

# Banking on Wealth?

**Current trends in Western fisheries economics, as exemplified by the position of the World Bank, religiously promote free markets for fishing rights**

**D**uring the last decade, the World Bank (WB) has been showing an increasing interest in world fisheries. In 2005, the WB, along with key donors and stakeholders, created the Global Program on Fisheries (GPO-PROFISH) and in 2009, to amplify its work in fisheries, another global partnership with the fishing industry, the Alliance for Responsible Fisheries (ALLFISH).

PROFISH was created also in view of the fact that around 40 per cent of the world's total fish yields are exported by poor countries to wealthy ones. "Our (PROFISH's) mission", says

in developing countries earn their living from fishing and aquaculture, and over 75 per cent of the world's fisheries are fully or over exploited. "The world fisheries", he said, "is in a crisis".

More recently, the WB came up with another concept: the 'wealth-based approach' (WBA) in fisheries management. The WB thus approaches fisheries through the GPO, PROFISH, ALLFISH, SOS and now also WBA. The WB's multifarious semantics may be confusing to fishermen's ears, innocent as they are of academic or bureaucratic lingo. All these cryptograms, in fact, symbolize one single process: privatization of fishing rights.

Yet that is not what the WB would explicitly admit. It talks about "poor governance and environmental degradation of fisheries habitat in critical areas, such as the coastal zone and coral reefs, which are primary causes of overexploited, unsustainable fisheries and poverty in fishery-dependent communities", and "pro-poor development". With hardly any increased landings from wild stocks, how will the WB create livelihoods, and improve food security and nutrition from fishing worldwide?

## **Weak governance**

If, as the WB is saying, we do not do something about the weak governance that led to excessive fishing capacity, overfishing, and vast loss of wealth and stagnation in catches, all that is left is to rely on aquaculture, which is already supplying about half of all food fish and is expanding at a very fast rate. The WB believes that aquaculture is able "to recapture lost wealth in

the WB, "is to promote and facilitate the contribution that fisheries and aquaculture can make to sustainable economic growth, better nutrition, more economic opportunities for women, and poverty reduction" by "supporting an inclusive and sustainable globalization, enhancing growth with care for the environment, and creating individual opportunity and hope."

Robert Zoellick, the banking executive who, until 2012, was the WB President and presided over the formation of Global Partnership for Oceans (GPO's) strategy, thought that the world needs a new SOS: "Save Our Seas." This, because fish is the main source of animal protein for 400 mn people from the poorest countries, and since around 200 mn people

**All these cryptograms, in fact, symbolize one single process: privatization of fishing rights.**

*This article is by **Menakhem-Ben Yami** (benyami@actcom.net.il), a Fisheries Adviser based in Tel Aviv, Israel*

capture fisheries". Serious challenges faced by aquaculture with its rapid growth, such as boom-and-bust cycles and environmental problems, can be overcome by "improved governance, thoughtful planning and access to information, technology and capital".

What is needed is good governance of inland and oceanic resources, says the WB, which will "enhance food security, nutrition, biodiversity, gender equity and community resilience, and mitigate climate change". The WB adds: "Potential net gains from good governance of capture fisheries are in the order of US\$50 bn per year from improvement in production efficiency alone. With market gains considered, sustainable net benefits are estimated to exceed US\$100 bn per year".

Nice words, indeed, coming from the WB which claims to be a "source of leveraged funding, with access to high-level policymakers, officials and development planners whose decisions bear upon the governance of the fisheries industry", has such "unrivalled convening power, bringing government officials, donors and stakeholders together in consultation", and "(reaches) out to the private sector and other organizations to form strategic partnerships".

The WB believes that "due to the common-property nature of fisheries, aquaculture externalities, national and international ocean-management issues and the linkages between fiscal issues and sustainable management of fisheries", both capture fisheries and aquaculture "require greater emphasis on governance". These governance issues go beyond fisheries. Fisheries governance arrangements, therefore, "often need to be addressed in a broader institutional context".

What, however, does the WB's verbosity actually mean? What does the WB imply by the expression "good governance"? Is it an overt definition found in WB publications or is it rather a sort of cryptogram shrouding a not necessarily agreeable subtext?

