

PERC REPORTS

FOR FREE MARKET ENVIRONMENTALISM



WHY ARE INDIAN RESERVATIONS SO POOR? *p.6*

CREATING ECONOMIC DEVELOPMENT ON INDIAN RESERVATIONS *p.14*

STEMMING NEW ZEALAND'S OCEAN CONFLICT *p.22*

BERING STRAIT FURS GO GLOBAL *p.30*



PERC

The Property and Environment Research Center is a nonprofit institute dedicated to improving environmental quality through property rights and markets.

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Stories of my ancestors interacting with families of the Northwestern Shoshone tribe enthralled me as a girl. The idea that the native people were self-sufficient and often helped the early settlers survive by trading goods, such as animal skins, and by sharing their knowledge of water sources and hunting grounds was inspiring. Today, however, many “First Nations,” are stuck in a welfare state.

This special issue looks at past and present trends in indigenous life, shining a light on how property rights and individual initiative can help create a higher standard of living and improve environmental quality on reservations and beyond.

PERC president, TERRY ANDERSON, points out that American Indians and First Nations people can reach back into their rich cultural heritage and find institutions that rewarded individual initiative. The key is for tribes to take this initiative again and for Congress to give tribal nations the rights that were once theirs.

Why is it that reservations are so poor asks JOHN KOPPISCH with *Forbes*. People are quick to point to alcoholism or underdeveloped land, but as Koppisch wisely writes, “those are just the symptoms. Prosperity is built on property rights, and reservations often have neither.”

Tribal governments can help solve the poverty problem. ROBERT MILLER draws on his experience as Chief Justice of the Grand Ronde Tribe and as a citizen of the Eastern Shawnee Tribe to explore how native governments can establish the laws and court systems necessary to attract investment.

In the past, native nations built their economies via extensive trade networks. Arctic tribal historian, JOHN BOCKSTOCE, reveals how the Eskimos and Chukchi in the greater Bering Strait region had been trading for thousands of years before the Russian and American trading vessels arrived.

Beyond North America, IAN BOISVERT, with BlueSky Mediation & Law and a former PERC graduate fellow, introduces the idea of “Tradable Occupation Rights” for the Maori in New Zealand. Creating these rights would offer both commercial and customary ocean users a market to resolve conflict and promote more efficient uses of resources.

This special issue of *PERC Reports* is made possible by the generous support of the M. J. Murdock Charitable Trust. PERC is continually grateful for their investment in tribal issues and free market solutions.



Tell me what YOU think
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Laura E. Huggins

Laura E. Huggins | Editor

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The Right to Own Property ON RESERVATIONS

On August 7, the day my wife and I arrived in Kamloops, British Columbia, the headline in Canada's national newspaper read "Tories Prepare New Native Land Plan." We were in Kamloops to meet with Manny Jules, former chief of the Kamloops Band of the Shuswap First Nation and the idea entrepreneur behind the proposed legislation.

Dubbed the "First Nations Property Ownership Act," the legislation would allow Canadian bands (tribes as they are known in the United States) to vote on whether to give individual Indians the right to own their land as private property. If the act passes and if bands vote in favor of allowing private ownership, all lands on reservations would be converted to private property with all the privileges and responsibilities of fee simple title. As Manny puts it, "All we are asking for is the same right that other Canadian citizens have: the right to own property."

Currently, land on Canadian Indian reserves is held primarily under "certificates of possession" or "customary use rights." In both cases land boundaries and use rights are often not clear and, even if they are, title cannot be transferred to others. The result is what Hernando de Soto calls "dead capital" because the land cannot be used as collateral for loans to improve the property and cannot be sold to others who might have the capital. At best, land can be leased, but getting approval from the Ministry of Indian Affairs for a lease of sufficient length to encourage investment is not easy.

Manny's idea for the legislation was stimulated by his father, also a former chief, who managed to issue 99-year leases for an industrial site on part of the Shuswap Reserve. Standing on a hill across the valley from the reserve, we did not need Manny to point out where the site was; it, and the Sun Rivers Golf Course and housing development, also with long-term leases, were the only developed land on the prime real estate fronting the Thompson River. Later, on a driving tour, it was again obvious where the reserve ended and private property began. The reserve side of the fence was brown grass, which would require dozens of acres to support a single cow while the private side was a lush green irrigated field.

Recently, President Obama signed legislation also designed to help American Indian tribes develop their land. The Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act enables tribes to lease their lands for up to 25 years for residential, business, public, religious, educational, or recreational purposes without needing the approval of the Secretary of the Interior.

Obviously the HEARTH Act falls far short of what is being proposed in Canada. In contrast to the United States, where the relationship between tribes and the federal government is that of “a ward to its guardian” as declared by a U.S. Supreme Court case in 1833, the Canadian act recognizes that Indians are capable of managing their own affairs. Of course, some tribal leaders oppose the proposed legislation, worrying that private ownership will lead to the sale of Indian lands to non-Indians and result in failures that can come with free enterprise. Manny, in an interview on Canadian national television, responded, “We just want the opportunity to decide for ourselves.”

One does not have to perform sophisticated statistical analyses, though several PERC scholars have done so, to explain why Indian reserves in Canada and Indian reservations in the United States are bastions of poverty. The lack of property rights and a rule of law are the reasons for poverty on both sides of the border as well as around the world. (On the latter point, I heartedly recommend *Why Nations Fail* by Daron Acemoglu and James Robinson.)

Over the next two years, PERC scholars, with a generous grant from the M. J. Murdock Charitable Trust, will be studying the potential for Indians to choose their own destiny, lift themselves out of poverty, and improve their environmental quality at the same time. This special issue of *PERC Reports* is part of that on-going research effort. In addition to conferences and scholarly research, PERC will develop a contracting guide for ecosystem services provided on Indian lands and will work with the Tulo Institute at Thompson River University in Kamloops to develop an online textbook for Indian leaders to better understand the institutions necessary for development.

The continent’s first inhabitants have a rich institutional background illustrating their ability to get the incentives right. It is now time for the federal governments north and south of the border to acknowledge this history and return to Indians the dignity and respect they deserve.

In “On Target,” PERC’s President Terry L. Anderson confronts issues surrounding free market environmentalism. He can be reached at perc@perc.org.

How to donate

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Why are Indian Reservations so Poor? A Look at the Bottom 1%

BY JOHN KOPPISCH

When customers who live and work on the nearby Crow Indian reservation don't make their car payments, there's not much Square One Finance of Billings, Montana, can do. Going to state court to repossess the car or garnish wages is not an option. Instead, Square One enters the murky realm of international affairs. The reservation is a separate nation—judgments in American courts can't be enforced. And the chances of finding the customer and the car on the sprawling rural reservation, or winning in the unpredictable Crow courts, are slim. "We take on such a huge extra risk with someone from the reservation," says Square One's Nancy Vermeulen. "If I knew contracts would be enforced, then I could do a lot more business there."

At a time when there's a spotlight on America's richest 1%, a look at the country's 310 Indian reservations—where many of America's poorest 1% live—can be more enlightening. To explain the poverty of the reservations, people usually point to alcoholism, corruption or school-dropout rates, not to mention the long distances to jobs and the dusty undeveloped land that doesn't seem good for growing much. But those are just symptoms. Prosperity is built on property rights, and reservations often have neither. They're a demonstration of what happens when property rights are weak or non-existent.

The vast majority of land on reservations is held communally. That means residents can't get clear title to the land where their home sits, one reason for the abundance of mobile homes on reservations. This makes it hard for Native Americans to establish credit and borrow money to improve their homes because they can't use the land as collateral—and investing in something you don't own makes little sense, anyway.



“The raw quality of the land is not that much different, it’s the amount of investment in that land that’s different.” —Terry Anderson

This leads to what economists call the tragedy of the commons: If everyone owns the land, no one does. So the result is substandard housing and the barren, rundown look that comes from a lack of investment, overuse and environmental degradation. It’s a look that’s common worldwide, wherever secure property rights are lacking—much of Africa and South America, inner city housing projects and rent-controlled apartment buildings in the U.S., Indian reservations.

