

Frank Mirarchi: My name is Frank Mirarchi. I'm owner and – I don't know if I can call myself captain because my son is growing more and more important in his roles on the boat. But I co-manage the fishing vessel, *Barbara L. Peters* with my son, Andrew.

Fabienne Lord: So, in the 1990s, you were the captain?

FM: Yes, I was unquestionably the captain in the 1990s.

FL: Your son worked with you?

FM: No. He's 35. He would've graduated from high school about 1995, I think, or [19]96. Then he became a full-time crew on the boat after his graduation from high school.

FL: So, he went through the [inaudible] crew too?

FM: Well, a portion of them. I mean, you're asking me to begin in 1990, and a lot of things happened before 1990. [laughter]

FL: Well, you can cover whatever you think is important to talk about.

FM: Sure. Well, the industry has actually gone to what I considered multiple collapses, not just the 1990s is unique. It's unique in that we, at that time, had legislation that required us to do something about it. Whereas in the previous collapses, we didn't. We just basically reacted in survival mode. The fishery finally reconstituted itself to a degree and we continued to fish.

FL: For how long have you been fishing?

FM: I started in 1962 as a deckhand. As a matter of fact, [laughter] in a pen ink drawing on the wall of the boat, on the right hand side is the boat that I started fishing on. It's the *Frances Elizabeth*. It was built in Florida in 1943. It was one of two boats fishing out of Scituate in 1962. I got a job as a summer deckhand on that boat, and continued just doing seasonal work while I was going to college. Then began as a full-time deckhand on the same boat in 1965. I worked as a deckhand from 1965 to 1967 when I bought my first boat, and became an owner and captain of a small dragger [inaudible] *Frances Elizabeth* [inaudible] boat through on now the *Barbara Peters* ever since.

FL: That is a long time you have been in the industry.

FM: Yes. It is.

FL: Have there been any changes in the stock? How do you perceive what happened in the [19]90s where the stock began to [inaudible]?

FM: Well, see, the irony is that maybe in the eyes of outsiders looking in, it was a collapse. To us, it was just a downturn in fishing. Just to put it in perspective, through up in 1986, taxes had been declining. We had no idea of what's the biomass of fish stock out. These are terms that

have been thrust upon us by management. We look at catch per unit effort. In other words, you put out the net and you catch some fish. The longer you tow, the more you catch. We've, over the years, come to set it as pounds per towing hour, is a good benchmark. So, throughout the 1980s, the pounds per towing hour were going steadily down because more and more effort was moving into the fishery. A lot of that effort was honestly due to subsidies that were created in order to fill in the void that the Magnuson Act, which was enacted in 1976, created by removing the farm fleets. So, as more and more effort came into the fishery, that catch per unit effort went down. But at the same time, the price was going up. Actually, our income stayed almost constant. Throughout the [19]80s and into the early 1990s, we hardly saw a difference. We caught less fish. That, of course, made us nervous, and it was a cause for compensation. But at that time, there was not a heck of a lot of proactive management in the federal government. They were, well, almost passive well-wishers and they were actively trying to do anything about it. In fact, the management regime, because we had been under management throughout the 1980s, was simply, they got a net sized, they got a fair price, and then they said, "Go fishing and whatever you catch is okay." It was called the interim plan. It was in place for a number of years, from probably the beginning of the 1980s until Amendment 5, which was in 1994, I believe. So, close to fifteen years of the interim plan. It really wasn't working. It was just the economics of the fishing it would change and to offset the biological decline of fish. In addition, we did better catching fish. When there was less fish, we developed new gears. I bought a new boat. Electronic innovations came along, GPS, fancy deep [inaudible] machines, new kinds of netting material, new kinds of ways of rigging nets, doors, ground cables. So, all of that offset the decline too. So, the people that were off in the realm of science actually kind of measured objectively the abundance of fish through their surveys, the twelve surveys that the Fisheries Science Center in Woods Hole does. They saw a gap at the steadily declining numbers that they were seeing in terms of [inaudible]. So, they were using standardized ways and standardized technologies, and they weren't interested in the price of fish. They were just interested in the amount of fish. So, they saw a collapse, and we saw basically, "Let's fish for more money and constant income."

