

OECD Fishery Capacity Adjustment October 2006

Always too many?
**The human side of fishery capacity adjustment
in Norway**

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Slide 1



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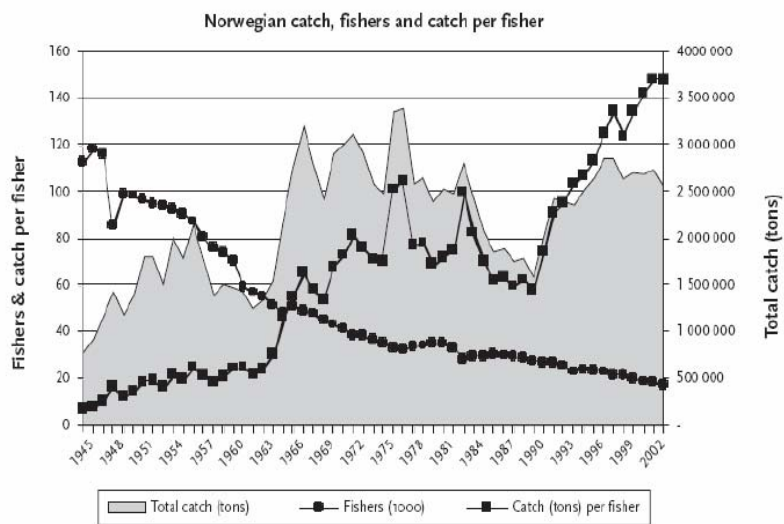


Figure1: Total Norwegian catches, number of fishermen and catch per fisher.
(Source: Hersoug 2005: 242)



- Need to modify classical labour market theory in fishing
- Network recruitment modifying who gets recruited and the remuneration (several labour markets!)
 1. Early start, little formal education, relatives on board
 2. Fishing part of a local employment system
 3. Fishing part of a coastal employment system (fisheries as an "employer of last resort")
- What is most important, push or pull? Force or attraction?
- Fishers of many sorts: 1)life-time fishers, 2)employment switchers, 3)employment commuters, 4)"tourists"



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- Fishers - fewer and older
- Rationalization due to improved technical efficiency
- The number of fishers always a disputed point:
 1. How many needed to catch available resources?
 2. How many needed to maintain coastal settlements?
- No serious problems of adjusting from 115 000 fishers to 15 000 on a national level
- Unemployment in fisheries dependent districts higher than national average but lower than most OECD countries
- When unemployment figures increase out migration is reduced and vice versa
- "Probably will scarcity of labour be the main problem in the future" (NOU 2006:16)



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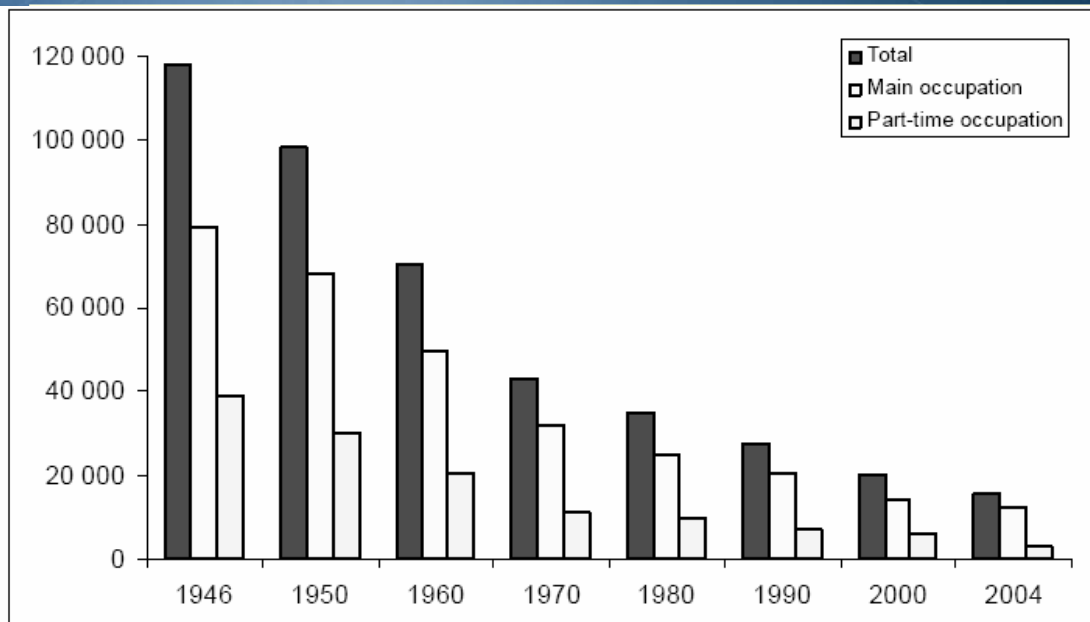


Figure 2: Number of Norwegian fishers 1946-2004.

Source: SSB



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Figure 3: Number of unemployed as percentage of total labour force 1980 – 2004.