More than a third of the Crow reservation’s 2.3 million acres is individually owned, and the contrast with the communal land—often just on the other side of a fence—is stark, as Google satellite maps show. Terry Anderson, president of the Property & Environment Research Center in Bozeman, Montana, co-authored a study showing that private land is 30—90% more productive agriculturally than the adjacent trust land. And this isn’t because the land is better: A study of 13 reservations in the West put 49% of the land in the top four quality classes, while only 38% of the land in the surrounding counties was rated that highly. For the Crow reservation, 48% of the land made the top four classes; only 33% of the adjacent land did. “The raw quality of the land is not that much different, it’s the amount of investment in that land that’s different,” he says.

Canada faces the same issues with its 630 bands—as tribes there are called—but thanks to the effort of a dogged reformer, there’s a push to allow reservation land to be privatized. Manny Jules, a former chief of the Kamloops Indian band in British Columbia, is lining up support for the First Nations Property Ownership Act, which would allow bands to opt out of the government ownership of their land and put

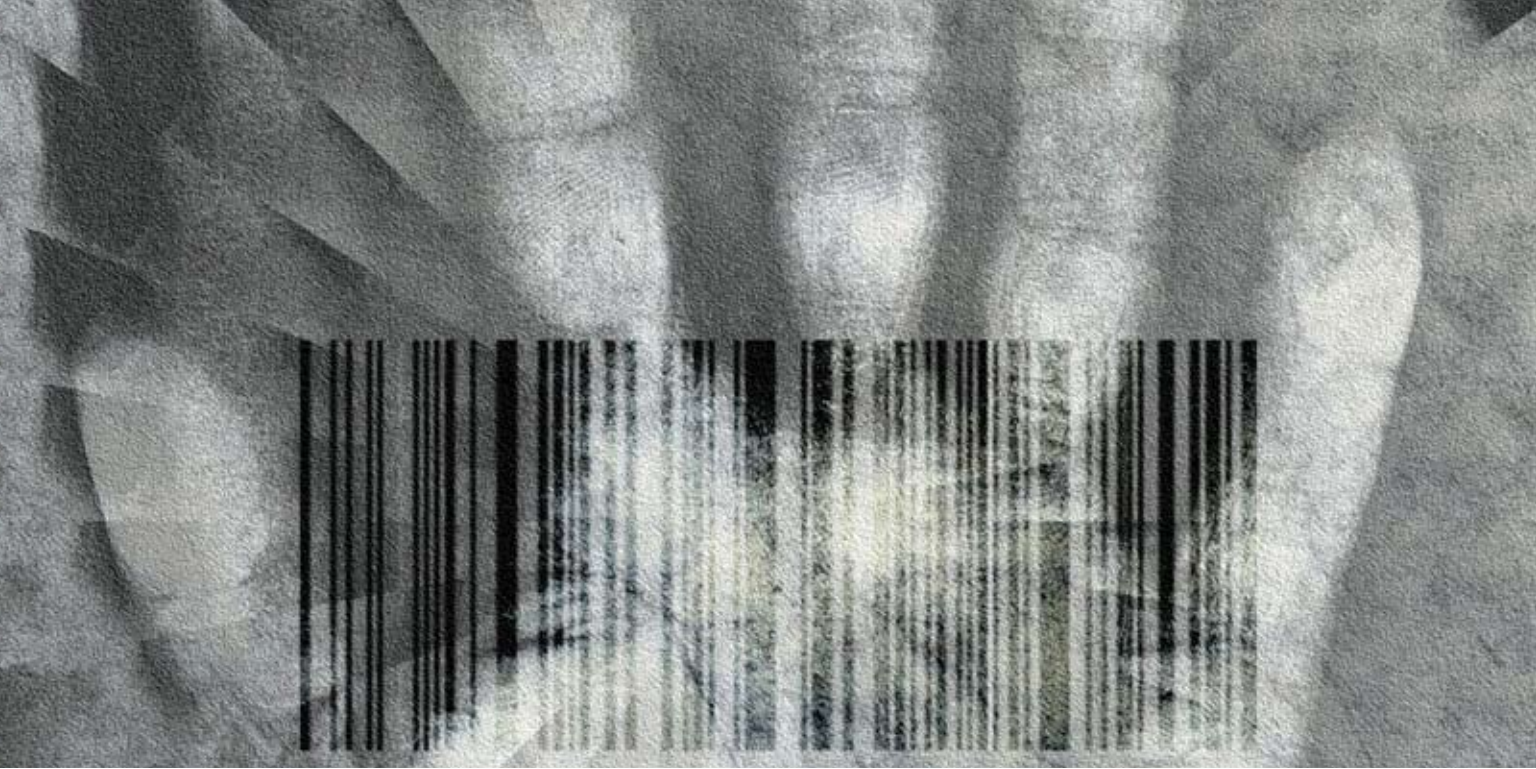


“When you don’t have individual property rights, you can’t build, you can’t be bonded, you can’t pass on wealth.” —Manny Jules

it under tribal and private ownership. Reserves would become new entities that would have some of the powers of municipalities, provinces and the federal government to provide schools, hospitals and other services, and to enact zoning laws. He expects that the bill will be introduced in Parliament in 2012 and is confident of approval by the end of the year. What’s forcing the issue is an acute housing crisis on the reserves. Without private property rights, little housing is being built even as the Indian population grows, and the Assembly of First Nations estimates that the reserves need 85,000 new houses immediately; the government is building only 2,200 a year.

“Markets haven’t been allowed to operate in reserve lands,” says Jules. “We’ve been legislated out of the economy. When you don’t have individual property rights, you can’t build, you can’t be bonded, you can’t pass on wealth. A lot of small businesses never get started because people can’t leverage property [to raise funds]. This act would free our entrepreneurial spirit, but it’s going to take a freeing of our imagination. We have to become part of the national and global economies.”

But even if Jules succeeds, there is no reformer like him in the U.S. to lead the charge here. Any effort at land reform must go through the Bureau of Indian Affairs. But the bureau, originally part of the War Department and one of the federal government’s oldest agencies, isn’t about to pave the way for its own demise by signing off on an effort to privatize reservation land. The bureau faced this situation before: Under the 1887 Dawes Act, land could be allotted to individual Indians, but by 1934 so much land had been privatized that Congress reversed course and communal tribal property was back in favor. “Allotment threatened the bureau so it had an incentive to end the process,” says Dominic Parker, an economics



“For the bureau and other narrow interests, staying with the convoluted system of land ownership is safer than improving property rights.” —Dominic Parker

professor at the University of Wisconsin-Madison. In any event, tribal councils wouldn't be keen to give up the patronage and power that controlling vast amounts of land gives them. And the \$2.5 billion a year that Washington spends on programs for Native Americans is a powerful deterrent to change. “For the bureau and other narrow interests, staying with the convoluted system of land ownership is safer than improving property rights,” he says. The bureau declined to comment.

Plus, there are practical issues. Any Indian who didn't win clear title to land by 1934 was left with a fractional share of the reservation's land held in trust. With every generation, each share was divided among more family members and today hundreds of people may have a partial claim to one share of trust land. Often there are no records of where many of these people are. In the Crow reservation, 1 million of the 2.3 million acres are held in trust for such individuals. The Dawes Act created another problem: The non-Indian owners of privatized land in a reservation have always faced legal questions over whether they come under the jurisdiction of the tribal authority. The checkerboard pattern of private and trust land in some reservations make it tough for tribes to provide services and do land-use planning.

Anderson puts the choice for tribes in sharp terms. “If you don't want private ownership, and want to stay under trusteeship, then I say, ‘fine.’ But you're going to stay underdeveloped; you're not going to get rich.”

