Water in the Agricultural Economy

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#BBKCadDesert
1965 Cadillac Eldorado
4,830 lbs  308 HP

2015 Cadillac CTS
3,900 lbs  420 HP
Distribution of Water Cutbacks under SGMA

Percent reduction in water (SGMA)

- ≤5%
- ≤10%
- ≤15%
- ≤20%
- ≤25%

SWAP model 7.0 data and C2Vsim Data, ERA Economics LLC
Private Water Markets

Buena Vista Water Bids - February, 2014

Cumulative Acre-Feet

$ / AF

Cumulative Acre-Feet

REIMAGINING THE Cadillac Desert #BBKCadDesert

ERA Economics
Environment • Resources • Agriculture

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Water Market Trends

Source Ellen Hanak PPIC

Average annual purchases (thousands of acre-feet)

- Cities
- Mixed purpose
- San Joaquin Valley farmers
- Other farmers
- Environment

1987-1994
1995-2002
2003-2011
2012-2014

Cities
Mixed purpose
San Joaquin Valley farmers
Other farmers
Environment
Conclusions

• Like Cadillacs, agricultural water use is more nimble, valuable, efficient, and responsive since “Cadillac Desert”
• SGMA and Climate change will cause valley agriculture to reduce its water footprint.
• Under current demand projections agriculture will continue to grow in revenue, profit, and employment
• Agriculture can now compete with urban demands in a drought water market.
• Changing technology, environmental and urban demands will drive reallocation of California water.
• Water markets are emerging slowly and need better information
• Treating water as a Public Commodity will facilitate adjustment to future environmental, economic and technological trends in California.