an approximate correspondence between the rights of fishers to harvest in the coastal areas of Europe and the duties European fishers have towards maintaining the productive capacity of coastal waters and the supporting social, infrastructure of the coastal communities.

If there are substantially more rights than there are duties, the fish resources are likely to be exhausted within a short span of time. Distant fishing near the shores of other fishing communities have this typical character of fishing rights without accompanying duties.

If there is poor correspondence in the distribution of duties and rights, the resource management institutions will crumble from within because of lack of legitimacy. Here fishers will often "take back their rights", and "black fishing" and "black trading in fish" will flourish and the government's control expenses will mount. One way of analysing the lack of correspondence of rights and duties is to subdivide what we conveniently call property rights into its five distinguishable elements: the right of access, the right to harvest, the right to manage, the right to exclude and the right to alienate (Sandberg 1993). The imitated property right of the usual individual quota is then a bundle of rights that contains only two of these rights; the right of access and the right to harvest, and the small duties to behave on the fishing ground and refrain from overfishing. While the crucial duties for the survival of coastal communities are mostly contained in the rights to manage and exclude.

These are vested in a national or in a union governing body which has to spend large resources on controlling that fishers do not exceed their limited rights. From empirical data we have during the later years learned that the institutional arrangements that tend to have the best correspondence between rights and duties are institutions based on collective rights, where the group to which the resource is common is not everyone, but a limited group that is bound to each other in some form of network of obligations or in a social contract - and which also has the rights to exclude and to manage. Compared to a government run system with state-authorised fishers, such collectives tend to have considerably lower transaction costs and would therefore in the long run provide more efficient institutions (North 1991).

Another important part of the incentive structure, is the temptation and opportunity to **protect** the "fishing profession" from newcomers and intruders. This has to be balanced by the incentives to **secure new recruits** to the group of fishers and to maintain necessary dynamic social processes in the coastal communities.

If the degree of protection achieved by "state-authorised" fishers becomes too strong, recruitment will suffer, coastal communities will become rigid and vulnerable and fisheries will loose legitimacy as an important employment factor on the coast.

If, on the other hand, the degree of protection from intruders becomes too weak and recruitment becomes too large in a Europe of mass unemployment, the social conditions of fishers will rapidly decline and the "poor fisher" will again be a common category in coastal communities. And poor fishers tend to fish harder when prices becomes lower, thus accelerating the fluctuations of the fish stocks even further.

A third part of the incentive structure is the temptation and opportunity for the various groups of fishers to be **flexible** and/or **mobile** in their fishing operations. Until recently there was some balance between the extremely mobile, but specialised ocean fishing vessels and the versatility and flexibility of the coastal fisher. Due to changes in both technology and institutional conditions, the modern ocean fishing vessels have now achieved a high degree of flexibility, while the traditional coastal fisher have experienced dramatically increased rigidity. Both the pressure towards capitalisation -in small scale operations and the increasingly rigid

single specie quota systems has eroded his earlier advantage of flexibility in harvesting operations. He can no longer switch easily from fish stocks in decline to fish stocks on the increase. If it is desirable to continue having coastal fishers and fishing communities in Europe, the basic incentive system must therefore be changed so that the coastal fisher again can reap the advantage of his flexibility. A "free adaptation" to fishing in coastal waters within a system of regionally defined collective rights to a multitude of species would be one way of reclaiming this advantage in harvesting operations. However, this would require a "partitioned fisheries management regime" with an efficient resource protection of coastal fishers from the highly mobile - and flexible ocean fishing vessels. For such local and regional incentive structures to work properly, this kind of resource protection, and the necessary control measures, would have to be more efficient than the case is with the present "coastal fisheries boxes". Provided an efficient resource protection is achieved, an incentive system based on "free adaptation" and "switching flexibility" would require a certain "overcapacity" in fishing communities, thus reducing the social problems resulting from government interventions aimed at a one-dimensional reduction of the overall harvesting capacity in these communities. In sum, a deal between the state - or the union - and fishing communities could here be that the state transfer some more property rights to the fishing communities (adds the management rights and the exclusion rights to the access rights and the harvesting rights), in return the fishing communities and their households takes upon them to absorb more of the fundamental ecological uncertainty connected to the harvesting of wild fish.

There are many reasons why such ways of designing incentive structures in coastal communities now is more feasible than at the beginning of the industrialisation of fisheries. One is the growth of aquaculture in most European coastal communities, and the development of commercially viable farming technologies for gradually more species of fish. This will to an increasing extent enable the coastal communities to achieve yet another form of flexibility; that of stepping up the farming of species of fish which are in decline in the wild stocks (Sandberg 1991).

But even with an efficient resource protection and more efficient institutions that allows a more flexible use for the coastal communities of

"their" adjacent resources, these kind of incentive structures cannot protect the fishing communities from **competition** from the world's mobile ocean fishing fleet **through the markets**. Neither national protection, nor European protection can avoid the abundance of certain species of fish at certain times when some natural stocks are in an upswing somewhere on the globe. With an atomistic structure of fishing communities or small, uncoordinated POs, the incentive will be to compensate a falling price in one specie of fish with increased catches of this specie. The various compensatory measures that contains minimum-prices, withdrawal-prices and government subsidies to freeze-storage of surplus fish, does not alter the basic incentives, when fishers learn to speculate against this system, it might even amplify the inherent tendency to fish harder when price goes down.

The alternative incentive system, which contravenes the official EU doctrine that Producer Organisations shall not have a dominant place in the market for fish, would be to allow cartel-formations among co-operating PO's. At the regional level, POs that are able to "pool" the quotas of their individual members, can today operate more efficiently in the market for fish. Co-operative efforts among a number of PO's who would otherwise compete with each other, can channel the correct incentives from the market to the fisher, so that he switches to another specie when the price is becoming too low. Both for the resources in the sea and the resources in the national treasuries it would be an advantage that the non-marketed fish is still alive, and swimming, rather than withdrawn and destroyed.

In a way of conclusion, the answer to the opening question is that the continuation of a CFP based on a "Common Pond" eventually will produce a 100% industrialised fishery and an extinction of the "fishing community" as we know it - but simultaneously an extinction of the social problems directly related to fishing. If we want to have fishing communities in the future and utilise the capacity that ordinary people have to govern the resources they are depending on themselves, there are a number of basic elements in the incentive structures that need to be changed - and these are changes that will meet with intense opposition from organised interests within the industrialised part of marine harvesting.

But as we have tried to show, it is also possible to craft a Common Fisheries Policy that acknowledges and encourages institutional diversity suited to the multitude of ecological and cultural settings on the European coasts. And that such a diversity will offer a governing of marine resources that are more transaction cost efficient than a rigid system of unitary regulations from the Aegean Sea to the Arctic Coasts.

It should then be possible to design a more positive role for intervention of the European Union in fisheries. Such an intervention should aim at a **relocalisation** of management decisions and decisions concerning the design of institutions to the level of the "Coastal Community or the level of a "Fishery-dependent Region". This would be a Common Fisheries Policy where the decisions are taken - and the designs worked out at the level closest to the ones affected by the outcomes of the decisions and the workings of the institutional arrangements - in line with the original meaning of the subsidiarity principle.

A remaining question is whether such a relocalisation requires a prior renationalisation of the CFP. That is a wholly new research agenda which there is no room to embark on here. But one relatively safe hypothesis is that nation states, who are as vulnerable to pressures from organised industrial interests in fisheries as the Union, are no guarantee for a smooth transition to more localised or regionalised fisheries management.

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