The problems of the reservations go well beyond residents not having the right incentives to upgrade their surroundings. With some exceptions, even casinos haven't much benefited the several dozen reservations that have built them. Companies and investors are often reluctant to do business on reservations—everything from signing up fast food franchisees to lending to casino projects—because



“Putting reservations under the legal jurisdiction of the states, and facilitating better legal codes and better functioning court systems, would assist tribes in developing their land.” —Terry Anderson

getting contracts enforced under tribal law can be iffy. Indian nations can be small and issues don't come up that often, so commercial codes aren't well-developed and precedents are lacking. And Indian defendants have a home court advantage. “We're a long way from having a reliable business climate,” says Bill Yellowtail, a former Crow official and a former Montana state senator. “Businesses coming to the reservation ask, ‘What am I getting into?’ The tribal courts are not reliable dispute forums.”

Many reservations are rich in natural resources, but there's no big rush to develop them, given the tangled issue of property rights and the risk of making a big investment without a secure legal footing. “We have 9 billion tons of high-quality coal sitting under the reservation, going largely untapped,” says Yellowtail. “Natural gas, too. Potential development galore, but that potential is never realized.” Indeed a \$7 billion coal-to-liquids plan fell apart in April, though it was revived in a scaled-down version in July. Anderson adds that with any investment, “the tribe could change the deal after the fact because it's sovereign.”

Some tribes are taking steps to improve their legal structures, such as adopting new commercial codes to make their laws more uniform. Over a 30-year period, reservations that had adopted the judicial systems of the states where they're located saw their per capita income grow 30% faster than reservations that didn't, according to a study by Anderson and Parker. A separate study by Parker shows that Native Americans are 50% more likely to have a loan application approved when lenders have access to state courts. “Putting reservations under the legal jurisdiction of the states, and facilitating better legal codes and better functioning court systems, would assist tribes in developing their land,” says Anderson.



“We have 9 billion tons of high-quality coal sitting under the reservation, going largely untapped. . . Natural gas, too. Potential development galore, but that potential is never realized.” —Bill Yellowtail

A bigger obstacle to these reforms may not be logistics or special interests, but the culture of the reservations and the generations after generations of dependency. Indeed, a notice on a bulletin board in Garryowen, Montana, inside the Crow reservation and near the site of Custer’s Last Stand, announces when the next round of “per capita payment checks”—derived from Crow Nation trust income—will be mailed.

“Privatizing land is fine but it falls far short of the answer,” says Yellowtail. “Our people don’t understand business. After 10 or 15 generations of not being involved in business, they’ve lost their feel for it. Capitalism is considered threatening to our identity, our traditions. Successful entrepreneurs are considered sell-outs, they’re ostracized. We have to promote the dignity of self-sufficiency among Indians. Instead we have a culture of malaise: ‘The tribe will take care of us.’ We accept the myth of communalism. And we don’t value education. We resist it.”

But Yellowtail believes that the situation is improving. He says there are more entrepreneurs than 20 years ago as networks of Native American business people have sprung up in Montana and elsewhere. “We have to start with micro loans, encouraging small businesses. Then we have to make it okay to leave the reservation because the most successful are going to want to branch out. Entrepreneurs are going to have to stick their neck out, be a role model. We Indians are going to have to do it.”

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JOHN KOPPISCH is an editor at *Forbes* and a 2011 PERC media fellow.

An *Untrustworthy* Trustee

An adult may sell an asset carelessly for less than market price. The buyer has no obligation to warn in advance, augment the price later, or share the loss of misplaced receipts. No one expects young orphans to manage their assets, however—a task that a trustee assumes. If the trustee squanders an inheritance due to provable carelessness, an orphan cannot obtain compensation from buyers or sellers, but the law will force the trustee to bear the loss. This arrangement gives the trustee incentive to manage the assets as though they are his or her own.

After confining tribes to reservations, the government decided those people, like orphans, were incompetent, undertaking a trusteeship over important assets. From the outset, that trusteeship was very different from an ordinary trusteeship. Governments per se lack brains and thus have no intentions or plans, and cannot possibly be trustees. Instead, the government employs people to formulate what we euphemistically refer to as governmental intentions and plans. For each transaction, some human in the Interior Department's Bureau of Indian Affairs (BIA) acts as the functional trustee. Many transactions aggregate the properties of many individual Indians, which vastly exceed the bureaucrat's personal wealth. Furthermore, the decision maker is rarely identifiable and is immune to personal liability for even a tiny fraction of waste.

Instead, when an Indian obtains compensation for some anonymous BIA bureaucrat's mismanagement, the government is responsible. Governments transfer income rather than create it, so the actual responsibility falls on taxpayers. The Treasury distributes tax receipts in literally millions of directions; a taxpayer can track only a few expenditures, and few citizens make Indian affairs their priority. In theory, Indians remain incompetent to manage many of their most valuable assets: In reality, taxpayers are incompetent to supervise the BIA's handling of that job. BIA bureaucrats thus behave as a trustee in both directions—obliged to manage Indian property carefully and to

manage taxpayer money carefully—but bear little traceable personal responsibility in either direction. Chronic mismanagement has been an unavoidable curse ever since the War Department began handling Indian affairs in the early 1800s.

A series of suits, all including *Cobell* in their names, commenced in 1994 when Congress transferred management of Indian trust assets to a new Office of the Special Trustee. An audit discovered massive gaps and errors in records that should have tracked receipts since the nineteenth century. Despite repeated court orders, the Department of Interior could not rectify the shortcoming, making it impossible to know whether the BIA had even received all royalty payments stipulated by leases. Clearly little money had found its way to the Indian property owners, but nobody in the BIA acknowledges knowing where the rest went.

After 16 years of fruitless litigation, Congress concluded that a resolution in court would never be forthcoming. A bill allocated \$3.4 billion to settle the *Cobell* claims once and for all. That is an average of \$40 from each family across the nation, a painful penalty to pay for some bureaucrat's negligence. Even so, less than half will go directly to the Indian property owners; the rest is to be administered by (you guessed it) the BIA—apparently the wages of failure are new opportunities to fail. Alas, the settlement is back in the courts; some closure!

Today, tribal members are literate and hold jobs in every sector of the economy. Whether or not Indians were competent to manage their own affairs in the nineteenth century, *Cobell* shows the BIA is incompetent for the job. It is well past time to hand management of trust assets over to the individuals who own them.



DAVID D. HADDOCK is a PERC senior fellow and professor of law and economics at Northwestern University. Haddock was raised on a ranch in western Oklahoma—the “Indian Territory” of the nineteenth century—and being part Cherokee, he has been particularly drawn to Indian issues in his professional career.




Creating Economic Development on Indian Reservations

BY ROBERT J. MILLER

Few of the Indian reservations in the United States have functioning economies in which residents can be employed, cash checks, and spend money within the community. This situation means reservation residents have to travel to distant cities to find banks and businesses where they can engage in commerce. A Navajo tribal official estimated that \$0.80 of every dollar Navajos received immediately left the reservation, and other studies demonstrate the same problem for other reservations. This outflow benefits state economies but impoverishes reservations.

The lack of economic development on reservations is a major factor in creating the extreme poverty, unemployment, and the accompanying social issues that Indian nations face. Tribal governments can help solve this problem by increasing the number of privately and tribally owned businesses on reservations.



“Poverty is not an Indian cultural or historical attribute”

—Robert J. Miller
Chief Justice of the
Court of Appeals,
Grand Ronde Tribe



Keeping dollars on reservations

Tribal governments also need to provide the laws, regulations, and independent court systems that will assist and protect business and property rights; no one, whether tribal citizen or a non-Indian, will locate their business and risk their time and money on a reservation where the odds against being successful are too high. In short, Indian nations must make reservations fair and reasonable locations for businesses to locate if they expect to attract investment and build economies.

