

Statement on Vermont H.99
Vermont House Committee on Natural Resources, Fish, and Wildlife
Laurel Neme, PhD
February 26, 2020

I'm Laurel Neme. I'm an expert on the illegal wildlife trade and have worked on these issues for over a decade. I'm the author of *ANIMAL INVESTIGATORS: How the World's First Wildlife Forensics Lab is Solving Crimes and Saving Endangered Species*, on wildlife trafficking and forensics, and *THE ELEPHANT'S NEW SHOE*, about the rescue of an orphaned baby elephant who caught in a poacher's snare and needed a prosthetic foot. I'm also a regular contributor to *National Geographic*, where I write about wildlife trafficking. Previously, I served in the US Treasury Department reviewing social and environmental aspects of multilateral development bank investments. I hold a PhD from Princeton University and a Master's in Public Policy from the University of Michigan.

I strongly urge the Committee to pass H.99 to ban the trade of wildlife parts and products in the state of Vermont.

As far as I know, Vermont is not a hotbed of wildlife trafficking. But as was apparent from the recording I listened to of last week's testimony by Mr. Duane Merrill, buyers from around the world are interested in what is being sold here in Vermont. Which makes it even more important for Vermont to take action.

Let me address a few issues that have been raised.

Populations of these species are in decline

In his testimony from last week, Mr. Merrill said that there is a surplus of animals in some African countries. Yes, there are some healthy populations in specific locations. But that doesn't mean the entire population is in good shape.

Rather than use a single price list by a safari-hunting outfitter as a proxy for population numbers, like he did, let me give you the actual numbers.

- One **elephant** dies every 15 minutes. In 1930, there were as many as 10 million elephants across Africa. Today, that number is about 400,000. A 96% decline. It's happening very quickly. Over the last decade, Central Africa's elephant population declined by 64%, and continent-wide, there was a 30% drop over a 7-year period.
- There are about 27,300 **rhinos** worldwide. There is a relentless onslaught by poachers. Rhino horn is currently the most valuable substance on the planet, with old estimates of about \$600/oz. The population in South Africa's Kruger

National Park has dropped by at least 25% in the last 10 years, and in just the past two years (2017 and 2018), poachers killed about 6% of the global total.

- **Giraffe** populations dropped by about 40% over the last 30 years across all of Africa (a massive range), to about 100,000 today.
- **Lions** are extinct in 26 African countries and have vanished from over 95 percent of their historic range. There are about 20,000 lions now, compared to 100,000 a century ago.
- There are about 7,000 wild **cheetahs** now, compared to 100,000 a century ago.
- **Pangolins** are all listed as endangered as they are under severe threat, with more than one million pangolins killed over the last decade (as indicated by seizure data). Pangolins are currently the most heavily trafficked animal in the world, a trade that cannot be sustained. Their defense mechanism when threatened is to curl up into a ball with their razor sharp scales exposed. This protects them from lions, but not from people. In their defensive posture, they are easily scooped up with a hook or shovel and dumped into a bucket. Depending on the species, scientists estimate population drops of 50-80% over the next 10-20 years. Pangolins have an extremely important ecological role of regulating insect populations. One single pangolin can consume around 70 million ants and termites.

Human Toll

There's also a human toll. Rangers are often injured or lose their life in the line of duty.

Every year, about 100 rangers lose their lives while protecting wildlife.

In 2018, about half of the 107 who were killed were actually murdered in the field while fighting poachers, and another 50 died in work place accidents due to the dangerous nature of a ranger's life. But these are not just statistics. These are men and women, rangers, who leave families behind, often with little support.

And that doesn't count the many more who are injured in the line of duty, or the number of poachers who are killed.

Legal markets provide cover for illegal items

Loopholes in the law provide cover for elephant ivory, rhino horn and other products to be "laundered" through legal markets.

A recent study by the National Bureau of Economic Research (see attachment) examined the impact of allowing one-time legal ivory sales and found that it contributed to at least a 66% increase in poaching and a 71% increase in smuggling. It noted “Once a legal stock of ivory is released into a market, it can continue to circulate and mask illegal supplies for decades.” It’s important to note that safeguards were in place to verify the authenticity of the “legal” ivory. The safeguards failed utterly.

There are many examples of multi-year, multi-state investigations by the US Fish and Wildlife Service that show how antique dealers and others circumvent regulations to smuggle ivory and rhino horn. (See attachment for some of these cases.)

Indeed, Mr. Merrill himself stated in his testimony that “People are breaking the law consistently.”