FL: So, then you think that the science was reliable?

FM: Was it wrong? Oh, was it reliable? I'm sorry.

FL: Reliable.

FM: We'll never know that. I think it's a metric of fish abundance. It's not totally correct. No. I mean, I don't think that if they tell us that there's 10,233 metric tons of groundfish in the Gulf remaining, [laughter] it's isn't necessarily exactly that. But as a metric of relative abundance, I think it's as good as anything that's available. I think it's better than our catch per unit effort because we're trying to change the [inaudible] at a time that they're trying to remain constant and look at the fishery in a more objective way.

FL: So, until when? The fish declined and your income stayed the same for a while?

FM: Until about 1990.

FL: Then it started going down?

FM: Then finally, we reached the tipping point and we just simply couldn't replace with higher prices what we were losing in fish. But almost at the same time – and I'm thinking four years. I'm taking a little bit of liberty here and saying that between 1990 and 1994 – I obviously can't remember specifically year to year. But by 1991, because I was actually on the Fishery Council in 1991, because the buzz was then that the fishing was indeed collapsing. We were desperately trying to figure out some way to stop the decline in fish stocks. The tool that the council decided to use was effort control – days at sea. So, we were busily designing days at sea program in the last few years, and I was actually spending a lot more time trying to worry about my job on the council than I was trying to worry about my job as captain of the boat. We cut back from three to two crew members. Somewhere around 1991 or 1992 was a reflection of – there wasn't enough fish to pay three people anymore. Maybe the biggest change for me, and particularly for my wife, is she actually had to get a job. I've been the sole supporter of our family since we were married in 1970. I believe my wife started working about 1987. So, when the kids finished high school, basically. It was odd because she wanted to do something more than just a house mother and we needed the money. Because the boat wasn't generating the type of income that it had historically done. Cutting back from three to two crew members didn't stop the bleeding either. So, yes, definitely. I mean, it was a wake-up call from somewhere between 1990 and 1994, which is when the alarm for us really went off when the federal government started to actually manage the fishery and backed away from this interim plan that was just using that day and happened that day to actually count the days at sea and allocating pounds of fish, and closing in the area. Doing all the things in a very simple way at the beginning that majorly went completely off the rails sometime in the early 2000s and just drove everybody into distraction. The last few years has just been a nightmare because they just took what was, in retrospect, a flawed concept of regulating effort of days at sea to try to control fishing mortality. Trying to make it a tool for micromanaging the fishing revenue. Just a broad way of suppressing overall fishing effort and fishing mortality, which was the original intent.

FL: Well, then the [inaudible] became more and more complex. But I heard from some other managers that they had rules that were very difficult to enforce. Basically, you had to report if they did not match with your reporting with what you were allowed, or the number of days at sea before they [inaudible], they did not match the data. That is what I heard from coast guards that I interviewed that it was very, very difficult to enforce. People would just stay at the dock and burn days at sea because all you did all the fishing [laughter] in three days. Down there, they would go and [inaudible].

FM: Yes. Well, I mean, I don't think that's an enforcement issue so much as it is a disconnect between the tool, the days at sea control and fishing mortality. Again, this is a very complex and subtle thing. For a few years, the fish stocks were fairly low and fairly stable. So, probably, the late 1990s and the 1980s. But whether or not the days at sea control precipitated the recovery in the stock, or whether that recovery was spontaneous – because I argue that previously, recovery had been spontaneous. A lot of the recoveries, in my opinion at least, were driven perhaps just by natural cycles and fish reproductive rates. Or perhaps more likely, I'm giving the likelihood to the latter theory, that people who weren't fishing that fast. Just went away, did something else. Then a few years later, they went back and checked out to see how fish were doing. They were