KEEPING DOLLARS ON RESERVATIONS

Reservation economies rapidly lose the money that residents receive because of the absence of small businesses where people can spend their cash on needed goods and services. This leads to the loss of an enormous amount of economic activity and employment for Indian country.

Ideally, money should circulate about six times within a community, city, or county before it “leaks” away. The only solution to this problem for reservations seems to be for Indian governments to help develop and locate a substantial number of privately owned and tribally owned businesses in their communities.

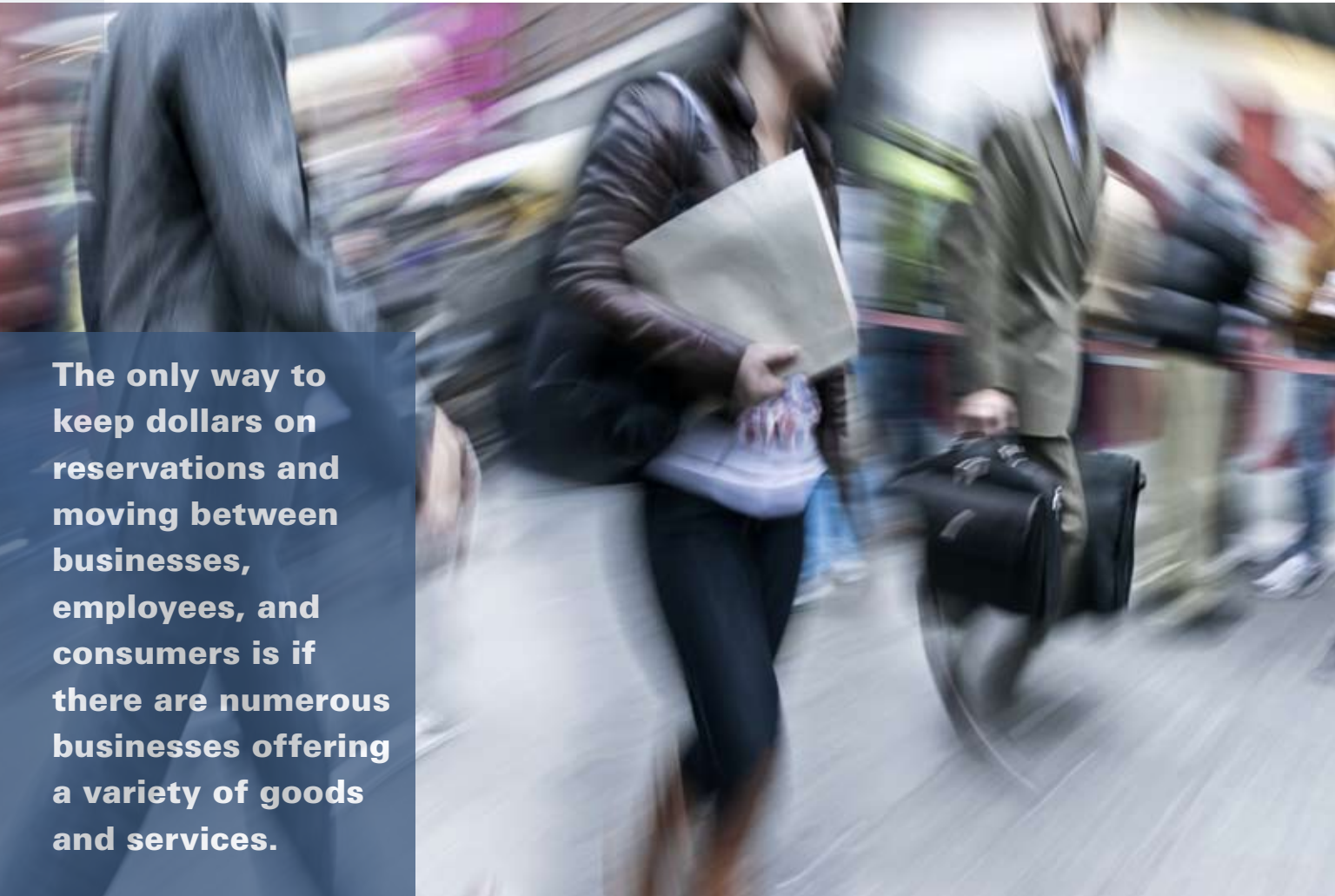
The importance of having a critical mass of small businesses on reservations is demonstrated by various economic principles.



First, every reservation resident has a certain level of disposable income—even the poorest person has some money to spend. If reservation residents had the ability to spend their income at businesses located on their reservations, and that in turn created more reservation-based businesses and jobs, that would create an enormous benefit to the reservation economy.

The second relevant principle is called the “multiplier effect.” This term defines the situation where every dollar that is spent by one person ends up as profit and salary in the hands of another person, whether it is the business owner or an employee of that business. This new person will then also spend that one dollar and pass it on to additional people who will also spend it. In this fashion, one dollar reverberates throughout an economy and becomes pay, profit, and spending money for a greater number of people as long as the dollar stays within the local economy.

For a reservation community to benefit from the multiplier effect and to keep dollars circulating through its economy it must create and sustain opportunities for reservation residents and visitors to purchase their needed and discretionary goods and services at reservation-based businesses. The only way to keep dollars on reservations and moving between businesses, employees, and consumers is if there are numerous businesses offering a variety of goods and services.



The only way to keep dollars on reservations and moving between businesses, employees, and consumers is if there are numerous businesses offering a variety of goods and services.



Laying a stable foundation

LAYING A STABLE FOUNDATION

Governments can play a crucial role in developing free-market economic systems by protecting the public interest, ensuring fair competition, maintaining law and order, and creating laws and judicial systems that help enforce contracts and property rights. The stability provided by government encourages people to work to create and acquire economic rights and to risk their investments within the jurisdiction of those governments.

Most tribal governments have not yet enacted the kinds of business codes and uniform commercial codes that businesses and banks need before they can locate and operate profitably on reservations. Tribal governments can and should encourage businesses to locate on reservations by adopting such laws and creating stable and fair judiciaries and bureaucracies.

Tribal policy makers could also consider enacting “Buy Indian” acts, which encourage the tribal government to patronize tribal-owned businesses. Such acts might direct the expenditure of a certain percentage of tribal revenues, casino revenues for example, on private businesses owned by tribal citizens.

Finally, tribes should consider enacting constitutional or statutory provisions that mimic the United States’ constitutional provision that forbids states from impairing the obligation of contracts. In the past, some tribes have altered



the contractual rights of private parties to the great detriment of investment and business operation in all of Indian country. These positive constitutional and statutory mandates would help encourage and support the creation and operation of more privately owned businesses on reservations and assist in creating real economies. In addition, tribes can use taxation and regulatory strategies to attract private investments and new businesses, similar to how states and counties entice new businesses.

SEED FUND SOLUTIONS

Tribal nations can work to remedy some of the reasons for the abysmal rate of private business ownership among Indians. Most private businesses in the United States, for example, are started using family money, bank loans, or by borrowing money against home equity. Most American Indians lack access to these avenues due to dismal poverty and unemployment rates, and rarely have home equity due to the near absence of mortgage home ownership in Indian country and a nearly non-existent housing market on most reservations. Consequently, seed money provided by tribal, private, or federal loan funds is crucial to alleviate this funding problem. Several Indian nations are well aware of this situation and are offering their tribal citizens business start-up loans.



Several Indian nations are offering their citizens seed fund solutions to help fund tribal businesses.



Developing the entrepreneurial spirit

American Indian governments must do everything they can to develop the entrepreneurial spirit in reservation residents and to ensure that more businesses are located in Indian country. Such businesses will provide jobs and economic activity that will stimulate the development of even more businesses and more economic activity. Once there are a sufficient number of tribal and privately owned businesses operating on a reservation, a functioning economy can develop from the effects of money circulating and re-circulating between reservation consumers and businesses, employees and owners. This is a laudable goal. A functioning economy will help native communities create employment, adequate housing, and the needed infrastructure to help escape poverty and to begin to restore their historic communities that were once prosperous, healthy, vibrant societies sustained over thousands of years.



