

# Seminario de Microeconomía Aplicada - Do Water Markets Drive Ownership Consolidation? Evidence from California's Mojave Desert

Seminario de Microeconomía Aplicada - Do Water Markets Drive Ownership Consolidation? Evidence from California's Mojave Desert

**Abstract:** Concerns about ownership consolidation and sectoral reallocation resulting from the privatization and trade of water are predominant barriers that inhibit the adoption of water markets. However, systematic empirical evaluation of these processes is lacking. We study trends in ownership shares and trading behavior in one of the world's largest and most liquid groundwater markets, located in California's Mojave Desert. Adoption of volumetric property rights allowed for trading to begin in the mid-1990s. Previous open-access water use and the initial allocation were both highly unequal, with the top 10% of water rights holders extracting more than half of pumpable water. We document that trading in the Mojave market over the course of 25 years mildly increased ownership consolidation and that top ownership shares were influenced by differential application of pumping ramp-down policies designed to achieve long-term sustainability. A few public water supply systems are prominent on the buyer's side of the market, but a test for market power finds no evidence of anti-competitive behavior. While many smaller agricultural users sold out of the market completely, we find that they received payouts in line with prevailing market prices.

**Authors:** Ellen Bruno, Andrew Ayres

**About the exhibitor:** Ellen Bruno holds a Ph.D. in Agricultural and Resource Economics from the University of California, Davis. She is an Associate Professor in the Department of Agricultural and Resource Economics at UC Berkeley. Ellen Bruno specializes in quantitative policy analysis with a strong emphasis on water resource economics. Her work evaluates: The effectiveness of water-related policies, how farmers respond to changes in water prices, the economic impacts of drought, and the role of water markets and groundwater trading in climate adaptation.

**Exposure time:** 1 hora y 30 minutos.