

# OWNERSHIP AND DECISION MAKING IN FINNISH LAKE FISHERIES

## owners vs. users

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### **Introduction**

In recent years there has been a lot of debate about the property rights perspective as a solution for the problems in fisheries management. It has been said that many, if not all, of the problems are caused by open access and they could be solved by creating a system of ownership of the resource (territory or catch). Central in these arguments has been that state ownership is on too high level to give the users a sense of ownership and responsibility towards the resource. Ownership either on a level of community or individual would be more appropriate. It would create stewardship and more responsible management of natural resources. (See e.g. Ostrom 1990; Hanna & Munasinghe 1995; OECD 1997; De Alessi 1998.)

The case, which will be discussed in this paper, introduces a fisheries management system, which is based largely on private ownership, but collective decision making. The system has existed and developed for centuries and has been in a turmoil in recent years. The case - lake fisheries in Finland- gives an opportunity to assess whether property rights really are a panacea for problems in fisheries management or only applicable in some contexts.

### **Ownership and management in Finnish lakes**

Characteristic for the Finnish fisheries in lake and coastal areas is a tenure system, which is based on private ownership. Water area can be privately owned, but only in conjunction to land property. Owners of land in a village's area have a membership in shareholders' association of that village. These associations manage the water areas of that village in institutions called 'the statutory fishery association' (SFA). In the meetings of the statutory fishery associations (SFAs) owners have a share of votes in relation to how much they own land in the village's area. The system can be described as privately owned, but collectively managed. This is clearly the most common management practice covering about 90 per cent of inland waters. (Sipponen 1995.) A fraction of waters in lakes and coastal areas are truly privately owned and privately managed.

In addition to private property ownership there are also a few areas in the largest lakes, which are state property. If there is a large open water area in a lake it is state property and owned by the citizens. These waters are called 'public water areas'.

The owner has a responsibility to manage the waters. The same applies to state property. State authorities manage the public water areas. The Ministry of Agriculture and Forestry has the national responsibility, which is delegated to the provincial level, where fishery departments of Employment and Economic Development Centres are implementing the national fishery policy.

In the Fishery Act of 1982 a new level of administration - 'the Fishery Region' - was created to promote rational use and management of aquatic resources. Fishery Region is an intermediate level between local decision makers and provincial fishery authorities. Many of the fish stocks in lakes

are underutilised and by establishing the Fishery Regions authorities tried to increase commercial exploitation of fish stocks. Other objectives were to harmonise management practices in Finland and also to create better opportunities for recreational fishing, which is, because of business opportunities, also an economic way to exploit fish resources. The Fishery Act of 1982 was clearly exploitation-oriented as the previous was protection-oriented. (Sipponen 1995.)

Fishery Regions cover administratively, ecologically and socially coherent areas. Private owners, SFAs and commercial as well as recreational fishermen’s associations are represented in decision making of Fishery Regions, which is, however, supervised by authorities. Fishery Regions have also some of the responsibilities of authorities, for instance management of public water areas.

Table one, which is modified from Hanna’s and Munasinghe’s (1995) typology of types of property and decision making regimes in fisheries, describes the water tenure and management system in coastal and lake areas in Finland.

**Table 1: Typology of fishing water tenure and management in Finland.**

<b>property</b>	<b>management unit</b>	<b>owner</b>
<b>private</b>	<b>individual</b>	<b>individual</b>
<b>private</b> (collectively managed)	<b>statutory fishery association</b>	<b>individual</b>
	<b>fishery region</b>	
<b>state</b>	<b>provincial and national authorities</b>	<b>citizens</b>

The rights of the owners are strong in Finland. They have the power to decide about exploitation of the resource. However, one could argue that already since 1902, when SFAs were established, the state have tried, and succeeded, to take some of the decision-making power away from the private owners. Usually the beneficiaries have been the users.

**Characteristics of Finnish fisheries**

**VENDACE FISHERY**

Vendace fishery is the most important commercial fishery in lakes in Finland. In 1993 there were 730 enterprises (full-time or part-time) in freshwater fisheries. Two hundred of these were pair trawl and winter seine-net enterprises. These are the most modern and professional fishing methods and used in vendace fisheries. Gill nets are used in part-time and subsistence, but also in recreational, vendace fisheries.