I draw your attention to three items offered for sale by Mr. Merrill’s company at an auction this past weekend.

- Elephant foot stand (estimated value \$300 - \$500) – sold for \$100;
- Two Scrimshaw teeth (estimated value \$200 - \$400) – sold for \$200; and
- Asian portrait three piece jewelry set (estimated value \$400 - \$800) – sold for \$100

There’s not enough information on these items in the online catalog to tell whether or not these items can legally be sold under the current patchwork of laws. These laws deal with: the origin of the item, whether it was legally obtained, its age, whether it was sold or moved across state or international boundaries, whether it had appropriate permits and so on.

Given that, you can see why it would be easy for a legal market to provide cover for sales of illegal products, especially when many of these products are being sold for just a few hundred dollars and there’s an inadequate capacity by law enforcement to examine each sale. Simply banning the sale would solve this problem.

The illegal wildlife trade and Vermont

How much illegal wildlife products move through Vermont? I don’t know. But there is no reason to believe that it isn’t happening here.

As Mr. Merrill stated “These products are out there. We can find them. They are being sold.” He also noted that EBay and the internet make these auctions pop more than they ever did before and that he has about 220,000 people following his auctions, with 2,000 to 3,000 bidders, plus live bidders in the room.

He said “It’s a big different expansive market.” He’s right. These markets are global and Vermont is a part of it.

Wildlife products are a negligible part of Vermonters’ lives and businesses

That said, this law would have a minimal intrusion into the lives of Vermonters and cause little to no financial harm.

The wildlife trade represents a negligible part of the business of Vermont antique dealers. Let me give you some numbers.

Mr. Merrill’s company is arguably the largest dealer of antiques in the state and therefore the most likely to see wildlife products. Mr. Merrill said his company does about 12 auctions a year, and I looked at one of those, which took place last week, February 20-21.

That auction had 815 lots worth an estimated \$216,800-\$388,250.

Of those, only three—the elephant foot stand, the scrimshaw teeth and the Asian jewelry set that I referenced earlier—would have been affected by this bill.

Those three items, worth an estimated \$900-\$1,700 combined, represented only 0.4 percent – less than half of one percent – of the total estimated value for this auction.

I should note that, in reality, the three items together sold for only \$400, less than half of what was estimated.

Four years ago, I did a similar analysis across five of that company’s auctions with similar findings.

I should note that the images of valuable antiques provided last week by Mr. Merrill did not provide a proxy for potential lost revenue because they were simply that -- images of valuable antiques. It is unclear when they were sold, and, as indicated on the photos themselves, many (possibly all?) were NOT sold by Mr. Merrill’s company but rather by companies outside the state of Vermont, such as Skinners in Boston, MA or Neal Auction Company in New Orleans, LA.

As a state, any economic harm will be negligible. Out of the 60,000 small businesses in the state, less than 1/10th of 1 percent are in the antique or estate sale business. (The Vermont Antique Dealers Association lists 51 members who are Vermont dealers, auctioneers or otherwise involved in estate sales.)

Let me state this bluntly. This bill would outlaw the sale of products that represent less than half a percent of the revenue from an industry representing less than 1/10th of one percent of the businesses in the state.

What this bill does and doesn't do

There are a number of erroneous claims about this bill. Let me address some of them.

Some claim this bill will lead to the destruction of valuable cultural artifacts. That's false. To be clear, this bill does not affect people's right to own, possess or gift these items. It only stops buying and selling. There is no destruction of any sort.

Some worry about confiscation of items and say that this bill affects the possession of certain species or any part of them. That's wrong. As noted, people are still able to own or gift these items. It is only buying and selling that is affected.

Some claim that a person could lose their "retirement" money because they can't sell their items. That's false. A delay in implementation provides plenty of opportunity to sell the item before the law takes effect. In addition, as with any investment, particularly a non-traditional investment such as art, the value is not guaranteed. Just ask ANYONE who bought beanie babies as an investment. Further, you can see that the elephant products—namely the ivory jewelry and elephant foot stand listed in the Merrill auction each sold for just \$100—well under their estimated values. Prices are based on what the market will bear.

Some claim that, under this bill, someone could be charged and fined if a listed wildlife product such as elephant ivory or rhino horn is found on their premises. That's false. The truth is more nuanced than that. An item would have to be obtained illegally or be offered for sale, not just merely present on the premises. Also, when it's a small volume—which is what this would most likely be—under many circumstances law enforcement has typically involved a warning and possible confiscation of the item.