ROBERT J. MILLER is a professor at Lewis & Clark Law School, author of *Reservation "Capitalism: Economic Development in Indian Country"* (Praeger Publishers 2012), Chief Justice of the Grand Ronde Tribe, and a citizen of the Eastern Shawnee Tribe.



Building a **Legacy** Preserving our **Future**

2012 has been a year of growth and development for PERC. Our leadership team welcomed Dino Falaschetti as executive director and launched a campaign to purchase our current building, where we hosted more than 100 new associates who learned about free market environmentalism.

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The Property and Environment Research Center is the nation's oldest and largest organization dedicated to improving environmental quality through property rights and markets.



To continue this important work, PERC depends solely on private donations. Every dollar goes toward reaching our goal—please contribute today.

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Stemming New Zealand's Ocean Conflict

BY IAN BOISVERT



Rugged, enchanting, and powerful coastlines surround New Zealand. The coastlines are powerful not just in wave energy but also as sources of cultural identity, commerce, and conflict. Coastal conflict ebbs and flows to the extent to which patrons seek space for aquaculture or ocean renewable power projects, or, in the case of Māori, property rights. At its peak, conflict became so bitter in Tasman and Golden Bays that it caused a person to commit suicide rather than face endless litigation over a proposed aquaculture site. The roots of this and other coastal conflicts originate from a potent combination of how coastal projects are permitted and how Māori efforts to realize property rights over the foreshore and seabed have been thwarted.

Permitting for coastal development starts with New Zealand's 12 local government bodies called Regional Councils. Among other responsibilities, Regional Councils issue coastal permits for certain activities in the ocean out to 12 nautical miles. These councils approve or deny a coastal permit application on the degree to which an applicant's project will meet an environmental harm threshold. Allowing a new coastal use, however, can displace existing users without providing compensation. The possibility of displacement motivates existing coastal users to litigate vociferously to stall, oppose, and change the applicant's plans under the auspices that their plans exceed the poorly defined environmental harm threshold.

Coupled with these permit battles, a national conflict emerged after a Māori tribe tried to secure coastal property rights. In the



early 2000s, the Ngati Apa *iwi*, a tribe, applied for a coastal permit to develop an aquaculture farm in waters adjacent to its historical lands on the South Island. The Regional Council denied Ngati Apa numerous times no matter that the *iwi* revised its application to conform with the council's objections. The *iwi* sought legal review of whether it had the right to seek native legal title to the water and seabed for its proposed development. New Zealand's Supreme Court answered that Ngati Apa had the right to pursue the question of whether it could establish native title in the ocean through a special tribunal. Weeks later the liberal-leaning Labour Party passed a law denying anyone except the government ownership rights over the foreshore and seabed. The resulting Foreshore and Seabed Act caused Māori to launch the largest national protest march in years.

In the next election the center-right National Party came to power in a coalition government with the Māori Party. Last year that coalition repealed the Foreshore and Seabed Act and substituted it with the Takutai Moana Act. Yet even the Takutai Moana Act falls short of restoring the opportunity for Māori to prove what is necessary for native title to the foreshore and seabed—a distant possibility for most *iwi* considering they must prove unbroken occupation and exclusive use since 1840. Because the national government stripped Māori of the right to pursue legal title, Regional Councils continue to have unchecked power over who can build what in the coastal zone.

NEW ZEALAND



**Regional Councils’
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PERMIT POWER PREVAILS OVER PROPERTY RIGHTS

When a Regional Council approves an applicant’s proposed project, that approval can physically displace, without any compensation, existing users who have both *de jure* (formal) and *de facto* (informal) property rights to the area in question. Under the individual transferable quota system, for example, commercial fishers in New Zealand have formal rights to harvest specific amounts of certain fish species, including sedentary species such as scallops. Because scallops live in one spot, it means a scallop harvester with a formal right in the scallops themselves arguably also has an informal right to the space which the scallops occupy.

Although Māori do not have the full bundle of property rights in the nearshore, they have some formal rights. For example, *iwi* might have the right to exclude others from the intertidal zone if it is a burial ground. But because Māori see no separation between land and sea, they see no legal distinction between land they own and the sea they rely on for sustenance and traditional activities. From that perspective some *iwi* act as though they indeed have the full bundle of property rights in the ocean. Last year representatives of an *iwi* said they would vandalize a proposed tidal turbine development in Kaipara Harbour because they declared the coastal space in question subject to a *rahui*—a declaration of sacredness over an area that imposes access restrictions. Declaring a *rahui* is how *iwi* exercise a full set of property rights regardless of whether those rights are legally recognized or not.

Under the law, however, Regional Councils do not need to compensate or recognize either formal or informal property rights in the ocean. A powerful incentive thus binds otherwise



strange bedfellows into strong coalitions to combat new applicants. In short, Regional Councils' overwhelming power over coastal development exponentially raises the cost of protecting ocean property rights and discourages the efficient use of coastal resources.

COASTAL TRADABLE OCCUPATION RIGHTS

To reduce conflict, New Zealand's coastal users need an incentive to cooperate and a forum in which to negotiate. Because neither exist, the coastal users lobby Regional Councils to accept their respective positions. If that fails they litigate mercilessly. Meanwhile, market opportunities are lost. Coastal Tradable Occupation Rights (TORs) could offer a solution to these problems.

Tradable Occupation Rights would confer a specific tradable right to occupy a designated area within 12 nautical miles of New Zealand's coastline. These rights would not confer any other right except occupation from among the bundle of property rights. Compared to the present regime, TORs would create the incentive to maximize allocation of scarce resources and reduce the need to exploit the political environment.

As opposed to coastal permits, which are one-off occurrences, TORs would give the rights-holders and prospective coastal users the opportunity to build trust over time because they will engage in recurring transactions. Moreover, market negotiations based on long-term considerations give participants looking to the future a reason to value the present asset. Centralized distribution of a public good such as ocean space distributes an asset at a variable,



Tradable Occupation Rights could institute the “user pays” principle that New Zealand’s government is otherwise excellent at recognizing in other natural resource settings.



poorly-valued cost to the applicant and does not compensate the public or existing users for their lost value in the space. By comparison, private occupation rights on land allow farmers and wind power developers to agree on lease terms that benefit both parties, as well as give the developer certainty for accessing the site before applying to the Regional Council for permits.

Considering New Zealand’s vast territorial oceans it is striking how little funding it allocates to ocean policy and governance. Generating fees from commercial coastal users would be useful and feasible to improve governance and enforcement of TORs. Tradable Occupation Rights could institute the “user pays” principle that New Zealand’s government is otherwise excellent at recognizing in other natural resource settings.

In short, tradable ocean rights would allow market transactions to facilitate who occupies marine space and thus encourage negotiation. Occupational rights could significantly reduce economic waste and conflict inherent in the existing coastal allocation process while remunerating the public for commercial use of the resource.

NAVIGATING TROUBLED WATERS

Creating such a regime will require navigating a sea of questions: How will the rights be initially allocated? Who should participate in the market? What conditions, if any, should be imposed on the rights-holder? While any one answer will impact how the other questions get answered, the most important aspect is that these new rights need to be internally and externally consistent and supported.



Tradable Occupation Rights should allow at least commercial developers, commercial fishers, Māori, and conservationists the ability to trade their occupation of a certain site with any other interested, registered party. The current law allows a version of this, but it limits the transfers allowed between coastal permit holders, and transfers can only occur if the transferee's use matches the transferor's. A new ocean renewable power development, for example, could fit within the footprint of a permitted offshore oil site, but because the impacts of these two developments differ, Regional Councils would be extremely unlikely to allow the transfer.

The inability for inter-sector exchange leads to the conflict that TORs would overcome because they would create a transferable occupation right across sectors such as fishing, energy, and customary uses. Whether alienability should take place through long-term leases, sub-leases, or outright sales needs careful consideration. Stability, security, and liquidity are also important.