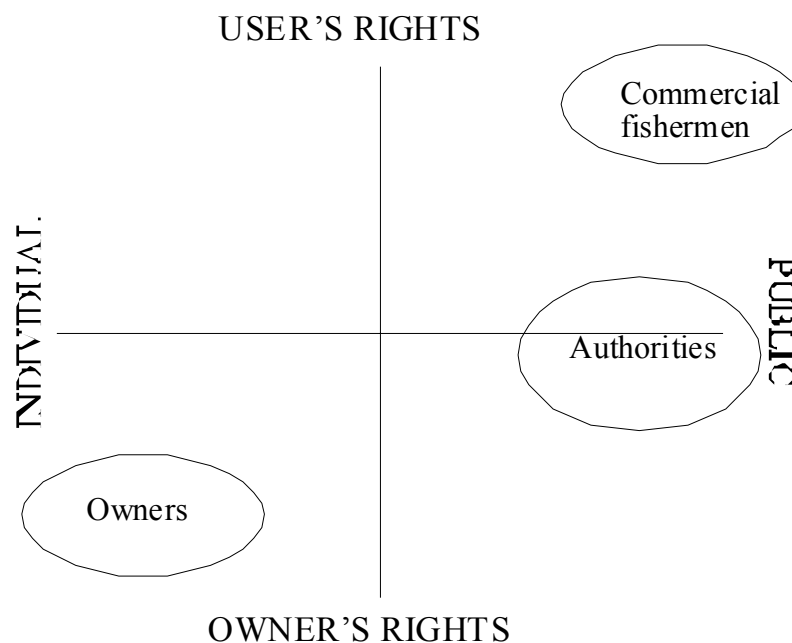
**DECISION MAKING**

Finnish lake and coastal fisheries are based on clearly defined property rights. However, the management is not very efficient and not always peaceful (e.g. Salmi & Auvinen 1998; Varjopuro & Salmi 1999).

Disputes in Finnish lake fisheries are reflecting the water tenure and management systems. The disputes can be described in a figure, which is divided by vectors separating the individual/public interests and owner's rights/user's rights.

The parties in disputes are placed in the figure according to the interests they represent, which is not necessarily the same as their respective legal positions in the decision making.

## Interests in decision making



THE FIGURE: "INTERESTS IN DECISION MAKING"

### **Owners** (down left corner)

Owners are represented by the SFAs, which have the right to decide about commercial fishing in their areas. The owners conceive that modern fishing technique used by the commercial fishermen, who are in most cases non-local fishermen, endanger the vendace stocks. They do not trust the scientists who have not confirmed this view. In addition, many of the local owners are fishing for their own consumption or for small-scale selling. Disputes include also the question of catch

allocation.

Owners are also suspicious of the authorities, who are, according to the owners, trying to take the decision-making power away from the SFAs. The owners' interest is to protect the state of their property. And their interest is naturally 'private - owner's rights'

### **Commercial fishermen** (upper right corner)

By commercial fishermen it is referred to the most professional vendace fishermen. Commercial fishermen are seldom owners so they represent the interests which could be called 'public - user's rights'.

Nearly all of them argued that the local decision makers in the management system are restricting their fishing too much so that fishing is not profitable any more. This argument suggests that they do not appreciate the owner's rights as much as public use right.

In their arguments many of them emphasised that resources should be exploited commercially, because it is the most rational way to exploit them. Some of them felt proud of serving consumers. They said that their task is to provide consumers with fresh fish.

### **Authorities**

The authorities represent the interest: 'public - owner's rights'

Their objectives are to promote rational exploitation of the fish resources and equal allocation. "Rational exploitation" have been translated as commercial use of the fish stocks - especially after the Fishing Act of 1982. This is obvious in the lake fisheries, where the authorities are promoting commercial fishing, and it might be added that, in the expense of the owner's rights. The same trend, in the authorities' actions, to develop more commercial and full-time professional fishing can be recognised at the sea areas.