Some claim this bill will raise the costs of law enforcement. Actually, the opposite is true. As I already demonstrated, loopholes in the law make it *harder* for law enforcement.

Some claim this bill has little to do with the last remaining live elephants, rhinos and other animals. That's false. It has *everything* to do with the live animals. As I've already discussed, the market for these products is global and Vermont is part of that market. Whenever there are loopholes, someone takes advantage. While banning sales in Vermont alone will not stop the carnage, it will help and we need to do our share.

As more states ban sales of endangered wildlife products, traffic will migrate here. People will shop regulations to where it's easier to do their illegal activity. With similar laws having been passed in New Jersey, New York, New Hampshire and elsewhere, Vermont may actually see an increase in the sales of these products if we do not act now. Do we want to be a haven for illegal wildlife trafficking?

State action is becoming more important as key laws at the federal level, such as the Endangered Species Act, are weakened. We can show the world that Vermonters think it's important to protect our environment and the species in it.

That matters to me. And it will matter and give a big morale boost to those rangers around the world who put their lives on the line to protect these animals.

ATTACHMENT:

Items listed in Merrill's Auction catalog for February 20-21, 2020

See: <https://www.merrillsauction.com/>

Day 2 catalog

https://www.liveauctioneers.com/catalog/161913_febuary-midcentury-auction-day-2/

LISTING:

◀ Back to Auction | Furniture

◀ Previous Lot 0621 Next ▶

Elephant foot stand

Estimate \$300 - \$500 20h 37m 28s

\$100 0 bids

YOUR MAXIMUM BID: SECURE

\$100

PLACE BID

SAVE ITEM

7 bidders watching this item

Get pre-approved to bid live on **Sat, Feb 22, 2020 9:45 AM EST.**
[Register For Auction](#)

Shipping & Policies

- See Policy for Shipping
- Ships from Williston, VT, US
- Free Local Pick-Up Williston, VT, US

[View Shipping & Auction Policies](#)

Merrill's Auctioneers and Appraisers
TOP RATED
Williston, VT, USA
★★★★★ 369 Reviews
5,741 Followers

Lot 0621 Details Shipping & Payment Auction Terms & Info

DESCRIPTION

Early 20th c Elephant foot taxidermy stand, 14" diameter 17" tall separations around nail bed.

STARTING PRICE
\$100

BUYER'S PREMIUM
23%

ACTUAL PRICE: \$100

Home > Furniture > Tables, Stands & Consoles > Stands



Lot 620A: *Elephant foot stand*

Est: \$300 - \$500

Sold: \$100

Merrill's Auctioneers & Appraisers

February 22, 2020

Williston, VT, US

[View more details](#)



More About this Item

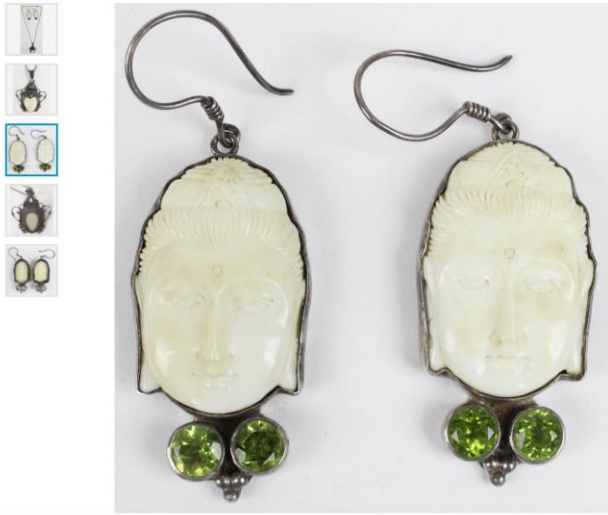
Item Overview

Description

Early 20th c Elephant foot taxidermy stand, 14" diameter 17" tall separations around nail bed.

[Request more information](#)

LISTING:



Asian portrait three piece jewelry set

Estimate \$400 - \$800

1d 19h 56m 51s

\$100 0 bids

YOUR MAXIMUM BID:

SECURE

\$100

PLACE BID

SAVE ITEM

3 bidders watching this item

BACK TO TOP

ACTUAL PRICE: \$100

Home > Jewelry > Jewelry - General > Jewelry Sets

Select Language



Lot 447: Asian portrait three piece jewelry set

Est: \$400 - \$800

Sold: \$100

Merrill's Auctioneers & Appraisers
February 22, 2020
Williston, VT, US

[View more details](#)



More About this Item

Item Overview

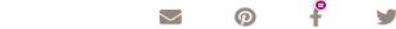
Description

A Chinese / Asian portrait set having a pair of earrings and a brooch. Brooch portrait set in sterling with a yellow gold edge and round cut amethyst. 1 3/4" long. Earrings having portraits set in sterling with round cut green tourmaline. 1 1/2" total length.

