

COMMENTARY

# The role of economics in global management of whales: re-forming or re-founding IWC?

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**Abstract**

The global management of whale species, identified as an economic mixed good, is addressed by means of economic theory of bargaining and institution making. I will analyse (i) why it is important to take into account explicitly both (consumptive) use and non-use values within international conventions on global mixed goods; (ii) the role and nature of institutions dealing with global issues; (iii) the role of bargaining between conflicting interests as a focal feature of the institution-making process; and, (iv) the role of economic thinking in international conventions. Co-operative and non co-operative solutions are discussed, and instruments aimed at achieving co-operative bargaining, analysed. The study has both positive and normative implications, with insights on social welfare enhancing institutional reforms. Although the study is broad yet special focus is given to the International Whaling Commission (IWC). This paper concludes that we should make economic theory operational within the realm of global institutions. On the basis of the bargaining model, the conclusion is that IWC should necessarily be re-founded or at least re-formed, changing the convention from ‘whaling’ to a ‘whale’. It is suggested that the possibility of introducing compensatory side payments into the bargaining arena in order to increase social welfare and enforceability with respect to a ‘ban’ scenario be investigated. Ethical implications of monetary compensations are considered in parallel with economic efficiency. The limits and potentialities of economics and economic instruments are also tested globally with respect to the whale and other environmental issues. © 2001 Elsevier Science B.V. All rights reserved.

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And about him the sea beasts came up from  
their deep places and played in his path, and  
acknowledged their master, and the sea stood  
apart before him, rejoicing  
(Homer, Iliad 36–38, XIII).

## 1. Introduction

The essay is motivated and looks at two considerations based on the International Whaling Commission's (IWC) recent efforts. The first is the failure of past and current management concerning whales as a global common resource. This failure also needs to be conceived within an economic framework — by developing a positive scrutiny of *agreement failure* aimed at assessing failure determinants. The second is the need for a normative analysis of international agreements, which is deemed necessary given the deadlock characterising global whale management since the ban (on hunting) was voted by IWC in 1982.<sup>1</sup> The deadlock, which has occurred since the ban was voted, is affecting the IWC annual meetings and actual management. IWC has hardly been searching for a feasible and party-shared new agreement. But differences in opinion amongst IWC members on how to manage commercial whaling, what techniques should be used and who should pay have not helped declining whale populations. The majority of IWC members refute whaling for scientific and ethical reasons (Appendix A); their influential majority has voted both the 1982 ban and the creation of a whale sanctuary in the Indian Ocean in the early 1990s. On the other hand, whaling countries have been urging strongly for a resumption of whaling on purely scientific terms (Monnesland et al., 1990; Amundsen et al., 1995; High North Alliance), and they have disregarded the ban, either by exploiting existing loopholes (Japan) or by refusing to subscribe to IWC majority decision (Norway, Iceland). The deadlock, that is the failure in creating a successful and enforceable treaty, is due to inadequate attention to the total economic value of whales and to its integration within institutional mechanisms and agreement rules structured on economic incentives.

The current equilibrium achieved within IWC is

unstable and not self-enforcing.<sup>2</sup> Furthermore, other marine mammals under IWC management could be included in a larger convention, giving further relevance to IWC reform (Samples and Hollyer, 1990; Samples et al., 1986; Seligman et al., 1994).

This adds relevance to some suggestions for *re-forming or re-founding* IWC, where the emphasis is placed on turning a *whaling convention* into a *whale convention*. The self-enforcing nature of

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<sup>2</sup> The last IWC meeting in 1999 confirmed the unenforceability of the current International Environmental Agreements (IEA) equilibrium, and the invariance of positions assumed by countries. The 52<sup>nd</sup> annual Meeting of the International Whaling Commission will be held in Australia in July, 2000. Among the issues of interest, the meeting will deal with whale killing methods and associated welfare issues; aboriginal subsistence whaling; socio-economic implications and small type whaling; whale watching, sanctuaries; and co-operation with other organisations. These are 'new' issues, which have been 'internalised' within IWC annual meetings. Among the other, 'co-operation with other organizations' is of great relevance and will deal with inconsistency and incompatibility between different IEAs. Currently, we observe a 'paradigm shift,' which has arisen during the 1990s with the inclusion of the above mentioned issues onto the agenda. It is not clear how the current bargaining on such values may lead to stable solutions by implementation of rules accepted widely. The current process seems far from achieving effective global management, from establishing a framework for dealing with marine mammals' management. The position expressed by the UK fisheries ministry is clear, the country opposes a return to commercial whaling, both because even limited whaling can encourage illegal whalers, with a possibility that protected species would be hunted, and because whale meat is a luxury food, which does not find sufficient justifications. More sharply, the Prime Minister of New Zealand said she supported Greenpeace efforts to stop 'scientific' Japanese whaling. The implicit conflict between values is not manageable unless IWC is re-formed to take into account explicitly the whale socio-economic values. It is noteworthy that a special session is also devoted to discuss 'the Future of IWC'. It will be interesting to analyse on what basis IWC and its stakeholders are managing the transition to a New Commission. The latest news is the IWC secretary proposing that commercial whaling should be allowed again for some species. The international community has reacted as usual, opposing parties stating that many countries reject adamantly the proposals they are reaping benefits from whale watching. After last season in the Antarctica, Japan has received formal diplomatic protests from several countries. The conflicts on values and economic benefits becomes steadily more explicit.

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<sup>1</sup> Which is not properly a ban, but an *indefinite zero allocation* of individual shares, given that IWC is not empowered to vote on a ban.

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