Creating TORs will require innovation, patience, and experimentation. The payoff will provide commercial and customary ocean users a path to resolve their spatial conflicts, build trust, and establish a new market. What could be more powerful than that?



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ELINOR THE PATRON SAINT OF ENVIROPRENEURS OSTROM

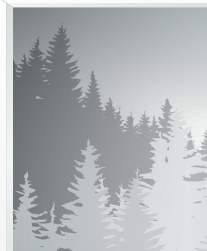
One sunny day in La Jolla, at the public Windansea Beach, I tried to catch a wave and sit on top of the world. I splashed into the “wild, open, and free” waves with the Beach Boys’ “Surfin’ Safari” melody in my head.

Minutes later I was chased out by surfer thugs who left a far less pleasant ringing in my head. My experience ran counter to Garret Hardin’s assumptions underlying the so-called “tragedy of the commons.” I read no contracts, recognized no formal titles, and saw no property rights. But as it turned out there were plenty of privileges—self-organized, self-defined, and bloodily enforced. Access to the resource could be divested by someone, to someone, for the right price. Yet bartering seemed a mystery, exchanged through a silent currency of nods and winks devoid of meaning to almost any academic. With one brilliant exception.

Elinor Ostrom, like me, grew up in California, a thirsty landscape and society that marks the psyche for life. As an underprivileged, half-Jewish high school nerd in upscale Beverly Hills 90210, Ostrom was the quintessential “outsider.” As a result, she spent her life trying to grasp the invisible ties, hierarchies, and rules of dominion that shape decisions among “insiders.”

As hundreds of environmental entrepreneurs venture out to light candles in dark corners of our natural world, Ostrom, who passed away in June, has become—or ought to become—our patron saint: a benevolent advocate in heaven who may intervene on behalf of our shared approach, ideas, and efforts.

Perhaps you object to my canonization. Enmeshed in the dismal science, you don’t even believe in sainthood, heaven, or metaphysics. That’s fine. Neither do I. What I do believe is that the foxholes of our work



in no-mans-land make us seek out a moral figure whose life teachings can inspire us, reinvigorate our work, give us traction, direction, and a larger sense of what’s possible.

Elinor Ostrom fits the bill. But you won’t find her in the conventional pantheon of economic genius—she was, after all, a political scientist. And a woman. And yet, consider how the usual suspects collapse in the face of conserving, say, fresh water.

Adam Smith was stumped by its lack of economic value. John Locke’s social contract overlooked it. Alexander Hamilton was duped by his later rival (and killer) Aaron Burr into a calamitous private monopoly over it. Frédéric Bastiat recognized the invisible costs of broken windows, but not of broken rivers. Ludwig von Mises seemed comfortable with certain natural monopolies, including over water. F. A. Hayek showed how price systems direct the market to adapt to resource scarcity, except scarce resources on which every living thing depends, namely water.

To be sure, 19th century economists of the Marginalist Revolution claimed to have “solved” the paradox of water, developing mathematical equations that work logical wonders and make



perfect sense—on paper. But that’s easy. Hell, you and I have “solved” the problems of environmental degradation years ago—on paper.

The grueling challenge enviropreneurs face is to descend from the ethereal mountaintop of paper and translate neat words into the messy valleys of reality. We “write” not with ink but with transactions that affect living things: red snapper fisheries, endangered species, water and gas utilities, airborne particulates, fire policy, carbon emissions.

That’s why the face on the currency in which enviropreneurs trade—a currency linked not to the gold standard but to innovation—belongs to Elinor Ostrom.

Put it this way: Economists obsess about incentives; Ostrom, like enviropreneurs, orients us toward institutions. Others divine the future of urban industrial nation states. Ostrom sought out examples in the quiet corners of the developing world, in small-scale rural economies, in nascent emerging organizations, and in weak states. Where economists seek precision, she discovered nuance. When they demanded universal truths, she grew excited at, *Understanding Institutional Diversity*, to name one of her titles.

Above all, whereas economists hunt for formulas that are timeless and pure, Ostrom—like enviropreneurs—had a deeper appreciation for gritty

context. She might enjoy the poetry of a term like “free market environmentalism.” But she’d ask whether any market, anywhere on earth, has ever been entirely “free” from its evolutionary past, from its dynamic power structures, or from its ecological circuitry.

Economists quantify the nature and extent of Garret Hardin’s “tragedy of the commons.” Politicians argue over whether that tragedy commits us to extremes of either total privatization or total regulation. Yet Ostrom taught enviropreneurs to look first at the aquatic, marine, or terrestrial habitat on which society depends and ask, “Is there really a commons?” and “Who governs it?” and “How?”

She earned a Nobel Prize for her work on common pool resource management and institutions for collective action. But enviropreneurs gain less from her dense and scholarly depth than from her exhaustive geographic and topical breadth. As Gernot Wagner put it, “Her analysis applies to anything from Maine lobstermen to Swiss Alpine pastures to small forests in India, irrigation rights in Spain and the Philippines and umpteen other cases.”

She sought to extract patterns from all these multitudinous examples, but the mere existence of so many self-organizing examples is the real and enduring story. If Ronald Coase is the Plato of property rights and contracts, Ostrom is the Aristotle who explained the messy but functional bottom-up nature of how institutions evolved and actually worked, even in places without written laws or languages.

After all, as she pointed out, try to over-graze your cows and goats on any “wild, open, and free” common pasture in rural Africa. Just see what happens. In that respect she ennobled the informal or customary handshake not as a primitive step toward a more mature property right and formal contract. In some cases, beyond a nod and a wink, a handshake on its own was, and is, enough.



JAMES WORKMAN wrote the award-winning *Heart of Dryness: How the Last Bushmen Can Help Us Endure the Coming Age of Permanent Drought*, a book which laid the basis for his co-founding SmartMarkets LLC, a business venture that partners with utilities to let people earn, own, and trade the water and energy they save. Workman is a PERC Enviropreneur™ alum. He can be reached at jamesgworkman@gmail.com.

Bering Strait Furs Go Global:

A historical account of native trade networks

BY JOHN R. BOCKSTOCE

On July 21, 1819, the American brig *General San Martín* became the first trading vessel to reach the Bering Strait. Her captain, Eliab Grimes was capitalizing on discoveries Russians had made there only three years earlier. On the way north from Hawaii Captain Grimes stopped in Kamchatka, where he learned that the Bering Strait natives—Eskimos and Chukchi—were known to be hostile and aggressive. In fact, as soon as the ship reached the Bering Strait the *General San Martín* was surrounded by a fleet of eighteen large walrus-hide boats with more than two hundred armed natives who refused, at least initially, to allow him to trade.

A trading vessel was a convenient source of foreign goods, and one might assume that the natives would have welcomed it, but the Eskimos and Chukchi were not happy to see the foreign boat. They controlled the cross-Bering Strait fur trade, carrying knives, tobacco, and beads to the natives of Alaska and returning to the Asian shore with cargoes of American furs. The Chukchi in particular, one of the fiercest and most belligerently independent peoples of Asia, fully intended to protect their monopoly.





The natives' aggression toward the *General San Martín*, however, told Captain Grimes that there were indeed furs moving across the Bering Strait to Asia. What he did not know was the furs that the natives so tenaciously protected originated from western arctic Canada and that they had passed through many hands as they moved toward the Bering Strait, having been exchanged for Asian manufactured goods and other products at a succession of native trade fairs. From there, the Chukchi and Eskimos ferried them to the Asian shore and sold to other Chukchi, who hauled the pelts overland to a rendezvous with Russian traders on a tributary of the Kolyma River, 800 miles west of the Bering Strait. There the Chukchi middlemen, now carrying Asian manufactured goods, would begin their return toward the Bering Strait. Without knowing it, Captain Grimes had encountered a native trade network spanning more than 2,000 miles.