doing just fine [laughter] and then they all went back fishing again. Nobody was looking in those days. There were no experiments. There were no days at sea. There was no VMS. There was no anything. So, it was part of the life of the fishing community. Sometimes you fished and did very well. Other times you fished and didn't do so well, or you did something else until the fishing got better again. But now, all of a sudden, were pounding, and the coast guard is left with consternation because they don't see this connection somehow between mortality and utilization of days at sea. They're absolutely right. It wasn't there. All it was, was just a broad brush way of saying, "Okay. We've got a thousand boats in the fishery. Right now, potentially, we can fish 365 days a year. So, that's 365,000 boat days. So, we're going to cut it down to 88,000 boat days, eighty-eight days per boat per year. Maybe the fishermen never even used 88,000 boat days. You're looking at it as a reduction from a potential 365,000, but nobody was out fishing 24/7, 365 days a year. So, what happened is, as it became more and more and more constrained, the fishermen just got better and better and better at catching fish than the last time. To the extent that this past winter, as an [inaudible] example, it's utterly insane. I mean, we were able to go out and catch enough fish to call it a profitable day of fishing in six hours. You leave the harbor at 6:00 a.m., you're back at the dock at 12:00 p.m. But it's 0.25 days at sea. [laughter] It adds up to an absurdly small amount of days. For example, this past year, the year that's just about to end the end of this month, we will have used less than fifty-two days at sea. That's where the two for one differential counting rate. So, we had to have twenty-six days times twenty-four hours, whatever the heck that is – about five hundred hours. I have my engine hour meter, which basically clocks how many hours I run the engine of the boat. We're running the engine about eight to nine hundred hours a year. That includes doing research projects and driving the boat around doing things other than taking the [inaudible]. Back through the [19]70s and the [19]80s, the years in which we were making a full-time living, I was running the engine about 2,500 to 3,000 hours a year. So, we're less than 20 to 25 percent of the time at sea and we're still catching quite a lot of fish. We're catching a lot of fish. We're landing [laughter] relatively small amounts of it because we have to throw it all back now because of the daily landing limits. Part of this message just from the coast guard person, the days at sea alone doesn't do it. Everybody in the system realized pretty quickly that days at sea didn't do it. Under Amendment 5, we get eighty-eight days. Then we shifted it over to Amendment 7, and they reduced – there were graduated reductions in Amendment 5. They were like 20 percent per year or something like that until they hit a minus 50 percent. Amendment 7 just sped up the reduction. So, we ended up really quickly at fifty-two days or something. It seemed to us at the time an absolutely unsustainable small number of days. Yet over time, we basically overcame the limitations of those days by fishing more efficiently. Ultimately, they allowed us to lease days, which is a really bad idea [laughter] for the fishery. But they allowed us to do it. But we were able, with very constrained time at sea, to catch a lot of fish. Again, it wasn't sequential. It was kind of laminated, but they added in closed the areas, twenty-day spawning blocks, daily landing limits, different gear configurations, just to change the – I'd say if you looked at the management plan at the Amendment 13 and the interim rule and the frameworks and things that follow that, just to tell you the truth, this deal was great. Just to tell you how crazy it had become, I keep a binder on the boat just for reference purposes [inaudible] [laughter] That's the regulations of going fishing

FL: Well, what I received just for Amendment 7, including all the written comments and everything, just about that stuff.

FM: Yes. Well, this is just a distillation of – there's no written comment, right? This isn't the whole public record. This is just the stuff that they send you in the mail, what you're supposed to do in every given day. This only goes back to about 2004 or five, I think. Before that, I just kind of weeded out and have the new stuff. But anyway, it just illustrates how complex it had become.

FL: You were on the council beginning of the 1990s?

FM: Yes. [19]91 to [19]94.

FL: How was that experience?

FM: [laughter] Oh, it was dreadful. It's too much stress. It's one of the most stressful jobs in the world. You go in there thinking you're going to serve the fishing industry, and you realize really quickly that it's impossible. There's so many inherent conflicts within the job that you're sworn to do of applying the Magnuson Act, and the standards and all the different National Environmental Policy Act and things that attended to fishing management. But there's an inherent conflict between the [laughter] fishing industry and [inaudible] degenerates into a series of arguments. You can't go down the dock without getting into a fight with somebody and put some votes to talk.

