ABSTRACT

TWO ESSAYS ON THE EFFECTS OF COMMON PROPERTY MANAGEMENT ON THE POOR

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How to regulate an open access resource while achieving Pareto efficiency has long been a central focus of both natural resource economics and development economics. The well-accepted conclusions are that privatization can achieve efficiency but that some people are made worse off. The empirical literature from developing countries has shown that those made worse off are often the poor. We use a two-sector model to examine the implications of communal management of an open access resource. This dissertation consists of two essays.

In Essay 1, we use a static model to examine the distributional implications of regulating an open access resource in the presence of heterogeneous productivity. This is done in three scenarios making different assumptions as to persons' abilities in the two alternative activities. Under each scenario, the community agrees that all the fishers pay a tax and total tax revenue will be distributed equally to all farmers or leavers. Each fisher under open access can choose to be a fisher or a farmer, depending on his income after accounting for taxes or rent sharing.

In Essay 2, we assume individuals are identical except their time preference rates. Individuals are free to choose whether to "privatize" so as to acquire usufruct rights or stay on the commons. We show that only some will take advantage of being young

enough and enough willingness to forego current consumption to enclose. Our results show that thereafter, each generation will unwittingly pass on more of the resource stock than they captured with enclosure. As the stock goes to a new steady state, everyone who opts for private production is better off and those who do not are no worse off. A distinct gap emerges between the poor on the commons and the rich on enclosed lands.