

Profit and invisible resource rent in fisheries - revisited

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Abstract

In fisheries, as well as in other natural resource based industries, there is a difference between the concepts of profit and rent. The former is a basic indicator for gauging business performance of firms and the latter is for evaluation of the economic welfare contribution of resource and industry. Economists are mainly concerned about resource rent and the managers of the industry with the objective of maximising rent – often conditional on ecological and social issues. Business economists are mainly concerned about the profitability of the firms. In the academic literature and in costs and earnings studies there are not always clear definitions of the profit and rent concepts and the use of them in actual analyses. This paper will discuss and clarify differences and similarities of profit and rent concepts, theoretically and based on data from the Norwegian and Icelandic fish harvesting industries. The empirical part will be conducted for the overall industries of the two countries as well as for specific fisheries with different management, user rights and property rights regimes. It is expected that for policy purposes the importance of distinguishing between profit and rent is greater for fisheries under strict management control, like ITQs, than those closer to open-access.

Key words:

Invisible resource rent, capitalized rent, limited entry, licenses, harvest shares, ITQ, IQ, intra-marginal rent, transitional gains trap,