

Hunted for ivory, the world population of elephants dropped from 1.3 million in 1979 to 600,000 in 1989.

In an effort to stop the decimation of elephant populations, conservationists called on countries to ban the sale of ivory.

Economists responded that banning the sale of ivory removes incentive to raise elephants, but does not remove the incentive to poach elephants.

In an unintentional experiment, in 1989 some countries banned the sale of ivory while others did not.

What is interesting is to compare the populations of elephants across the two sets of countries.

In countries that banned the sale of ivory, elephant populations declined by more than 90%.

But, in countries that did not ban the sale of ivory, elephant populations increased by 125%.

Elephant Population

Banned Ivory Trade	1989	1994
Mozambique	17,000	1,495
Somalia	2,000	130
Did not Ban Ivory Trade		
Zimbabwe	52,000	81,855
Botswana	20,000	80,174

Source: McPherson, M.A. and M.L. Nieswiadomy, 2000. African Elephants: The Effect of Property Rights and Political Stability. Contemporary Economic Policy.

It's not just the elephants

Environmental groups attempt to preserve forests by encouraging restrictions on logging.

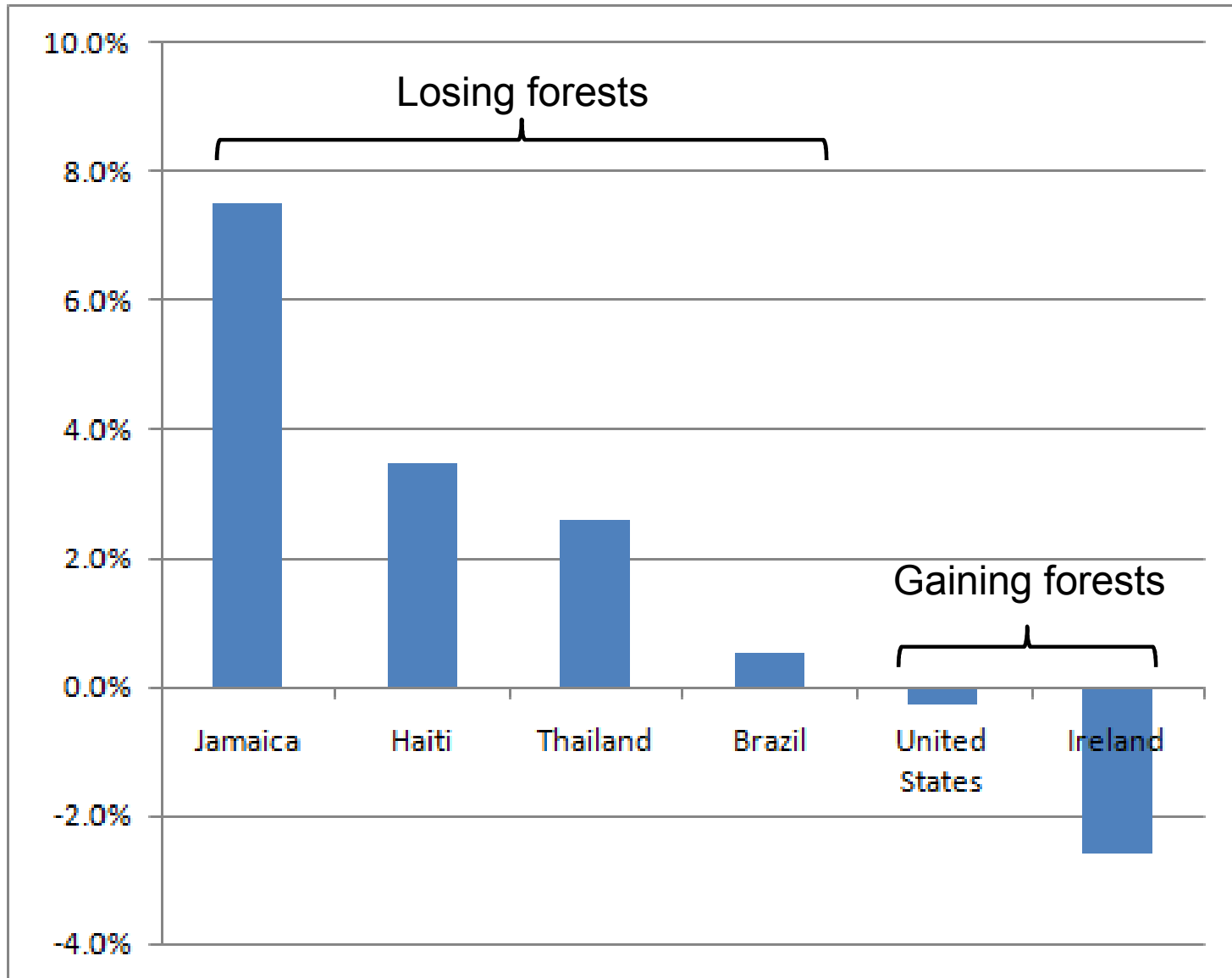
In Ireland, individual villages are named as owners of forests and are allowed to log the forests for profit.

Establishing property rights allows people to profit from a resource and therefore gives people a profit motive for prudently utilizing and preserving the resource.

Countries that allow people to own and log forests experience reforestation because there is profit in planting and cutting down trees.

Countries that outlaw logging experience deforestation because there is profit in cutting down the trees, but no profit in planting more.

Annual Rates of Deforestation (1990 to 1995)



Source: *International Financial Statistics*, International Monetary Fund, December 2001, and *World Development Indicators*, World Bank, 2002