

Rent Dissipation and Potential Rents in the North Sea Herring Fishery

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The paper assesses the potential for rent generation, distinguishing between resource and intra-marginal rent, in the North Sea herring fishery. A bioeconomic model combining fish population dynamics with the economic structure of the fishery is used to generate equations to compute the different rents. A combination of biological data with vessel-level economic data for UK pelagic trawlers is employed in estimations. In order to assess the dynamics of both resource and intra-marginal rent generation, the model is evaluated under various assumptions with regard to price, cost, and discount rate. Potential total rents are measured at £90-91 million annually of which resource rent makes up about £89.0 million with intra-marginal rent measured in the order of only £2.0 million. This compares to an actual rent in 2007 estimated at £ 16.3 million. The results show that, in this fishery, rent is dissipated almost entirely due to excess effort while very little is dissipated due to suboptimal stock size.



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