LISTING:

[Back to Auction](#) | [Collectibles](#) > [Rocks, Shells & Minerals](#)

[Previous](#) Lot 0630 [Next](#)



[Lot 0630 Details](#) [Shipping & Payment](#) [Auction Terms & Info](#)

DESCRIPTION

Two Scrimshaw teeth, Walrus tusk with ethnographic figures and small sperm whale tooth. Appear to be older teeth with later carving. Tusk measures 9.5" Tooth 2.5"

CONDITION

While we make our best effort to note any issues on items either in writing or by photograph, absence of a formal condition report does not imply that a piece is perfect, free from defects, or the effects of aging. Please review the photos carefully and consider them part of the description of a lot prior to bidding. Any condition statement is a courtesy to our buyers and should be considered our opinion and not a statement of fact or free from human error. Requests for additional information can be made by email or phone, and will be responded to on a first come first served basis.

STARTING PRICE

\$100

BUYER'S PREMIUM

23%

Two Scrimshaw teeth

Estimate \$200 - \$400

20h 34m 3s

\$200

3 bids

YOUR MAXIMUM BID:

SECURE

\$225

PLACE BID

SAVE ITEM

12 bidders watching this item

Get pre-approved to bid live on **Sat, Feb 22, 2020 9:45 AM EST.**
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ACTUAL PRICE: \$200

Home > Collectibles > Natural History Collectibles, Fossils & Minerals > Scrimshaw



Lot 630: *Two Scrimshaw teeth*

Est: \$200 - \$400

Sold: \$200

Merrill's Auctioneers & Appraisers

February 22, 2020

Williston, VT, US

[View more details](#)



More About this Item

Item Overview

Description

Two Scrimshaw teeth, Walrus tusk with ethnographic figures and small sperm whale tooth. Appear to be older teeth with later carving. Tusk measures 9.5" Tooth 2.5"

Limited list of federal wildlife trafficking cases involving antique dealers:

- Philadelphia art store owner Victor Gordon smuggled over 1 ton of African elephant ivory, mostly carvings and other decorative art. He did this by having items stained to make them look old and also falsifying receipts to make ivory appear older than it was. Smuggled items can also end up in Vermont shops. Authorities traced Gordon's so-called "antique" ivory to buyers in Massachusetts, Pennsylvania, Missouri, Texas, Illinois, Kansas and California.
- In another case, Zhifei Li masterminded a network of three US antique dealers, who in turn used other antiques dealers, auction houses and galleries, to smuggle \$4.6 million worth of ivory carvings and rhino horn to China.
- Joseph Chait, a senior auction administrator of a gallery and auction house (in California and NY) pled guilty to smuggling \$1 million worth of rhino horn and elephant ivory.
- Ferdinand Krizan, an antique dealer in Franklin, NY (near Buffalo) pled guilty to smuggling elephant tusks, ivory carvings and more, with a total valued of \$355,000.
- A university professor in Minnesota, Steve Zheng, who also operated an online antique business, admitted he bought and sold over \$1 million worth of various antiques from eBay and other dealers and smuggled them out.
- In Florida, Raymond Reppert, Jr., pled guilty in Miami. He sent ivory carvings through the mail to China and claimed they were resin.
- Canadian antiques dealer Linxun Liao was sentenced in NY. He bought ivory and rhino horn items from dealers throughout the US and exported them to China. He used a New Jersey address, because auction houses wouldn't ship the ivory to him unless he had a domestic address, and then hired a Manhattan-based courier service to illegally export his merchandise to China.

SOME ADDITIONAL CASES IN NEIGHBORING STATES:

<https://www.justice.gov/usao-ma/pr/new-hampshire-man-sentenced-trafficking-protected-wildlife>

Department of Justice
U.S. Attorney's Office
District of Massachusetts

FOR IMMEDIATE RELEASE

Thursday, August 15, 2019

New Hampshire Man Sentenced For Trafficking In Protected Wildlife

BOSTON - A New Hampshire man was sentenced today in federal court in Boston for illegally trafficking live water monitor lizards from the Philippines.