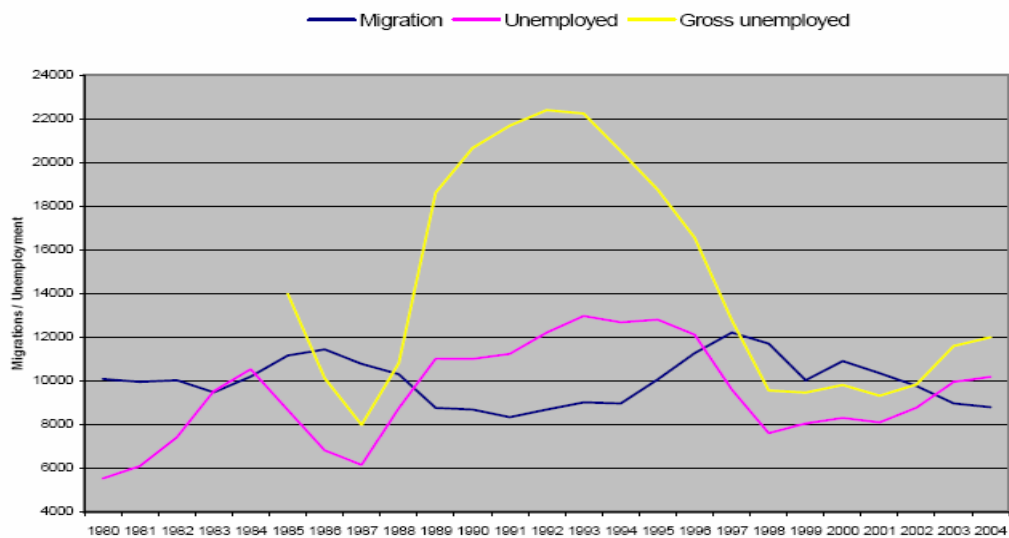


Figure 4: Number of migrants, number of unemployed and the combined number of unemployed and people on employment training programs in North-Norway 1980-2005



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- Considerably larger problems on local level
- Unemployment in the north up to 23% during the cod crisis in the early 1990s, BUT
 1. Short term crisis (unlike Canada)
 2. Effective public policies (debt relief for vessels and housing)
 3. Lessons: need for larger flexibility, numerical and functional
- The “domino effect” of fleet rationalization is still disputed
- Similar results from the last adjustment program starting in 2003: relatively small effects on the labour market. Reductions both in fisheries dependent municipalities and less dependent municipalities



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- Different channels to meet fleet adjustments:
 1. Fishermen's Guarantee Fund (unemployment and early pension)
 2. Labour market policies (from migration to training)
 3. Rural policies (support for entrepreneurs in coastal areas)
 4. Regional policies (from increased fish processing to more diverse economic structure in coastal communities)
- Short term or structural crisis?
- Solved by the market or by a managed adjustment process?
- Based on an offensive or defensive attitude?
- Conclusion: Adjustments can be managed in various ways and with different results



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- How to measure success or failure?
- According to goals and objectives??
- Remarkably consistent goals in Norwegian fisheries policy: biological sustainability, profitability, good employment opportunities and a stable settlement pattern
- Obvious contradictions, necessitating a compromise
- The problem: goals so general that policies can hardly be evaluated
- A more practical approach: success in adjustment if little political noise!
- The political paradox: resource allocation defined out of active policy but crucial in order to obtain employment and settlement goals (influencing fleet structure)



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Table 4: Evaluation criteria (fleet adjustment through structural measures).

1. <i>Common property</i>	2. <i>Activity along the coast</i>	3. <i>Modern, differentiated and profitable industry</i>
1a. Legitimacy	2a. Geographical distribution of rights	3a. Profitability
1b. Allocation of fishing rights	2b. Geographical distribution of landings	3b. Capacity reduction
1c. Recruitment	2c. Employment	3c. Fleet structure
1d. Aboriginal rights		

Source: NOU 2006:16:53 (own transl.).



- **Lessons from the Norwegian experience: A special case due to small adjustments, oil money and a booming economy!**
 1. **Gradual adjustments work best (2-3% per annum)**
 2. **Flexible labour market measures and rural development policies**
 3. **The need to diversify the employment structure in coastal communities**
 4. **More weight on education and training**
- **The paradox: What is a successful outcome on the individual level (the former fisher gets a job), may turn out to be a loss to the community (the former fisher family migrates to a new community)**



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- If fishing constitutes 5-20% of local employment, finding new jobs for 2-3% per year is a modest challenge
- If the issue applies to the remaining 80-95%, the challenge is much greater (maintaining the settlement pattern)
- Who should maintain the local structures? Immigrants and refugees or Norwegians?
- The effects of the education society; draining youths from the coastal communities
- Double challenge: finding jobs for redundant fishers *and* attracting educated youths to the fishing industry
- Public authorities can level the playing field but hard to maintain people in established coastal communities
- "The only stable truth in the fishing industry is change!"



Will they survive?