When it comes to aquaculture, it seems that by "good governance" the WB means securing land and water tenure. The WB does not specify

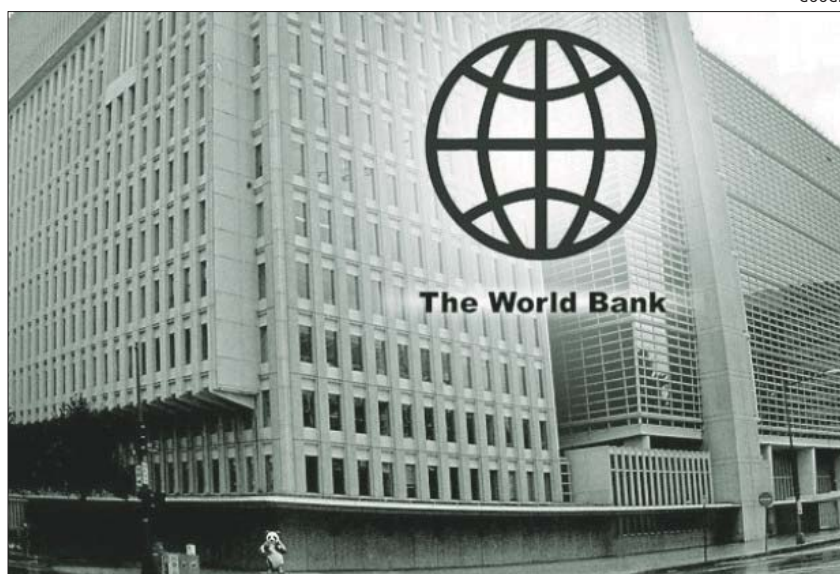
how, but presumably it implies privatization of the area and water resources where fish farms are situated. In capture fisheries, however, it probably means "controlling the 'open-access' problem", in particular through controlling the access to fishing grounds, fish stocks and harvest rights, while "using well-designed rights and responsibilities and regulatory reform." Here too, all these rights and "well-designed" regulations serve as euphemisms for privatization.

According to Zoellick, countries need to understand "the full value of the ocean's wealth and ecosystem services". He says, "We cannot manage what we cannot measure", oblivious of Albert Einstein's dictum that "not all that can be counted counts and not all that counts can be counted".

Measuring economic benefits represent the WB's (management) tool for ocean ecosystems, while taxes and subsidies can serve as incentives and disincentives to strengthen the enforcement of rights-based fishing.

From the net economic loss of about US\$5 bn per year, "we should increase the annual net benefits of fisheries to between US\$20 bn and US\$30 bn". A senior American banker, a partner in PROFISH, told Reuters: "The key to the success of this

GOOGLE



The World Bank headquarters at Washington, D.C, US. The World Bank has been showing an increasing interest in privatization of the world's fisheries

partnership will be new market mechanisms that value natural capital and can attract private finance”.

It is difficult to find a straight forward description of the WB's concept of 'good governance', apart from hints such as this one: "...the need for an institutional framework that provides certainty for investment, exclusive use, a setting for trade, an environment for innovation, and capacity to manage”.

Clearly, the WB/PROFISH initiative is eventually about more privatization, more marketable fish quotas—individual transferable quotas (ITQs) or catch shares—and more shifting of fishing rights from small-scale fishermen and their family businesses to bigger and corporate owners, who can produce higher 'economic rent', a euphemism for 'profits'.

As a rule, ITQ systems favour the wealthier, and invariably lead to a gradual displacement of small-scale individual or family-owned fishing enterprises, and, sooner or later, to consolidation of fishing rights in the hands of either specialized fishing companies or large holding corporations for whom fishing may be only one branch of a multifarious business.

**The WBA is indifferent to whom and how the thus-created wealth will be distributed, and whether the total "resource rent" will go to fishermen and small owners...**

Eventually this would occur even where there are legislative attempts at stipulating acquisition of quota by some maximum values. Hence, while ITQs may present a suitable solution for fisheries accessible to only large fishing vessels involving major investments, introducing this system into small-scale or mixed fisheries will have socioeconomic and political ramifications.