In fact, native nations in the greater Bering Strait region had been trading among themselves for two millennia, exchanging goods within a trade network that extended much farther still: Chinese iron, bronze, and other valuable commodities flowed northeastward, while walrus ivory and furs went west. By about A.D. 1200, this trade network had been integrated into an even larger one that not only encompassed the entire Eurasian continent but also reached both the east and west coasts of northern North America.

EMERGENCE OF A GLOBAL NETWORK

During this same time period, Greenlandic Norse traders, seeking ivory and furs, had reached some of the Canadian Arctic Islands, as well as Labrador, and even the Gulf of St. Lawrence, to trade with Native Americans in return for metal and other goods. These furs and ivory were carried to Scandinavia, Western Europe, and the Near East, where they intersected other trade goods that had originated as far away as China. Five hundred years later, with European voyages such as those executed by the *General San Martin*, a truly global network emerged in the New World, Africa, the Indian Ocean, and the Pacific.

Although a cross-Bering Strait trade had been underway for two thousand years, the intense fur trade that Captain Grimes encountered at the Bering Strait was a comparatively recent development. The Chukchi and Eskimos had been vigorously involved with this trade for only about thirty years, a commerce that developed as a result of a Russian trade fair, which was established in 1789 on a tributary of the Kolyma River. Word of Grimes' encounter at the Bering Strait and a burgeoning

market for furs soon drew the Russian American Company northward from its base on the Pacific Rim of Alaska. To cut into the Natives' middleman trade—and thus to capture the furs crossing the Bering Strait—the Russian American Company established fortified posts on the Yukon River and its delta. In response, and to protect their monopoly, Eskimos attacked and burned down the Nulato outpost.

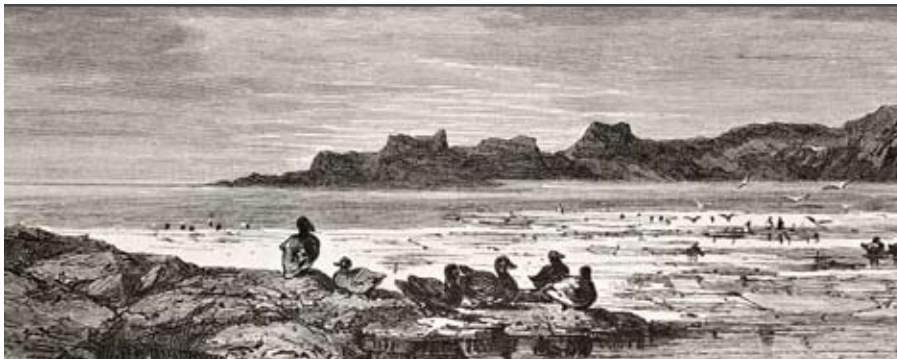
At the same time the Hudson's Bay Company was expanding northwestward down the Mackenzie River, and eventually crossing the mountains and setting up posts on the upper Yukon River. Both companies served as proxies in the contest for dominion in northwestern North America. By mid-century these foreigners had been joined by the American whaling fleet, which also made a profitable sideline in the fur trade. After the purchase of Alaska in 1867, American traders, both pelagic and land-based, dominated the trade, which involved commerce with as many as 50 native nations throughout northwestern arctic Canada, northern and western Alaska, and northeastern Asia.



IN SEARCH OF PROFIT

The maritime fur trade of the Bering Strait was one aspect of the European expansion into the most remote regions of Asia and America. But as we have seen, it fit within a vast global exchange network. At times the Bering Strait trade involved the contest for dominion between Russia and Great Britain, but at its basis was always the search for profit, in whatever way profit was conceived by the participants. Far beyond the Asians, Europeans, and Americans who sought to buy furs, ivory, and other commodities for the markets in the south, members of 50 native nations provided these commodities to one another—and to foreigners—in return for goods that they required or desired. Manufactured goods, coastal products, inland products, tobacco, tea, alcohol, and hundreds of other items changed hands many times in the immense region.

A common belief about the history of the fur trade is that European merchants grossly exploited the native fur hunters by providing them with worthless goods. “Scholars and the public alike have mistakenly assumed that native people were unsophisticated, and that fur traders were cheats of the worst order,” wrote the historian James Hanson in his book *When Skins Were Money*. “Traders were human; as such, some were good, some were bad, and most got by as circumstances and conscience warranted. The trader wanted to establish good relations with his customer, and to provide him with the tools he needed to live and the luxuries he wanted to enjoy life.... The fur trader was the great loser if his customer didn’t have good tools for the hunt or got sick because he was inadequately clothed.... He had to depend on his own wits and the good will of his customers.”





A POSITIVE SUM GAME

The *General San Martín*'s gross fur returns were ten times the worth of the trade goods. But the northern cruise carried a much more valuable cargo—commercial intelligence. Thirty years after Grimes' visit, foreign fleets reached the region and the trade among natives grew because of increased availability of manufactured goods. No matter which goods were exchanged, these transfers were largely regarded as advantageous by both parties. The natives of the Bering Strait region willingly participated in these trades, and on both sides of the exchanges the participants thought they were receiving a favorable reward—by whatever scale of values they chose to measure that reward.



For more information: <http://yalepress.yale.edu/yupbooks/>



JOHN R. BOCKSTOCE is an arctic specialist and award-winning author. His most recent book is *Furs and Frontiers in the Far North: The Contest among Native and Foreign Nations for the Bering Strait Fur Trade* (2009, Yale University Press).



HabiHut at Your Doorstep

Living in the Korogocho slum, a small settlement on the outskirts of Nairobi, Kenya, is not easy. Think crowds, no running water or sanitation, minimal electricity, and widespread crime. Furthermore, property rights are limited, at best, and most goods and income are amassed in the underground marketplace.

This Kenyan community resembles many others in the developing world. While developing societies seem to be climbing a technological ladder—80 percent of all mobile phone connections are in the developing world—many still lack basic necessities. On some days in Korogocho, water can be found for pennies a bucket by walking only a football field away. Other days require hours of searching and six times the price. Furthermore, most illness and childhood death in the developing world is water related.

The lack of secure property rights together with costly permitting discourages infrastructure investment to enhance water and electrical development. According to Buz Weas, President of HabiHut, more than a billion people lack access to clean drinking water and about 500 million cell phone users have no access to electricity to charge their phones.

Imagine a world where women and children could work and attend school instead of searching for water. A world where phone communication provides information about agriculture commodity prices, delivery services, and weather forecasts that can enhance crop production and market response.

That world is emerging with innovations from companies such as HabiHut of Belgrade, Montana. This small firm has developed a non-permanent modular kiosk that helps filter water and provides solar lighting and electrical access. As a temporary structure, this kiosk avoids the often-complicated permitting process required for building. And shipped in a four by eight foot package, the unit can be assembled in a single day. Purchase of a HabiHut kiosk gives entrepreneurs the ability to provide low cost clean water and electricity.

Three pilot HabiHut water kiosks were installed in Kenya last year. After only three months the huts proved to be financially viable. On average, they provided services to 2,600 customers. Most were purchasing water but about 15 percent bought electricity to recharge cell phone batteries.

Extending from the success of the experimental sites, the Hunter & Stephanie Hunt Institute for Engineering & Humanity has joined with HabiHut to create the “Hot Spring Micro-Franchise.” The franchise requires a small investment from entrepreneurs to purchase a water kiosk and has high hopes of encouraging entrepreneurial activities. By combining environmental and social entrepreneurship, HabiHut is providing the provision of basic necessities in the developing world and collecting a profit to do so.

For more information: www.thehabihut.com



Water Stations

Approximately 9.1 billion gallons of bottled water is consumed in the United States annually—nearly 30 gallons per person. Bottled water is the fastest growing beverage in the nation and is a healthy substitute for sugary drinks. Environmentalists, however, find the disposable bottle passé for its waste. Indeed, nearly 9 billion pounds of plastic bottles are tossed each year; and only 27 percent are recycled.

