

The economics of the Canadian Seafood Boycott

by Stephen Best

Most elected and unelected policy makers and industry stakeholders have a poor understanding of the economics of consumer boycotts. This lack of knowledge, combined with political misjudgment, means the inevitable policy changes necessary to end consumer boycotts are rarely made in a timely manner. The result is that well-conceived, well-implemented, and broadly-supported consumer boycotts, like the Canadian Seafood Boycott, last far too long and inflict far more economic hardship than is necessary.

Mark Small, the president of Northeast Sealers Co-op in Wild Cove, Newfoundland, typifies this problem. Small is quoted in the St. John's Telegram saying, "the declining supply of fish products, coupled with a healthy demand, will neutralize any effort by animal rights groups to boycott Canadian products." Small is not only wrong about the economics of the Canadian Seafood Boycott, but also his views are indicative of the misguided values, the political short-sightedness, and the failed management strategies that have destroyed most of Canada's fisheries. It is this prevailing, destructive, and entrenched attitude towards marine mammals and marine ecosystem management that has forced environmental and animal welfare groups to implement the Canadian Seafood Boycott.

The Canadian Seafood Boycott relies on the fact that Canadian seafood exhibits what economists term "perfectly elastic demand." By that is meant, there are readily available "perfect" substitutes for Canadian seafood: either seafood products from other countries or alternate food products. Seafood is not a food staple in the United States or the European Union, two of the Canadian fishing industry's largest export markets, and the foci of the Canadian Seafood Boycott. The Canadian Seafood Boycott *will* reduce demand for Canadian seafood; that is a given. But more importantly, the promotion of the Canadian Seafood Boycott along with widespread grassroots activism will generate the perception among wholesale seafood buyers that consumer demand for Canadian seafood will inevitably decline. Perception is a major determiner of buying

decisions. The *fact* and the *perception* of reduced consumer demand will positively reinforce each other, and accelerate the declines in both the wholesale and retail price of Canadian seafood. Economic theory also suggests that lower wholesale prices will lead to increased sales thereby maintaining the volume of Canadian seafood sold at or near present levels (assuming species stocks can be maintained, which is not happening for most species under present Canadian management regimes.) For Canadian fishermen and the fishing industry, the situation could not be worse. Prices decline while costs remain stable. Profits become losses.

It is likely that the Canadian Seafood Boycott will take about two years to achieve the maximum decline in consumer demand for "Product of Canada" seafood.

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At that time, boycotting Canadian seafood to save the seals will have become as firmly entrenched in the popular culture as did boycotting California grapes, dolphin unfriendly tuna, and Apartheid-era South African wine. At maximum economic effect, the Canadian Seafood Boycott will likely reduce the wholesale price for Canadian seafood by 25% to 50%, costing the Canadian fishing industry

\$820 million to \$1.64 billion annually or 50 to 100 times the current value of the seal hunt. These losses cannot be sustained. Consequently, the Canadian government and/or the fishing industry will likely find it necessary to negotiate an end to the seal hunt in order to restore the economic viability of the fishing industry and to avoid the political consequences of significant job losses.

Unfortunately, ending the seal hunt after two or more years of the Canadian Seafood Boycott will not result in an immediate return to previous wholesale price or employment levels. All effective boycotts take some years to be forgotten by consumers. The detrimental effects of the Canadian Seafood Boycott can be expected to last for many years after the seal hunt is ended. The only way to prevent this is for policy makers to act in the best interests of all and to end the seal hunt as quickly as possible, well before American and European consumers make avoiding "Product of Canada" seafood a routine purchasing practice.

In a March 17, 2005 press release, Geoff Regan, the Minister of Fisheries and Oceans claimed that, "It is especially disturbing that some organizations are seeking to damage a legitimate Canadian activity and Canada's reputation abroad in public-relations campaigns in order to raise money for their organizations."

Just as Mark Small has a poor understanding of boycott economics, so too does Geoff Regan about the values, economics, and policy objectives of non-profit organizations.

Although their motivations are the polar opposite of the fishing industry's, the groups participating in the Canadian Seafood Boycott are also subject to economic influences. Like Canadian seafood, environmental and animal protection issues—economically—exhibit perfectly elastic demand. For all groups, there are perfect substitutes for the Canadian seal hunt issue.

Consequently, non-profit groups are not trying to protect harp and hooded seals from Mr. Regan's deplorable marine mammal policies in order "to raise money." Rather, they are working to end the Canadian commercial seal hunt because it is an economic activity based on the destructive values that are destroying any hope of humankind ever achieving an ecologically sustainable, just, and humane global economy. Membership acquisition and fund raising, an integral part of non-profit management, is incidental, though necessary, to achieving this objective.

Unlike the Canadian fishing industry, economics work in favor of the groups participating in the Canadian Seafood Boycott. It is not in the participating groups' ethical, environmental, humane, and policy interests for the Canadian Seafood Boycott to be prolonged longer than necessary. Their objective is not a boycott, but rather the end of the commercial seal hunt. However, if Canadian politicians and the fishing industry choose to endure the boycott and suffer its economic consequences, they will not only make the boycott's participating groups stronger in terms of membership and donations, but also make it possible for them to sustain the Canadian Seafood Boycott indefinitely. Properly conceived and implemented consumer boycotts, like the Canadian Seafood Boycott, enjoy broad support because they give hundreds of millions of consumers who are concerned about an issue a demonstrably effective way to help solve a

problem. The longer the Canadian Seafood Boycott lasts, the greater the number of consumers who will learn about it and support it. This will produce increased participation in the groups promoting the boycott and, inevitably, increased membership and donation levels which will be used to further promote the boycott.

In conclusion, economically and politically, the Canadian Seafood Boycott is a worst case scenario for the Canadian seafood industry, the federal government, and elected officials, and a best case scenario for the seals, the marine environment, and environmental and animal protection groups. The longer the Canadian Seafood Boycott lasts, the weaker financially Canada's seafood industry will become, while the organizations promoting the boycott will become stronger in the human and financial resources nec-

essary to promote the boycott. For elected officials who function in their own "vote" economy, as the job and economic losses rise, defending the commercial seal hunt will change from an electoral advantage to a liability.

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Stephen Best is a founding director of Environment Voters, and developed the initial strategy for the Canadian Seafood Boycott; his discussion paper is available at the Canadian Seafood Boycott website: <http://BoycottCanadianSeafood.net>. Mr. Best helped develop and implement the economic and political strategies that led to the 1983 European seal import ban. He was responsible for the International Fund for Animal Welfare's United Kingdom Canadian fish products boycott in 1984. And, in 1994, he developed and helped implement the International Wildlife Coalition's Caribbean tourism boycott that proved necessary to secure the votes for the establishment of the International Whaling Commission's Antarctic Sanctuary.



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