



Jan. 22, 2014

Dear Chairman Frank Blount and members of the groundfish committee:

I am writing with regard to the recent report commissioned by the groundfish plan development team and completed by Compass Lexecon concerning the consolidation of New England's groundfish fleet and potential development of caps on quota accumulation. From the perspective of an economist, the question the Council staff proposed in its RFP and the question Compass answered address only a very small part of the economic problem raised by consolidation.

From an economics perspective the consolidation problem raises two broad concerns. The first is a question of fairness in public policy: should a very small number of individuals be allowed to accumulate exclusive access to an important public resource? The implicit trade-off when individual shares (tradable or not) are granted is that a grant, or gift, of privileged access to a public resource is reasonable if it results in conservation that could not have occurred otherwise. The second is the mirror image of the first and concerns whether fleet diversity is essential for good management of the resource. These questions run through the public comments to the Council about amendment 18 and have been, in one way or another, part of the public debate for the last ten or more years.

Neither of these questions are addressed by the terms of reference the Council staff constructed nor by Compass' report. Both the Council staff and Compass appear to have interpreted the question of consolidation as if it was simply a question of market power and the cost of shares. That is an easy question that can be addressed with the same economic tools that are used for the analysis of market power in other economic situations. Unfortunately, it is not the relevant economic question for this fishery and this amendment.

I would like to focus my comments here on one particular aspect of the public comments and how those comments relate to the principal economic question in Amendment 18. In each of the hearings individuals have repeatedly raised concerns about the vulnerability of near shore stocks and spawning aggregations. These comments reflect every fisherman's knowledge that fish are found in patches and that these patches are adapted to local places - bays, banks, etc.

These comments are strongly consistent with a large body of recent (the last twenty years) scientific work here in New England, Atlantic Canada and numerous other places around the world. This scientific work documents the relatively local, place-based adaptations of most fish. The scale of these adaptations is much finer than the scale at which we currently manage.

This kind of fine scale, spatially explicit biological behavior has extremely important implications for both fisheries science and management. If stocks are assessed as if they were broad scale as NMFS does now, i.e., as if they are not localized, so that multiple stocks of the same species are included in the same assessment, then that assessment can be expected to generate extremely noisy, or ambiguous, data about the long run state of the fishery and any resulting single quota for multiple stocks of the same species will be close to meaningless. The quota will protect none of the local stocks (unless there is only one left) and gives very poor feedback to scientists about the effects of fishing. The same applies to the broad scale days-at-sea restrictions of the last two decades.

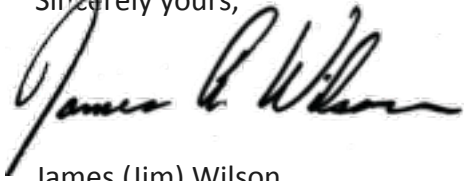
Setting quotas in this way also creates strong economic incentives that almost force fishermen to become highly mobile and to consolidate if they want to survive. The collective result of all, or most, fishermen behaving this way is that effort is concentrated on those stocks that happen to be most fishable at any moment. Strong local stocks are fished hard; growing but weak stocks with a good year class tend to be nipped in the bud. With sufficient catch/effort restrictions this might be a viable way for a small number of boats to fish if it weren't for the fact that local stocks are often forced below minimum viable levels. The experience in Atlantic Canada and our own experience in New England indicates recovery from these bouts of local overfishing often takes decades and is a much more serious form of overfishing that we usually contemplate. In other words, broad scale quotas, even very strict quotas, are a very risky, not a precautionary, way to manage. They simply create a spatial version of the race to fish, but a version with very long term consequences.

In this light, the questions of consolidation and diversity are questions about how the Council might adapt its management strategies to the increasingly apparent fine scale processes in the ocean. The problem consolidation creates is that if there is more of it, the only parties with the incentive and the resources for sustained participation in the Council process (including what happens in the sectors and State government) will be those fishermen who are mobile and well adapted to broad scale management; that is, people who have consolidated and whose economic interests are threatened by a shift to finer scale management. The Council appears very close to this situation even now. This is a classic case of lock-in, of a spatial version of the tragedy of the commons. The incentives built into current management mean the most likely outcome of more consolidation will be more of the same, a fishery limping along, indefinitely and vainly hoping that the next good year class of 'whatever' is the beginning of a turnaround. In these circumstances, the gift of exclusive access to a small number of people is a poor bargain for the public and especially for the fishing communities of New England.

A deliberate policy of fleet diversity accompanied by concrete spatial policies – I would suggest an inshore-offshore line as a starter – is the clearest step the Council can take to preserve its ability to adapt. Equally important would be the adoption of a conscious, continuing policy of exploring the implications of a finer scale ecology. Moving in this direction will not be easy, but at least it has the advantage of being consistent with our growing scientific knowledge of the ocean.

Thank you for the opportunity to contribute to the Council process,

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

James (Jim) Wilson

Prof. of Marine Science and Economics

cc: Terry Stockwell, Council Chair