This environmental consciousness is moving people from disposable to reusable bottles and entrepreneurs are taking notice. Filtrine Manufacturing Company, established in 1901, is known as a problem solver in the water industry. Filtrine claims to be the original producer of bottle-filling water stations. The company produces what historically were drinking fountains but are now designed or retrofitted to fill reusable bottles.

Filtrine is not alone. Responding to consumer demand for clean water at a low price, multiple producers are supplying bottle filling stations.

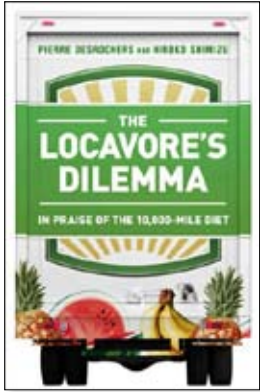
Those who use water stations choose to make environmentally conscious decisions, with an added cost savings benefit. The stations are a cost savings for companies that provide five-gallon office jugs and bottled water for employees. They also reduce maintenance expenditures by reducing the amount of garbage created.

Water bottle-filling stations were introduced at the O'Hare International Airport in 2010. Faucetless drains have been installed at security check points

encouraging people to empty bottles rather than dispose of them when passing through security. Bottle-filling stations were placed just inside the terminal for refill. The new faucets are not just a convenience for travelers but they have provided “green” recognition for the airport and lowered costs. It is estimated that each station reduces trash by 29 tons.

Demonstrating their efficacy, bottle-filling water stations are also popping up in businesses, golf courses, ski areas, health clubs, and schools. Given the demand for such stations, there is no need for government to require bottle-filling taps or to outlaw plastic bottles. Of course, there are still officials that feel the need to step in. San Francisco is considering a city ordinance that would require new and renovated buildings with drinking fountains to retrofit them with bottle-filling water stations. Ironically, this move might discourage drinking fountains entirely—motivating more, rather than less, consumption of bottled water and substitute drinks.

For more information: www.filtrine.com



THE LOCAVORE'S DILEMMA

In Praise of the 10,000-Mile Diet

According to Wikipedia, a locavore is “a person interested in eating food that is locally produced, not moved long distances to market. The locavore movement in the United States and elsewhere was spawned as interest in sustainability and eco-consciousness became more prevalent.” Some of today’s food activists think that “sustainable farming” and “eating local” are the way to solve a host of perceived problems. They are wrong.

In *The Locavore's Dilemma: In Praise of the 10,000-Mile Diet*, Pierre Desrochers, a former Julian Simon Fellow at PERC, and Hiroko Shimizu, a policy analyst, carefully explain the history, science, and economics of food supply. They demonstrate that locavores miss or misunderstand: the environmental impacts of agricultural production; the drudgery of subsistence farming; and the essential role large-scale, industrial producers play in making food more available, varied, affordable, and nutritional than ever before in history.

Desrochers and Shimizu show how eliminating agriculture subsidies and opening up international trade is the route to a less costly and more diverse supply of food. It is not by accident that we are blessed with the cheapest food in history. According to the USDA, Americans devote a piddly 6.6 percent of family budgets to food. Thank goodness we are globavores. In contrast, people in Cameroon, who devote 47 percent of their income to food, have a much more locavore diet.

If people want to dabble with a locavore diet, that is their right. The problem is that, as with any idea that gets some adherents, politicians see an opportunity and immediately begin thinking about attracting voter approval by giving money to support someone’s food preference or hobby. Locavores are not the first, of course. Our agricultural markets are blighted with special-interest treats for domestic sugar producers among others.

As the authors note, Secretary of Agriculture Tom Vilsack has jumped on the locavore bandwagon: “In a perfect world, everything that was sold...and consumed would be local.... we don’t have yet a very sophisticated distribution system for locally grown food. One thing we can do is work on strategies to make that happen. It can be grant programs, loan programs, it can be technical assistance.” Putting words into action, USDA now gives preference in contract bidding for school meals to local farm products, and members of Congress have pitched assorted bills to subsidize local growers.

Other boondoggle experts want to get in on the racket as well. Michigan State University has generously offered, for \$100 million, to build a 100-acre urban-agriculture research center in Detroit, where there is interest in converting empty land into agriculture. Mayor of Detroit Dave Bing explained recently, in the *Wall Street Journal*, that “innovation based on metropolitan food production can create new businesses and jobs.” Sure, if the subsidies are big enough. Taking money from more productive uses and putting it into lower-valued uses means a smaller economy. The book explains how global trade in foodstuffs allows a bigger economic pie for all to enjoy.

Locavore restaurants are sprinkled around the country. Adherents worry about how far it is to go to get acceptable food; is 100 miles fair? This hobby may voluntarily generate a bit of income for high-cost banana growers in Montana rather than greedy low-cost Guatemalan banana farmers, but what does it do for food efficiency and the environment as a whole?

The agricultural market is already shot through with subsidies, such as the one for uncompetitive American sugar growers in a few states who make campaign contributions in each and every election. Don’t be surprised if locavores manage to get in on the act, tying together misguided economic and environmental beliefs that Desrochers and Shimizu dissect in scholarly, but readable fashion.

➔ For more information: www.publicaffairsbooks.com



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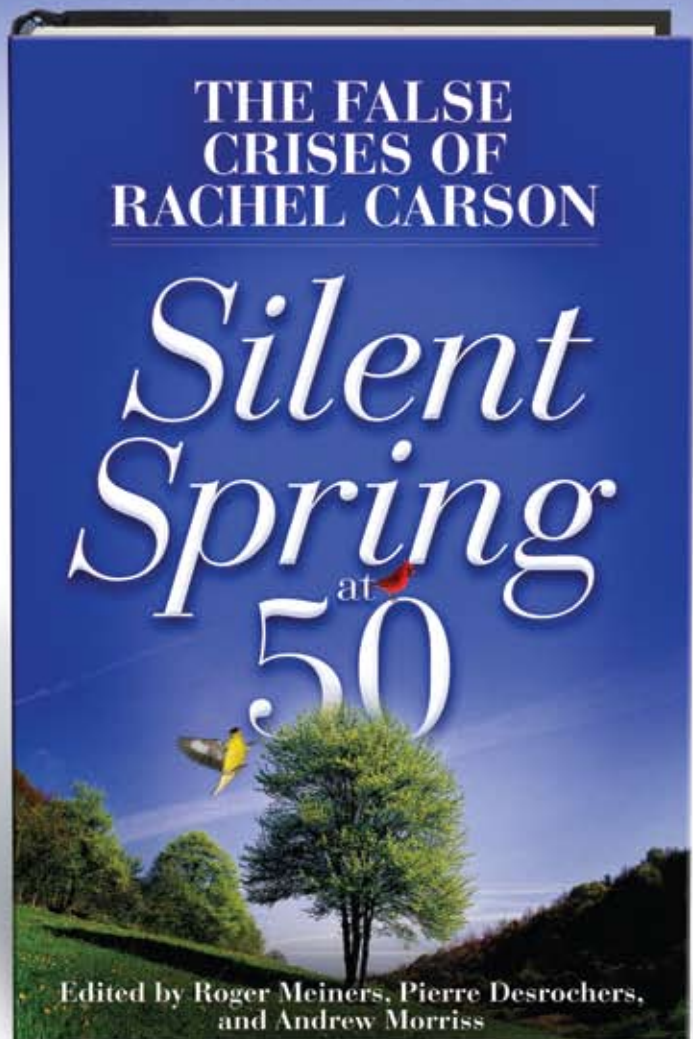
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“This book offers a much needed perspective on one of the most misguided and overpraised books of the 20th century. However noble in her intentions, in *Silent Spring*, Rachel Carson provided the impetus for a half century of environmental policies that have cost hundreds of millions of lives and elicited antagonism toward many products and technologies that could have benefited the planet and its inhabitants.”

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