Title: Louisiana Oyster Leasing and Conflicts With Coastal Restoration: The Impact of Speculative Activities

Author(s): Walter Keithly, Richard Kazmierczak, James Wilkins

Abstract: State water bottom acreage leased by the Louisiana oyster industry has increased sharply over the past 50 years. Because of the property rights associated with these leases, there has been increasing conflict between the oyster industry and other coastal resource users, in particular oil-and-gas companies and entities engaged in coastal restoration activities. A complete understanding of these conflicts, however, depends upon knowledge of the economic incentives that drive the oyster industry and those individuals that lease water bottoms from the state. At the extreme, nominal lease fees and the potential to generate lease-based income from non-harvest sources can lead to speculative leasing that might be socially inefficient given the need to shift state water bottoms to better uses. In this paper, we first estimate the speculative value of Louisiana oyster leases, compare them to the producing value of oyster leases, and draw some inferences about the relative importance of these two revenue sources to the oyster industry. Then, we examine the conflicts between oyster leasing and coastal restoration activities and draw inferences regarding the conflicts in relation to speculative leasing activities. Finally, we propose alternative leasing arrangements that may mitigate future conflicts.