FL: Really?

FM: Yes.

FL: So, it really affects your relationship –

FM: Oh, absolutely.

FL: – with your colleagues.

FM: Yes. Oh, yes. It was not my idea of fun.

FL: So, how has that affected you after you left the council?

FM: I have a great deal of respect and empathy for people that are still on the council.

FL: So, what about the fishermen with whom you had arguments?

FM: I have respect for them too. I mean...

FL: No. But did the relationship get better?

FM: Oh, yes. Yes. Sure. I mean, I didn't do anything. I just tried to do my job. If my job was to take a vote on something that was very problematic for the fishing industry, like voting for

Amendment 7 – or actually, the big one – because I left before we implemented Amendment 7. I was there for Amendment 5. The big issue was limited access. Prior to Amendment 5, all you had to do is walk up to the counter of the National Marine Fisheries Services and say, "I want a fishing permit to go and catch fish." They hand you one. It was open access fishery as with all fisheries originally. So, we went from open access to limited access. We almost had to intuitively. If you're going to limit days at sea, you can't have open access. You're having more and more people coming in and using up more and more days, and the mortality becomes [inaudible]. It couldn't get better. More people want to do it, and more fish die. So, we'd have achieved nothing without limited access. But it was a huge issue because historically, all fisheries were already connected. It wasn't just like, I was a groundfisherman. So, all I was ever going to do was go out and catch [inaudible]. Sometimes, we'd catch scallops. Sometimes we'd catch lobsters. Lobsters would get on groundfish boats and lobster was there and worked as groundfish fishermen, people would move [inaudible] back and forth from boats. This place was a beehive of an industry. Whenever a fishery would falter or another fishery would look a little bit better, you'd keep boats tied up all over the place. I got pictures at home in my drawers [laughter] of boats being torn apart and cranes, and me putting on winches and net drums. It was just an incredibly spontaneous business that required constant agility. So, closing the door to one particular fishery affected everybody. It didn't just affect the one fishery. There were spinoff effects into every other fishery that now, all of a sudden, I can't be a ground fish – what is this? This is un-American. This is terrible. So, that's...

FL: Did you work for other [inaudible]?

FM: Did I?

FL: Yes.

FM: Yes. Oh, yes. That's one of the current survival tools because we couldn't make it on what we had left of groundfish. Well, I did other things. Research was kind of my thing. Again, I'm giving you a really abbreviated view of this because [laughter] it would take all day otherwise. So, it sounds as if I'm being evasive. I'm not trying to be evasive. I'm just trying to summarize things. During the 1990s, the part I didn't tell you that we were being constrained on groundfish, I was doing a lot of water environmental monitoring work. Water quality, sediment quality, things like that. Working for a state agency collecting baseline information that they needed for some public works projects, and a third of my income was coming from that. So, yes, the boat itself is a tool. It's not just a [inaudible] boat or anything else. It's just a boat. You can do anything you want with it if you're versatile enough. So, rather than bang our heads on fisheries, we just decided, well, there's plenty of money and it's a lot more productive for your time at sea to go out and collect mud and get paid for that than it is to go out and get permits and engage in this constant battle over diminishing returns.

FL: That is interesting. It really meant adjusting who you are [inaudible].

FM: Well, you've probably met Dave [inaudible], haven't you? If you haven't, well, you should. He's in New Hampshire.

FL: I have never been to New Hampshire. Everybody [inaudible].

FM: Oh, okay.

FL: But I can bring a conclusion that such a nice [inaudible] reviewed and in her book to really talk about what went on with them.

FM: Sure. Okay. Because his career path and mine kind of followed – well, he got into the research end of things too.

FL: Yes. I was with the other guys that were [inaudible]. But I am looking forward – I am going New Bedford this Thursday and Friday to [inaudible] meet with Portuguese people. Because I speak Portuguese.

