Economic Efficiency or Political Capture: The US Experience
Allocating Fish Between Sectors

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• To an economist, every decision is an allocation decision
  – More fish for harvest or more fish for conservation
  – More fish for commercial sector or more fish for anglers
• Markets make allocation decisions quickly and efficiently
• But there are no inter-sector markets in the US
The Equimarginal Principle

![Graph showing the relationship between recreational and commercial allocation. The graph plots percentages on the x-axis and dollars on the y-axis. The red line represents recreational allocation, and the blue line represents commercial allocation. The graph illustrates how an increase in commercial allocation decreases recreational allocation and vice versa.]
State Fishery Management in the US

- Generally inside 3 miles from shore and all freshwater (except for anadromous/catadromous species)
- Managed by an agency or an agency in concert with a stakeholder commission
- In states with high recreational effort, allocation decisions have favored recreational fishing
  - De jure or de facto creation of 100% recreational allocations
  - Allocations changed via referendum or lobbying
- Fish and game agencies treat anglers like clients
  - License sales and excise taxes support all management, including commercial
  - To increase budgets, it is important to keep license sales high
Federal fishery management is delegated to fishery management councils. These councils are designed to generate conflicts of interest and encourage rent seeking and capture. Councils are primarily wealth re-distribution bodies and principally responsible for converting public wealth into private wealth. Commercial interests dominate because their base is smaller, more organized, and has more at stake financially. At the federal level, changes in allocations only move in one direction, towards the commercial sector.
• **What next?**
  – Create allocation metrics with triggers?
  – Force recreational anglers into markets through privatization?
  – Or allow political capture to continue?

• **Allocation changes developed in a charged and adversarial political process**

• **Political capture rampant and hard to overcome**

• **Current allocation efforts:**
  – Political capture rules the day
  – Perfect is the enemy of the good in the marine sector
  – Fairness/equity?
The Privatization Question

- **Catch shares are great...**
  - For commercial fisheries
  - For highliners
- **Recreational fishing value driven by opportunity not just harvest**
- **Catch shares work against value creation in recreational fisheries**
  - Will reduce participation as in commercial fisheries
  - Transactions costs will further reduce participation
  - Transaction costs will also reduce potential value
- Once catch share is in place, winners lobby hard against any talk of inter-sector trading