

Sunk costs equal sunk boats

By Maarten Punt

Climate change is likely to result in the uncertain relocation of fish stocks. As a result, new players will emerge that compete for the resource. Although several authors have investigated this issue, most authors assume that entry is free. Although true for some fisheries, this ignores the fact that for other fisheries substantial sunk investments are needed. We look into two potential effects of sunk costs: entry deterrence by the incumbent and entry commitment by the emerging player.