

Title: **Economic Analysis of Cost Recovery and Rental Collection**

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Abstract: In several countries, cost recovery and/or rent collection (CRRC) has become integral to fishery management. This paper will examine CRRC from three perspectives: neo-classical economic efficiency, equity, and public choice. Partial equilibrium economic efficiency arguments include incentives for industry to implement (or lobby for) efficient delivery of management services. On the resource rent side, there is the static Henry George argument that taxes on pure resource rentals have no efficiency effect. There is also the Harberger general equilibrium argument that the decision to tax or not to tax may distort resource allocation across sectors. The public choice analysis embeds the efficiency and equity issues within the context of rent-seeking through and within government decision-making. For example, public choice analysis would suggest that CRRC may be a form of public agency rent-seeking. CRRC may act as a dedicated tax, with its concomitant incentives for agencies. These multiple perspectives suggest that the economic verdict on CRRC is very complicated.