FM: Oh, really? Wow.

FL: Yes. One of the reasons that I was interested in this project was that I could actually meet people that even do not speak because they have language barriers.

FM: Oh, that's wonderful. That's a great gift to be able to do that because there are an awful lot of people that have difficulty with English in the Portuguese community.

FL: Portuguese is [inaudible] with lobster. So, those are my projects. Now, I just see how it affected also different family lives because they are different than Americans, the ones in [inaudible] and the ones in [inaudible] into the Portuguese. Some American systems do not do that or did that in the [19]90s. But for them, when you immigrated or you have your siblings, or you have all your cousins coming down from Portugal to the States, well, it's going to be a big family business.

FM: Yes.

FL: So, in one [inaudible] well, you just do not have a small [inaudible] of a family. You have an entire family that depends on one resource.

FM: Oh, absolutely. Did you ever hear about Joseph (Blanc Leon)?

FL: Yes. Even Florida.

FM: But he was on the council with me, and he had a much worse time in his community than I did. Because he is Sicilian, and his family, the (Black Leons?) were one of the biggest fishing families in Gloucester. He was on the council. He was actually chair of the council for a while. His wife just turned to holy hell. He said he was basically just [inaudible] and lost it. People wouldn't talk to him anymore because he was involved in the same thing I was involved in, closing access to the fishery and beginning the effort control regime.

FL: Did you ever experience any pressure?

FM: No. No.

FL: So, they were just mad at you?

FM: They were just mad at the system. Yes, they weren't mad at me. But it's just uncomfortable.

FL: It is. What about your family? So, your wife took a job probably because your boat was not generating enough money, but also because your family wasn't home anymore. What did she do?

FM: She works in the state government. She still has the same job as a matter of fact. That's close to twenty years now. She works for the Massachusetts Legislature in the State House.

FL: Oh, good.

FM: Yes. It's a good job. I mean, that's our health insurance. So, I don't have to worry about that. She has retirement benefits and a steady check every week. So, it's been good to her. The only downside to her work is that it's in Boston. She had to commute into Boston, which became very difficult. You having just driven through Boston get an inkling of how bad it can be.

FL: Oh, well, it is really bad coming from New Hampton. When in Boston, then from Boston to here –

FM: Yes.

FL: – it was not that bad.

FM: That's better than going the other way.

FL: Yes. I was leaving my people.

FM: Yes.

FL: That is [inaudible].

FM: Well, that's what she did until they built the train. The train has only been in operation now, this is going into the fourth year. So, she spent close to fifteen years going in on her own, driving and carpooling or doing it on her own. Anyway, so, I mean, I have to give her a huge amount of credit. It's not been easy for her, and between the two of us, we managed to keep the boat alive and the household alive, and we've done right.

FL: Also, to keep what you like to do alive.

FM: Yes. Yes. Well, I mean, she likes it too. It's how I met her. She was hanging around the

pier. [laughter] But she never really got into fishing as a lifestyle. She just liked that lifestyle. She loves to eat fish and likes having the boat.

FL: Does she find fishing [inaudible]?

FM: No.

FL: [inaudible]?

FM: No.

FL: How did you get into business?

FM: [inaudible]

FL: [inaudible]

FM: Yes.

FL: [inaudible] had a job.

FM: Well, they're not hanging out at the pier anymore, but they used to be. Absolutely. I mean, this is like a rite of passage. So much culture goes into it. This pier has been on this part my entire life. I could go quite back [inaudible] than that, at least to the nineteenth century and going up. I mean, that's what you would do if you were an industrious kid and you wanted to make more money than mowing lawns. There was a lot more money [laughter] that you made if you hung around down here and helped fishermen load gear or something like that and say, "Hey, how about I make a trip off this?" The amount of money we made compared to what the wages of a minimum wage labor entrance person would've been – I started for \$1 an hour in landscaping. I was probably making \$150 to \$200 a week as a flunky deckhand on a boat. At the same time, everybody was making \$40 a week doing landscaping. So, it was a substantial premium. That was true all the way through the [19]70s, probably into the mid-[19]80s, that the wages of the fishermen were substantial. I mean, at least twice. But the wages of comparable types of fiscal work [inaudible]. The people who worked for me on deck – again, before my son became the crew, I had hired crew for years. It was two or three men on the boat, and the boat was the sole source of support for virtually all of those families. They all were my age thereabout, and had growing families. The wives all stayed home. They made enough money as deck hands on my boat to buy homes, put students through college, save for retirement. They had normal lives.