Derrick Semedo, 26, of Nashua, N.H., was sentenced by Senior U.S. District Court Judge Douglas P. Woodlock to two years of probation and 120 hours of community service. In April 2019, Semedo pleaded guilty to one count of trafficking in monitor lizards that were exported illegally from the Philippines. Semedo admitted to illegally importing more than 20 live water monitor lizards from the Philippines between March and December 2016, in violation of United States law and the Convention on International Trade in Endangered Species (CITES) Treaty. To avoid detection by United States customs authorities, the lizards were placed in socks, which were sealed closed with tape, and then concealed in the back panels of audio speakers or other electronic equipment. The equipment was then shipped via commercial carriers to Semedo in Massachusetts. The customs declarations accompanying the shipments identified their contents as audio speakers or similar electronics.

As part of his plea, Semedo admitted that he knew the monitor lizards he received had been taken in violation of Philippine law, and that the import violated United States law. Semedo also admitted that upon receiving the monitor lizards, he sold some of them to customers, including customers in Colorado, Connecticut, and New Hampshire.

United States Attorney Andrew E. Lelling; Assistant Attorney General Jeffrey Bossert Clark, of the Department of Justice's Environmental and Natural Resources Division; and Ryan Noel, Special Agent in Charge of the U.S. Fish & Wildlife Service's Region Five office, made the announcement today. The Philippines' National Bureau of Investigations provided valuable assistance with the investigation. Assistant U.S. Attorney Seth B. Kosto of Lelling's Criminal Division and Trial Attorneys Gary Donner and Erica Pencak of the Justice Department's Environmental and Natural Resources Division prosecuted the case.

<https://www.justice.gov/opa/pr/former-canadian-mountie-sentenced-money-laundering-charges-stemming-conspiracy-smuggle-ivory>

Department of Justice
Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, September 20, 2017

Former Canadian Mountie Sentenced to Money Laundering Charges Stemming from a Conspiracy to Smuggle Ivory Tusks

A retired officer of the Royal Canadian Mounted Police was sentenced today by U.S. District Court Judge John A. Woodcock for the District of Maine to 62 months in prison for 10 money laundering offenses, announced the Justice Department. Gregory R. Logan, 59, of St. John, New Brunswick, was extradited to the United States from Canada on March 11, 2016. He was indicted in the District of Maine in November 2012 and charged with conspiracy, smuggling and money laundering, and pled guilty to 10 money laundering offenses on September 28, 2016.

“This defendant illegally imported hundreds of narwhal tusks into the United States, with a value in the millions of dollars. Unlawful wildlife trade like this undermines efforts by federal, state, and foreign governments to protect and restore populations of species like the narwhal, a majestic creature of the sea with long and spiraled protruding ivory tusks,” said Acting Assistant Attorney General Jeffrey H. Wood of the Environment and Natural Resources Division. “Our Division successfully worked with the U.S. Fish and Wildlife Service, NOAA Fisheries, and the Canadian Government to successfully conclude this case.”

“This investigation highlights the best of law enforcement working together. Our special agents, with counterparts from the National Oceanic and Atmospheric Administration and Environment and Climate Change Canada, investigated a complex scheme where illegal narwhal tusks were trafficked across the U.S.-Canada border,” said acting Chief of Law Enforcement Ed Grace for the U.S. Fish and Wildlife Service. “Wildlife smuggling is a transnational crime that knows no borders and requires an international response. We will continue to work closely with our international, federal, and state partners to investigate and arrest individuals who smuggle and sell protected wildlife for their own financial gain.”

“Today’s sentencing brings to a close a long investigation and prosecutorial process that underscores our global commitment to end wildlife trafficking,” said Chris Oliver, Assistant Administrator for NOAA Fisheries. “We are grateful for the international cooperation that has led to this conclusion.”

“This case is the result of a successful joint investigation involving partners across Canada and the United States working to stop the illegal commercialization and exploitation of Canadian wildlife, in this case the smuggling of narwhal tusks,” said Glen Ehler, Regional Director, Wildlife Enforcement Directorate, Enforcement Branch, Environment and Climate Change Canada. “Today’s sentence and the previous conviction in Canada send a strong message that this type of offence will not be tolerated.”

Logan was involved in a scheme to smuggle narwhal tusks from Canada to the United States for sale to American customers and transfer the proceeds of those sales back to Canada. Logan was arrested in Canada, based on a request from the United States, in December 2013. Logan pleaded guilty to a related wildlife smuggling crime in Canada and the terms of his extradition limited the case against him in the United States to the money laundering offenses. Also charged in the original indictment was Andrew J.

