

Huffaker, R.G. 1983. The distribution of economic rents when irrigated farmland is leased. Ph.D. Dissertation. University of California, Davis. 125pp.

The Reclamation Act of 1982 imposes acreage restrictions on farmland leasing in federal water projects. Proponents hypothesize that unrestricted leasing concentrates the distribution of project benefits in favor of large tenants. This report proposes a method of testing whether unrestricted leasing of farmland in federal water projects concentrates the distribution of economic rents. The Imperial Valley (California) was the reclamation area chosen for the study because the necessary data were much more accessible there than in the other areas still subject federal acreage restrictions. A survey was taken from twenty-five tenants participating in 156 cash leases and 45 share leases. The economic rents which each tenant could likely expect were calculated from the survey data, amortized, and compared to the annual rental rates actually paid to landowners (in the case of cash leases), or to the annual expected share rents each tenant was calculated to anticipate paying landowners (in the case of share leases). The comparisons were used to draw inferences on such matters as the degree to which tenants in the sample participate in the economic rents generated by producing with the low-cost federal water, and the probable effectiveness of acreage restrictions on leasing in shifting the distribution of rents. The major contribution of this study is the methodology created to describe the distribution of a tenant's expected economic rents in cash and share leasing. The method was applied to the Imperial Valley reclamation area which is, and likely will be, exempted from any kind of acreage restrictions. Despite its exclusion from acreage restrictions on ownership or leasing, the Imperial Valley case study is interesting for the major reason that it offers evidence that a farmland leasing market can be competitive in a reclamation area characterized by large tenants. The methodology used to study the distribution of economic rents in the Imperial Valley can be applied equally well to other reclamation areas, still subject to the law, as information becomes more readily available in these other areas (through, for example, mandatory written leases).