

Do Individual Rights Emerge from Collective Rights Systems?

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Abstract

In 2010, the New England Groundfish fishery adopted a sector-based management plan, wherein self-identifying groups of harvesters are allocated their collective total share of the harvest of each species as a group right, that they may manage in any way they wish. This means a single fishery with a single set of overall total allowable catches can be managed by multiple management systems concurrently. We ask whether common pool or individual quota type management systems are more likely to emerge as groups gain experience with their collective rights. In a novel quasi-continuous time experimental environment with a contemporaneous price externality, harvesters can choose to affiliate with a common pool managed group, or an individual quota managed group. The common pool group engages in a fishing derby and receives lower prices, whereas the individual quota group achieves stable harvest levels throughout each season to minimize the price externality. Through successive fishing seasons, the frequency of choosing individual quota rises from about half to over 90% of subjects. This suggests that the efficiencies associated with strong individual fishing rights may emerge endogenously from the sectorization process, even without imposing them through regulation. The choice to remain in the common pool is explained by competitive success, but not risk preferences, social preferences or competitiveness.