Semantically, the very title of the WB's latest concept, WBA, suggests an understanding that wealth is essential for good governance and management. Yet, 'wealth' has more

than one definition, depending on the context in which the term is applied. But let us not beat about the bush—the WB wants the wealthy to run fisheries. It is wrong to confuse wealth with income, for one does not need income to command wealth, and even a high income does not necessarily translate into wealth; with large enough expenses, wealth may stagnate or even shrink. According to the International Association for Research in Income and Wealth, "the world distribution of wealth is much more unequal than that of income”.

A WB study, titled *Sunken Billions*, estimated that US\$50 bn are lost annually due to "overfishing and subsidies" because of production-targeting management, and deficient user rights. The WBA is supposed to serve as "a guiding principle" for fisheries policies and management, aimed at "increasing the resource rent”.

Translated into layman's language, this means the WBA is an attempt to maximize the total profits derived from a fishery. The WB is implying that the total profits all go for "the macroeconomic benefit of society", whatever that means. The WBA is indifferent to whom and how the thus-created wealth will be distributed, and whether the total "resource rent" will go to fishermen and small owners, providing a livelihood for their families and enhancing business in their communities, or whether it will go to one or two tycoon-owned companies.

The WBA also seems to be against open and free access in fisheries, which means reducing fishing effort and, for the sake of economic efficiency, applying policies that do not discriminate between large- and small-scale fisheries. How such policies are capable of redistributing wealth to the benefit of "pro-poor development" is moot.

### **Fisheries management**

After decades of experience in fisheries development and management in several countries in Africa, Asia, Europe, Latin America and the Caribbean, I can only suggest

an opposite course: Rather than going after maximizing profits for the sake of the somewhat obscure “macroeconomic benefits”, especially in the developing world, the right approach is to allocate benefits from a fishery so that the maximum number of people and families can make their living off it.

In my report to India’s National Workshop on Low-energy Fishing, held in Kochi in 1991, I outlined the elements of what I call “MB-Y’s Allocation Principle”:

- all fish that can be caught by artisanal fishermen should be caught only by artisanal fishermen;
- all fish that cannot be caught by artisanal fishermen but can be caught by small-scale commercial fishermen, should only be caught by small-scale commercial fishermen;
- all fish that cannot be caught by small-scale commercial fishermen but can be caught by medium-scale commercial fishermen, should only be caught by medium-scale commercial fishermen; and
- only such resources that are not accessible to any of the above fishery sectors, or which cannot be feasibly caught, handled and processed by them, should be allocated to industrial, large-scale fisheries.

This ‘guiding principle’ will obviously be criticized by WBA rent-dissipation advocates. But I do not believe I am alone in disagreeing with them since the rent-maximization concept, particularly in the case of ITQs, usually leads to the dominance of more powerful (wealthier) firms at the expense of smaller firms and labour in the fisheries sector. Daniel Bromley argues that “avoiding ‘rent dissipation’ is nothing but the creation of excess profits for the fortunate firms not evicted under rationalization schemes”.

Bestowing fishing rights to those who have inherited or accumulated wealth may produce more “total economic rent”, but what about the value of fishing for sustaining livelihoods and food security? Chistoph Béné, who published several papers on this subject, mainly



Fisherwomen at a dry fish market at Nakkapalli, Andhra Pradesh, India. The privatization of the world's fisheries is increasingly affecting small-scale, private operators

in the African context, argued that generating no wealth (rent) in a number of fisheries does not mean that they are worth nothing, and that “the wealth-based approach singularly misrepresents the real contribution that small-scale fisheries play for the livelihood and food security of millions in Africa”.

The WBA adheres to the prevailing trend in Western fisheries economics that rather religiously promotes free markets for fishing rights (via, for example, ITQs), leading to consolidation of those in the hands of a few powerful interests, and to the dislocation of small-scale, private operators.

#### For more

[www.globalpartnershipforoceans.org/sites/oceans/files/images/Framework\\_Document\\_GPO\\_web.pdf](http://www.globalpartnershipforoceans.org/sites/oceans/files/images/Framework_Document_GPO_web.pdf)

#### Global Partnership for Oceans (GPO)

[siteresources.worldbank.org/EXTARD/Resources/336681-1224775570533/2011StrategicVision.pdf](http://siteresources.worldbank.org/EXTARD/Resources/336681-1224775570533/2011StrategicVision.pdf)

#### The Global Program on Fisheries: Strategic Vision for Fisheries and Aquaculture