FL: That is a nice life.

FM: Yes. They had just normal lives and they basically just lived off actually what came out of the fish haul. So, more subsets of things have changed than just the amount of fish. At some point, probably in the late [19]80s, early [19]90s, the current crossed and the wages, as I said, decided to go down relative to the wages of the, again, the comparable work. I look at things

like construction trades, for example, comparable work. The wages of the construction trades began to look pretty good compared to those of the fishermen. When that curve finally crossed well in profits – the kids stopped coming out on the pier looking for jobs [laughter] because they were all at the construction sites looking for jobs instead and they never come back. There's a few that still come back because they like the lifestyle, but it's not driven by revenue anymore. It's driven by love of the sea.

FL: Yes. You had crew members in the 1990s? You just set them free those years?

FM: Well, no. They all kind of disappeared. I mean, basically, they retired and I didn't request them – when we went from three to two, number three just retired and I didn't replace him. Then when I went from two to Andrew, basically, the same thing. He didn't retire. He actually got a job as a fireman, which is a really smart career move because they're doing it exceptionally well now being on a municipal payroll. Now, he is a senior person that's not going to get laid off a municipal budget. He'll continue to contract. It was a really good career move because I think they had subsistence. He had been fishing.

FL: [inaudible] lay him off.

FM: No. Nobody ever got laid off. It just because it was a cushion.

FL: What about [inaudible]? Have you seen a decrease in boats? Have you seen decrease in landing?

FM: Well, [laughter] it's funny because there's a lot of boats, but there's not a lot of fish coming in. I'm one of the few that has only one boat. A lot of these people have multiple boats deliberately. Again, this is one of the ways you game and have to control system. You buy additional permits. You buy additional boats. So, what do they call it? Capital stuffing, I think, in economics. That's what you do. They limit you to so many days per permit, you buy another permit. They limit you to so many pounds of fish per boat, you buy two boats and double your pounds. But you also obviously tie up a lot of money and incur a lot of overhead costs in doing so.

FL: But the maintenance and the...

FM: That's what I mean by overhead costs. Again, yes, you make these incremental steps, and for a while, it was pretty good. Then at the other end, they tweaked the system again because the system is constantly looking at fishing mortality. It's not seeing, "Well, Tommy over there just bought two boats." It just seeing that fishing mortality didn't go down in 2003 because a lot of Tommys bought a lot of additional boats. So, we'll just put a differential counting zone in the Gulf of Maine and they'll end up with half the number of days than they had last year because every hour now counts as two. So, you bought a second boat and you find yourself with two orders, two [inaudible], two haul out bills, two insurance premiums, and still at the end of the day, [laughter] it doesn't work.

FL: No, it does not. Seems to me that that is not a good...

FM: No. But that's the game that's in place for the last fifteen years.

FL: Why did [inaudible]?

FM: They went out of business. I don't know if anybody actually declared bankruptcy. I think some will before this is over, definitely. Because, see, the difference between then and now is then, there was always somebody else to buy the boat. There was enough of a demand. There was still enough of expectation that you could do reasonably well. But as I'm sure you well know, it totally changed paradigms, I guess you call it now, where instead of measuring, trying to control fishing mortality through input control, through managing days at sea, now it's output days. Beginning May 1st, we count the number of pounds of fish that you catch and you're allocated a certain number of pounds that – you don't need all this stuff. You don't need multiple boats and multiple permits. All you need is an allocation [laughter] of fish and you can build a more efficient business around that. But the profit, these guys are [inaudible] is now, there's all this surplus capacity that nobody wants. Everybody's got boats for sale. Nobody wants to buy boats all of a sudden because they don't need them anymore.

