

OSTROM WORKSHOP COLLOQUIUM SERIES

Gary D. Libecap

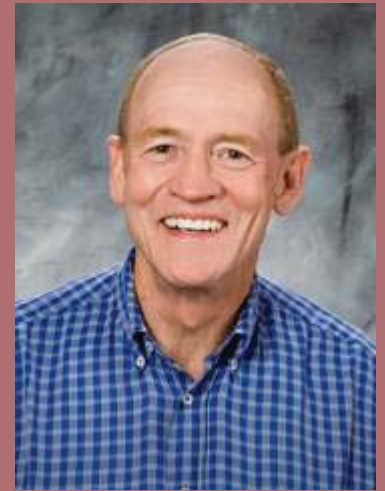
*Bren School of Environmental Science & Management
and Department of Economics, University of California*

“Economic Analysis of Property Rights:
First Possession of Water in the
American West”

Monday, February 8, 2016

12:00 – 1:00 p.m.

Ostrom Workshop, 513 N. Park



We analyze the determinants and long-run effects of prior appropriation surface water rights. Prior appropriation replaced riparian water rights over an immense area within 40 years, suggesting large economic benefits. We develop a model to show how prior appropriation facilitated search, coordination, and investment by reducing uncertainty about resource conditions and the threat of new entry. We derive testable hypotheses and use a novel dataset of location, date, and size of all water rights in eastern Colorado from 1852–2013 and infrastructure investment, irrigated acreage, crops, topography, stream flow, soil quality, precipitation, and drought measures. Prior search lowered costs for subsequent claimants, and secure property rights facilitated coordination by reducing uncertainty and heterogeneity, doubling average infrastructure investment. Prior appropriation contributed up to 20% of state income in 1930 in the West, but economic returns from prior appropriation were lower in that part of Colorado where preexisting Hispanic sharing norms dominated.



Gary D. Libecap is professor, Bren School of Environmental Science & Management and Department of Economics, University of California, Santa Barbara, and research associate, NBER. His PhD is from the University of Pennsylvania, and his research focuses on when property rights to natural and environmental resources can be defined and enforced to address the problems of open access. His work encompasses economics and law, economic history, natural resource economics, and economic geography ([website](#)).

Presentations are open to the public and are live streamed (see our website for URL and papers). You are welcome to bring your lunch, and refreshments will be available. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855–3151).