Renewable resource exploitation: the fishery

NRE - Lecture 4

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- This is the "*fundamental equation of renewable resources*"

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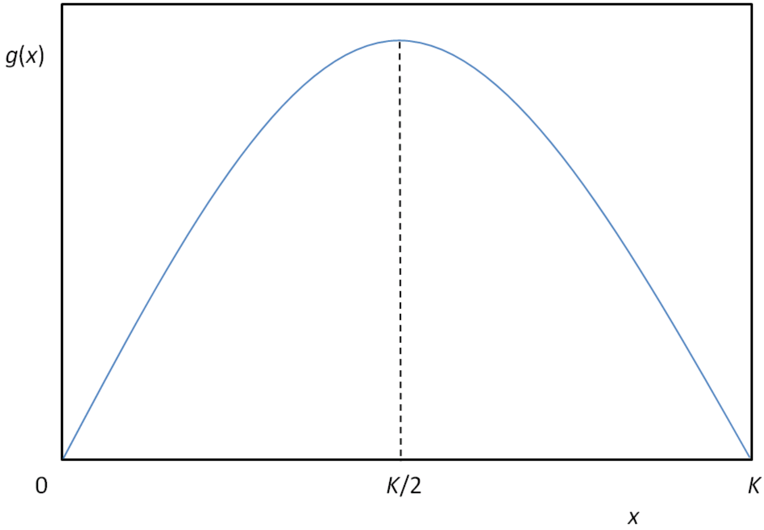
- Purely biological model: no *prices*

Logistic growth function



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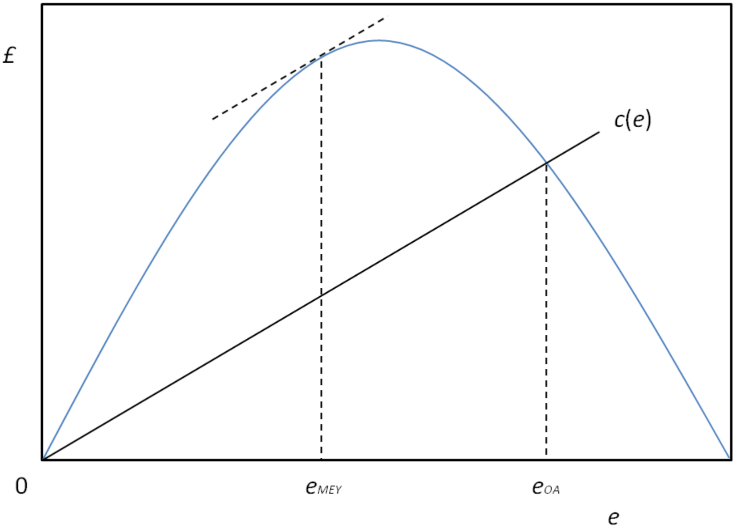
- For simplicity, assume constant prices

The Gordon-Schaefer model



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- Static, long run, model: discount rate implicitly zero

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- A high discount rate could imply that depletion is optimal!

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- The "Tragedy of the Commons"
- Need for fishery *management* (regulation)