Dear Commissioners:

As a senior associate with PERC, I have conducted research and written extensively on natural resource policy issues for the last eighteen years. With respect to ocean resources, I have two policy booklets that should be of interest to the commissioners. One is titled Homesteading the Oceans (2000) and the other is titled Fencing the Fishery (2002). Both describe the root cause of depleted fisheries as a lack of ownership of ocean fish stocks. Without ownership, fishers operate under the incentives of the commons, which leads to the well known "tragedy of the commons."

To wit: Catching fish today means those fish will not have the opportunity to grow larger and to reproduce, yet fishers have no incentive to leave a fish behind because a fish left for tomorrow means it can be caught by others. A fish left in the sea is owned by no one. Hence, the incentive is for fishers to ignore the future value of the resource and catch more than a sustainable amount of fish. To solve this problem, the commission must recognize the necessity for establishing property rights in ocean fisheries.

While establishing property rights in fish stocks themselves has been slow to develop, an interim approach known as individual transferable quotas (ITQs) has proven highly effective in rebuilding depleted ocean fisheries where they have been tried. Comprehensive ITQ programs have been adopted in New Zealand and Iceland fisheries. They have also been implemented successfully in selected fisheries in thirteen other countries, including four federal fisheries in the United States.

In spite of their success, ITQs face severe political obstacles. In the United States, Congress placed a seven-year moratorium on using ITQs in other federal fisheries. Thankfully the moratorium ended in October 2002. However, other obstacles to ITQs, such as sunset provisions, limits on quota transferability, and treating ITQs as privileges and not property rights, promise to reduce the effectiveness of ITQs in the United States. For this reason, I urge the commission to take an active stance on the establishment of ITQ as unencumbered property rights in U.S. fisheries. Both our fishers and our fish will be better off if the commission were to take this stance.

If you wish to see the two booklets, here are their web locations:

Homesteading the Oceans is at http://www.perc.org/publications/policyseries/homestead.php?s=2

Fencing the Fishery is at http://www.perc.org/publications/guidespractical/fence_fishery.php?s=2

Thank you for your attention to this matter.

Sincerely,

Donald R. Leal
Bozeman, Montana
www.perc.org