FL: Yes. They just need allocation.

FM: Yes.

FL: But you have the option of going into the allocation system.

FM: Yes, but nobody did. Nobody went into the common pool. 94, 95 percent of the total allocation is in the sector. It's in the output based system. Only 4 or 5 percent is in the common pool. So, it's virtually nobody. The common pool may comprise five hundred permits, but they don't have any fish to catch and they're not in the business of buying somebody else's surplus bulk to catch no fish.

FL: Yes. Can you sell boat like this in the other states? Do you [inaudible]?

FM: Well, but that's going on everywhere. Another friend of mine was just talking to a boat broker down in Texas, and again, it's partly different. I don't even know what their management is down there. But there's a big economic issue with the shrimp fishery. It costs more to catch shrimp than there worth in some instances because of high energy costs. There's a lot more fuel that goes out catching a pound of shrimp than there is in a pound of [inaudible] fish.

FL: Well, that is [inaudible] important amount of...

FM: That's the other side of it. Exactly. That shrimp has become a commodified resource so that basically, the price of shrimp is the same throughout the world. So, you're competing with people that are living in some third-world country that are worth next to nothing. You're trying to maintain a United States level of income, of lifestyle, on a third-world income. It doesn't work. So, the shrimpers boats everywhere you go, it' same. There's no place that's right now buying boats. Everybody's selling. I'm only on the board of an insurance cooperative, and we

work with an international company that's based in England called Sunderland Marine Mutual. One of the takeaway messages we were talking about yesterday is that basically, we're going to be selling a lot less boats worldwide because this is going on the entire world, downsizing the fishing fleet for a variety of reasons. But no matter where you go, nobody's buying, everybody's selling, and this is a real big – what they call a moral hazard for insurance companies. Because when you can't get rid of a boat, the first thing you think about is then you'll sink it for the insurance value. The insurance company is really worried about this because you can't sell these things overseas. You can't sell them in a different state. Nobody wants them. They're white elephants at this point. This may be one of the biggest problems, is, what do you do with all this excess capital that was – jumping back again to New England, that was drawn into the system by this incentive to have multiple boats and multiple permits and multiple different [inaudible] to get more fish. All of a sudden, we just did a 180 with Amendment 16, and now, it's just wasted investment.

FL: Well, they had a buyback program in the 1990s.

FM: It was in several of them. They've been I think three actually. There was one that, as far as the planning stage, they never got up the launching pad. I think it was 2003 or four. I think there'll be another one because I think that's going to be the next pallet if they're going to apply to this, is there's got to be another buyback business. We got this little segue where you're asking me had anybody gone bankrupt? The answer is no, not yet. But I think there's going to be a lot of bankruptcies now because you can't get out from under this stuff. This is kind of the equivalent to where people were a year and a half ago when housing value decided to collapse and you had a \$200,000 mortgage on \$150,000 house.

FL: Yes, and nobody wants to buy.

FM: Nobody wants to buy a house. So, what do you do? I mean, that's exactly where we are right now in the fishing business.

FL: [inaudible]

FM: No, it's not. I mean, to me, it's a lot bigger problem, to be honest than the biological rebuilding of [inaudible].

FL: Well, one thing I have problem with accuracy is looking at all the records and listening [inaudible], it seems to me that [inaudible] of people in this business [inaudible] twenty years ago, I am going to be out of business.

FM: [laughter]

FL: Right now, I am going to be out business. So, that is my biggest problem.

FM: Yes.

FL: I have been hearing that over and over and over again. The guy I have meeting is screaming

and [inaudible]. I am going to be out of business. Well, it is [inaudible].

