The Effect of Commercial Illegal Fishing on an Economy

By: Conor Kennedy
I am enrolled in the Kelley School of business and plan to major in finance with a co-major in technology management.

Eventually I would like to live in Chicago and support a family working as a tech consultant or financial analyst.

Next semester I will be taking macroeconomics and learning about trends and tendencies of the economy on a larger scale.

Illegal fishing is a perfect example of something that could have an effect on the economy as a whole.
Details of Illegal Fishing

- Illegal, unregulated, and unreported (IUU) fishing includes all fishing that breaks fisheries or occurs outside the reach of fisheries rules and regulation.
- Illegal fishing, something we covered in class, is fishing without a license, fishing in closed areas, fishing with prohibited gear, fishing over a quota, or fishing a protected species.
Effects on Economy

- IUU fishing accounts for 20% of fish caught globally.
- Companies that catch fish illegally can spend less than companies that follow rules and regulations put in place by the government. This gives an unfair advantage to certain competing companies.
- Although the government does not necessarily impose regulations on fishing companies to control competition in a market, their rules can often have these effects indirectly.
- This makes enforcement of quotas and other rules even more important. If these rules were not strictly enforced, the wellbeing of our marine ecosystems would be reliant on people’s good will.
Effects on Economy

- Experts estimate IUU fishing accounts for $23B a year.
- This means there is $23B entering the global economy going untaxed and unregulated every year.
- This is dangerous because it can skew economic indicators such as GDP, inflation, and CPI. Also untaxed dollars can be used for other illegal activity or result in the laundering of said money.
I decided to interview Joel Baranowski, fishing guide and owner of North Bay Sport and Liquor in Green Lake, WI.

As a bait shop, his store works with the DNR to sell fishing licenses. Although there may not being commercial fishermen on Green Lake, IUU fishing still takes place on Green Lake.

Green Lake has had problems with the aquatic invasive species of zebra mussels, something we discussed in class. Joel expressed his frustration with inexperienced boaters failing to clean their boats.
• This led him to talk about fishing in general that occurs on Green Lake without proper license. Fishing without a license and then consuming that fish causes the DNR to lose money.

• Joel also talked about Norton’s, a local restaurant that relies on the fresh walleye and bluegill from Green Lake. When illegal fisherman disregard quotas, it causes the legal fishermen to come across a shortage of supply.

• This shortage leads to restaurants having to pay more for their local fish, either driving up prices to the consumer or forcing restaurants to find an alternative to fresh fish, both of which are poor outcomes.
References

- Interview with Joel Baranowski