At the moment the freshwater fish stocks are underutilised and this is the main reason to encourage commercial fishing. Even though the authorities are promoting commercial use, which is dependent on contents of 'public - user's rights', it could be argued that they represent 'public - owner's rights'. The authorities are concerned about the rational exploitation of resources, as exploitation of the nation's resources is an objective of all states. They are not as much concerned about the well-being of any individual fisherman.

User's rights and owner's rights are in the core of fisheries conflicts in Finland. Different stakeholders have different views about the statuses of these rights and relationship between them. The relationship is not clearly defined and this brings the disputes over power on the arena. Crucial question is: who has the power to decide about the relationship? At the moment decision making is not efficient because of the disputes between parties. Lot of time and energy is lost, while the decision makers, for instance in the Fishery Regions cannot concentrate on their main duty - fisheries management.

### **Conclusions**

PRIVATE OWNERSHIP IN ITSELF IS NOT DECISIVE FOR RESOURCE MANAGEMENT

Management problems in the vendace fishery clearly shows that private ownership of the resources, as such, does not assure ecologically, economically and socially sustainable management and exploitation of the resources.

One very important factor is that the owners do not want to exploit their property in a way, which would bring them the maximum profits. There are many possible reasons for this kind of economically 'irrational' behaviour.

- 1) The owners are seldom commercial fishermen.;
- 2) Many of the (rural) owners also fish (not commercially) and maybe they want to minimise the competition.;
- 3) At the moment vendace fishery is not a source of income to the owners, for instance by selling permits for high prizes. In addition, prizes are regulated by the legislation.;
- 4) The scattered structure of the SFA is also hampering the profit making and distribution of association's profit.;
- 5) Many of the owners are living by the lakes and they do not want the trawlers near their home.
- 6) In the countryside attitude towards exploitation of natural resources, such as forests and aquatic resources, has traditionally been precautionous. They have been kept as a makeshift.

There is other than economic rationality, which is guiding the behaviour of the owners. This rationality has its roots in the local cultural and social environment, but is also guided by larger structural factors, such as national legislation.

If we think of the recent discussion on privatisation of the resources and regulation systems based on the market, the case of Finnish vendace fishery is quite interesting. Where as in many other countries privatisation and free-market approach has been argued to ensure rational use, in Finland, economic rational use is sought by lessening the rights of the private proprietors.

## 1.1 MANAGEMENT AS CO-OPERATION

In Finnish lake fisheries private ownership in free-market environment has not lead to rational management and the solutions should be looked from other direction. In Finland users and owners are not same. As a comment to general discussion about the promise of privatisation, Finnish lake fisheries should be considered as a special case - not as a universally relevant statement. At the moment the managerial problems are caused by conflicting interests of the parties, but also by conflicting epistemologies and perception of the statuses of owner's and user's rights.

Some kind of co-management system (in the centre of the figure: 'Interests in decision making') would assure a frequent exchange of opinions and knowledge. The Fishery Regions, which were established after the law of 1982, have official responsibilities in the management in Finland, but they are also forum for discussions. Some Fishery Regions are functioning well and have provided a forum for managerial decision making and discussion. On the other hand, in some areas in has been impossible to establish functioning Fishery Regions. So far the regions have not achieved dramatic results in conflict resolution, which, in fact, was not among their original objectives. This

kind of social processes are slow and it is yet too early to give a final assessment.

A well functioning Fishery Region would help to bring different groups together and gradually to bring closer respective world views and epistemologies. Put in other words, to create a common context for managerial decision making and implementation as well as for actions of the fishermen.

Still, this would not resolve the problem completely. But a fruitful co-operation, if it really can be achieved, would simplify the managerial tasks to a state in which negotiations of economic nature would be purely economic. In fact Fishery Regions are already functioning as a forum for negotiations of economic nature when allotting fishing permits for Public Water Areas.

As a final conclusion, it seems that continuing the work to promote sustainable exploitation of resources by increasing the functionality of Fishery Regions seems to be more promising way ahead, even though it means government intervention, which is argued to be the worst move by many economists, than trusting 'the invisible hand' to make best of private property in free-market environment.

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