FM: [laughter] I have to tell you a funny story. Joe (Blanc Leon?) again, yes, his cousin was Tom. Tom owned a boat called [inaudible] in Gloucester at the time. Tom came to one of the council meetings that Joe was chairing in the early 1990s and started screaming at Joe. He said, "I'm going to go back." He said, [inaudible]. He started disrobing and throwing his clothes at Joe, who's sitting at this big table, all surrounded by everything. It was all very pretentious. He takes off his tie and throws it at Joe. [laughter] He takes off his jacket and throws it at Joe. Joe [laughter] [inaudible] What am I in for? Anyway, cousin Tom didn't go bankrupt either. [laughter] So, I know, but I never yelled, "I'm going to go bankrupt," at anybody. I always said, "I'm going to persevere," and I'm still going to persevere. But I'm just telling you from an insider's perspective, I think they really are going to go bankrupt. People that have 4 and \$500,000 [inaudible] most have marketable and permits that have no value because they bought permits. Again, you probably know all this, so I don't mean to be elaborate. But they bought permits that were denominated in days at sea, not in pounds of fish. You bought eighty-eight days at sea or fifty-two days at sea. Nobody looked at the catch history. Then the council picked an allocation formula that was based 100 percent on catch history and 0 percent on the amount of effort that that permit has. The number of days at sea or what we called capacity. Zero percent on capacity, 100 percent on history, it basically rendered those days at sea permits absolutely worthless. They're just a piece of paper worth nothing. They paid 100 to \$150,000 for those permits. They were expensive, yes. But I mean, that was because they generated a substantial cash flow. I just described to you earlier in this conversation that I was able to, fifty-two days at sea, generate close to \$200,000 in groundfish revenue a year. That was about just under \$4,000 per day at sea. So, you buy a permit for \$100,000 that will generate you \$200,000 a year, that's pretty good, you know? It looked really good as long as the [laughter] the money keeps rolling in. But then we changed courses and we changed courses from the days at sea to the allocation. If there's no allocation, the money just stopped. The mortgage that the guy took on his house or whatever he secured, if he can't mortgage, you can't buy a permit based on using the permit itself as collateral. The banks won't accept it. Whatever the mortgage is now at risk because of the cessation of the cash flow from the permit. So, I think this time, it's serious. I would've, in past years, taken everything with a grain of salt. But this time, I think it's absolutely bona fide that people are going to go bankrupt. Just again, to interject something so you clearly understand, well, here, at least in Scituate and in other towns, we're not just passively sitting around waiting for the macro sale. We've started permit banks. We have a permit bank here in Scituate, which actually encompasses what's called the South Shore. It's in Scituate, Marshfield, Plymouth, and Sandwich, down just over the Cape Cod Canal, and we're buying permit. So, we're hoping that we'll have enough resources. So, if somebody does go bankrupt, rather than actually having a foreclosure, we can buy them out and somehow use whatever fifty rights are associated with that failing fishing enterprise to reallocate amongst the members of the permit bank to at least keep the community alive, even though an individual member might have to go under. Not great, but it beats having the consolidations that have occurred elsewhere where it was going under this type of a regime. I look particularly at Nova Scotia, if you know anything about Nova Scotia or not.

FL: Well, I know more about then than [inaudible].

FM: Well, I don't know. The only reason I know about Nova Scotia is this boat was built there. So, I spent a lot of time in Nova Scotia. But they basically ended up with all their fishing licenses consolidated in a few, big vertically integrated enterprises. Actually, one of them is a different line of company, [inaudible], so SPI, and Clearwater Fisheries. I don't know where they're based, but they're big in Nova Scotia. They ended up with most of the quotas because they had the capital when everybody had to just bail out. So, basically, make their financial problems go away by buying the permits. Just like we'd like to buy the permits for the permit bank. The difference being that these guys are fish processors. Now, in order to be a fisherman in Nova Scotia, and probably in Newfoundland too, you have to go and get the quota from the guys that's going to pay you for the fish. [laughter] Talk about a conflicted system. So, they had a fishing permits to nothing. They're tenant farmers now. They've been reduced from entrepreneurs to tenant farmers.

[end of transcript]