

A New Institution for Environmental Management: Beyond the Political Boundaries*

Daigee Shaw¹, Chiung-Ting Chang² and Yen-Lien Kuo³

Abstract

Due to the tradition of scientific management and governing various public affairs within one political district, serious principal-agent problems and rent-seeking phenomena have occurred in natural resource management in Taiwan. Usually, the public managers of natural resources, the agents, do not work mainly for the interests of their principals, the people. In order to solve this problem, we propose a new institution of natural resource management that provides principals with strong incentives and capacity to supervise their agents. The supervision would in turn provide agents with incentives to work for the best interests of their principals.

This institution is governed by the stakeholders of the natural resource with participatory management. It follows three principles: (1) The management district of the natural resource is its distribution area. (2) The self-governance body of the natural resource is organized by all of stakeholders in this natural resource district. (3) The participation of a stakeholder follows the Principle of Contribution and Participation.

Keywords: natural resources, participatory management, stakeholder, self-governance, principal-agent problem, rent-seeking

* Paper had been accepted by *Taiwan Economic Forecast and Policy*

¹ Research fellow, Institute of Economics, Academia Sinica, Email: dshaw@econ.sinica.edu.tw

² MPhil/ PhD student, Environment Department, University of York

³ Research Assistant, Institute of Economics, Academia Sinica