

JOURNAL OF
**Agricultural and
Resource Economics**

Volume 40

Number 3

September 2015

[Economic Organization and the Structure of Water Transactions](#)

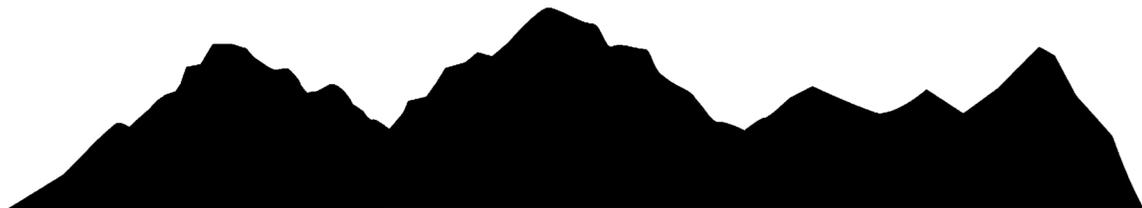
Kyle Emerick and Dean Lueck

This paper analyzes the structure of water transactions using data on contract duration from California. Water rights in the western United States are transferred through short-term and long-term leases as well as permanent ownership contracts. We test predictions about the type of water contracts derived from the literature on economic organization by using ordered probit models to investigate the correlates of contract duration. We confirm that long-term and permanent contracts are more likely when investments in specific assets are required for conveyance. We also find that longer-term arrangements are common when buyers with uncertain water supplies purchase from sellers with more certain rights, suggesting that urban municipalities use long-term contracts to reduce risk. We do not find robust evidence supporting the hypothesis that short-term agreements are more likely when the costs of transfer to third parties are potentially high.

[Agricultural Efficiency and Labor Supply to Common Property Resource
Collection: Lessons from Rural Mexico](#)

Dale T. Manning and J. Edward Taylor

Most common property resource (CPR) collection in developing countries occurs in imperfect market environments, in which endogenous prices link the economic returns in non-resource activities (i.e., agriculture) with effort supplied to CPR collection. A model of an imperfectly integrated rural household demonstrates the theoretically ambiguous connection between agricultural productivity and resource collection. Using unique panel data from rural Mexico, we find evidence that households with higher agricultural efficiency supply less labor to CPR collection. Interventions that raise agricultural productivity thus may complement resource conservation efforts.



Impact of NAFTA on U.S. and Mexican Sugar Markets

Troy G. Schmitz and Karen E. Lewis

When NAFTA became fully implemented for sugar in 2008, Mexico became the leading sugar exporter into the United States, accounting for nearly 70% of U.S. imports in 2013. A partial equilibrium trade model was developed to estimate the welfare implications of NAFTA for U.S. and Mexican sugar markets from 2008 to 2013. While the net effect of NAFTA on U.S. welfare and Mexican sugar producers was positive, U.S. sugar producers suffered significant losses. The net Mexican welfare effect of NAFTA was significantly positive in 2011, negative in 2008, and slightly positive in 2009--2010 and 2012--2013.

Vertical Price Transmission of Perishable Products: The Case of Fresh Fruits in the Western United States

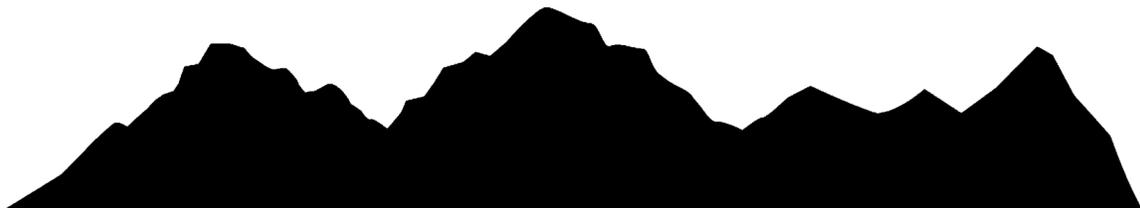
Byeong-il Ahn and Hyunok Lee

This paper investigates the asymmetry of price transmission in the marketing chain of shipping points and terminal markets for fresh fruits in the western United States. To preserve the distinct price patterns related to product perishability, we use data constructed at a fine time scale and representing the vertical markets linked with shipments. Using a decade of weekly data, we estimate the autoregressive distributed lag price transmission model and derive the dynamic multiplier effects of price responses. Our results indicate that the price adjustments and asymmetry patterns are closely related to product characteristics, especially the intensity of product perishability.

The Economics of Spatial Competition for Corn Stover

Juan P. Sesmero, Joseph V. Balagtas, and Michelle Pratt

This paper develops an empirical model of spatial competition in order to evaluate the effects of alternative corn stover market structures on stover prices, supply of cellulosic biofuels, and firm profits. We calibrate the model to market conditions in Indiana and show that spatial competition may significantly increase feedstock cost, reduce profits of biofuels plants, and increase the price of biofuel necessary to induce a given production target. On the other hand, spatial competition causes firms to rely more on the intensive margin, increasing farmers' share of the industry's surplus.



Spatial Competition, Arbitrage, and Risk in U.S. Soybeans

Kristopher Skadberg, William W. Wilson, Ryan Larsen, and Bruce Dahl

This paper analyzes spatial arbitrage and vertical integration of a U.S. soybean-trading firm. A risk-constrained optimization model using Monte Carlo simulation and copula joint distributions is specified. Results show that spatial-arbitrage payoffs vary regionally. Sensitivity results indicate that payoffs and risks increase as firms become more vertically integrated.

Are the Federal Crop Insurance Subsidies Equitably Distributed? Evidence from a Monte Carlo Simulation Analysis

Octavio A. Ramirez, Carlos E. Carpio, and Alba J. Collart

This study hypothetically analyzes the distribution of the premiums paid and thus the subsidies received by farmers participating in the Risk Management Agency (RMA) multi-peril crop insurance program. The results show a wide spread in the effective subsidy levels, to where some producers might not be receiving any subsidies at all (i.e., they actually pay close to their full actuarially fair premium), while others only pay a small fraction of their actuarially fair premium. More importantly, the results show that “shrinkage” estimators such as the one used by the RMA have the unintended negative consequence of disproportionately subsidizing farmers who are less effective in managing risk. Producers whose farms exhibit higher downside yield variability receive much more generous subsidies than those with lower levels of yield variability.

2015 JARE Editors' Report