Zarauskas of Union, New Jersey. Zarauskas was convicted after a jury trial in Bangor and sentenced to 33 months in prison.

Narwhals are medium-sized toothed whales that are native to the Arctic. They are known for their distinctive ivory tusk, which can grow to more than eight feet in length. Given the threats to their population, narwhals are protected domestically by the Marine Mammal Protection Act and internationally by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) – an international treaty to which more than 170 countries, including the United States and Canada, are parties. It is illegal to import narwhals, or their parts, into the United States for commercial purposes. Further, any importation must be accompanied by a permit and must be declared to U.S. Customs and Border Protection and the U.S. Fish and Wildlife Service.

According to the indictment, Logan smuggled more than 250 narwhal tusks into the United States between 2000 and 2010. As part of the plea agreement, Logan agreed that the market value of the narwhal tusks in this case was between \$1.5 million and \$3 million. Knowing that the tusks were illegal to bring into the United States and sell, Logan transported them across the border in false compartments in his vehicle and trailer. Logan utilized a shipping store in Ellsworth, Maine, to send the tusks to customers throughout the United States, including Zarauskas and others. Logan knew that his customers would re-sell the tusks for a profit and in an attempt to increase that re-sale price, Logan would occasionally provide fraudulent documentation claiming that the tusks had originally belonged to a private collector in Maine who had acquired them legally.

In addition to shipping the tusks from Maine, Logan maintained a post office box the Ellsworth shipping store as well as an account at a bank in Bangor. Logan instructed his customers to send payment in the form of checks to the post office box, or wire money directly to his Maine bank account. Logan then transported the money to Canada by having the shipping store forward his mail to him in Canada, and by using an ATM card to withdraw money from his Maine bank account at Canadian ATM machines. At times, Logan also directed his customers to send funds directly to him in Canada.

The case was investigated by special agents of the National Oceanic and Atmospheric Administration, Office of Law Enforcement; U.S. Fish & Wildlife Service, Office of Law Enforcement; and Wildlife Officers from Environment and Climate Change Canada. The case was prosecuted by Trial Attorneys James B. Nelson and Lauren D. Steele.

DOES LEGALIZATION REDUCE BLACK MARKET ACTIVITY? EVIDENCE FROM A
GLOBAL IVORY EXPERIMENT AND ELEPHANT POACHING DATA

National Bureau of Economic Research

NBER Working Paper

See: <http://www.nber.org/papers/w22314>

Does Legalization Reduce Black Market Activity? Evidence from a Global Ivory Experiment
and Elephant Poaching Data

Solomon Hsiang and Nitin Sekar

NBER Working Paper No. 22314

June 2016, Revised April 2019

JEL No. F18.F55.K42.O13.O17.Q2

ABSTRACT

Black markets are estimated to represent a fifth of global economic activity, but their response to policy is poorly understood because participants systematically hide their actions. It is widely hypothesized that relaxing trade bans in illegal goods allows legal supplies to competitively displace illegal supplies, but a richer economic theory provides more ambiguous predictions. Here we evaluate the first major global legalization experiment in an internationally banned market, where a monitoring system established before the experiment enables us to observe the behavior of illegal suppliers before and after. International trade of ivory was banned in 1989, with global elephant poaching data collected by field researchers since 2003. A one-time legal sale of ivory stocks to China and Japan in 2008 was designed as an experiment, but its global impact has not been evaluated. We find that international announcement of the legal ivory sale corresponds with an abrupt ~66% increase in illegal ivory production across two continents, and a possible ten-fold increase in its trend. An estimated ~71% increase in ivory smuggling out of Africa corroborates this finding, while corresponding patterns are absent from natural elephant mortality, Chinese purchases of other precious materials, poaching of other species, and alternative explanatory variables. These data suggest the widely documented recent increase in elephant poaching likely originated with the legal sale. More generally, these results suggest that changes to producer costs and/or consumer demand induced by legal sales can have larger effects than displacement of illegal production in some global black markets, implying that partial legalization of banned goods does not necessarily reduce black market activity.

Solomon Hsiang
Goldman School of Public Policy
University of California, Berkeley
2607 Hearst Avenue
Berkeley, CA 94720-7320
and NBER
shsiang@berkeley.edu

Nitin Sekar
Princeton University
106A Guyot Hall
Princeton, NJ 08544-2016
nitin.sekar@gmail.com