


[Home](#) > [Markets for Water](#) > Chapter

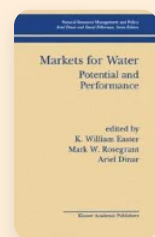
Economic and Financial Returns from Chile's Water Markets

| Chapter

| pp 159–171 | [Cite this chapter](#)

 [Save chapter](#)


[View saved research](#) >



Markets for Water

[Robert R. Hearne](#) & [K. William Easter](#)

 Part of the book series: [Natural Resource Management and Policy](#) ((NRMP, volume 15))



 368 Accesses  9 Citations

Abstracts

This chapter builds on the previous chapter and presents an analysis of water markets in Chile with an emphasis on areas of relatively frequent trades. It provides an estimate of the gains-from-trade and focuses on the exchange of water-use rights. This is important because the exchange of water-use rights requires more elaborate institutional arrangements than does a simple exchange of water. The latter, sometimes referred to as a “spot market” or informal market,

occurs when the owner of a legal or prescriptive right to a certain volume or flow of water sells a portion of that water, sometimes outside of legal sanction, to a neighbor in a simple transaction. These exchanges are for a finite period of time — sometimes for only a few hours of irrigation. Although the unit of sales may not be metered volumetrically, both buyer and seller usually have good information on the volume involved. A more permanent transaction involves the exchange of the water-use right itself. This generally requires legal sanctions to maintain the security of the right after the transfer. These transfers are generally permanent, but can be for a finite, but extended period of time — at least one irrigation season. The burden of uncertain supply falls on the purchaser of the right.

This chapter draws heavily on Hearne and Easter, 1997.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

Access this chapter

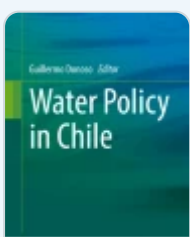
[Log in via an institution](#) →

[Institutional subscriptions](#) →

Preview

Unable to display preview. [Download preview PDF.](#)

Similar content being viewed by others



Overall Assessment of Chile's Water Policy and Its Challenges

Chapter | © 2018

Legal and Institutional Framework of Water Resources

Chapter | © 2018



Water Markets

Chapter | © 2018

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Capital Markets](#)

[Maritime Economics](#)

[Market Structure and Economic Design](#)

[Microfinance](#)

[Water Industry and Water Technology](#)

[Water Policy](#)

[Water Market Dynamics and Allocation Policies](#)

References

Chang, C., and R.C. Griffin, 1992. "Water Marketing as a Reallocative Institution in Texas." *Water Resources Research*, 28(March):879-890.

CIAPEP (*Curso Interamericano en Preparación Y Evaluación de Proyectos*), 1991. *Embalse Puclaro*. Instituto de Economía. Pontificia Universidad Católica de Chile, Santiago.

Colby, B.G., 1990. "Transactions Costs and Efficiency in Western Water Allocation." *American Journal of Agricultural Economics*, 72(5): 1184-1192.

Dinar, A., and J. Letey, 1991. "Agricultural Water Marketing, Allocative Efficiency, and Drainage Reduction." *Journal of Environmental Economics and Management*, 20:210-223.

Hamilton, J.R., N. Whittlesey, and P. Halverson, 1989. "Interruptible Water Markets in the Pacific Northwest." *American Journal of Agricultural Economics*,

Hearne, R.R., 1995. "The Market Allocation of Natural Resources: Transactions of Water-Use Rights in Chile." Ph.D. Dissertation. University of Minnesota.

Hearne, R.R., and K. William Easter, 1997. "The Economic and Financial Gains from Water Markets in Chile," *Agricultural Economics*, 15:187-199.

Maass, A., and R.L. Anderson, 1978. *...and the Desert Shall Rejoice: Conflict, Growth and Justice in Arid Environments*. MIT Press. Cambridge, MA.

Moncur, J.E.T. and R.L. Pollack, 1988. "Scarcity Rents for Water: A Valuation and Pricing Model." *Land Economics*, 64:62-72.

Rosen, M., and R. Sexton, 1993. "Irrigation Districts and Water Markets: An Application of Cooperative Decision-Making Theory." *Land Economics*, 69:39-53.

Vaux, H.J., and R.E Howitt, 1984. "Managing Water Scarcity: An Evaluation of Interregional Transfers." *Water Resources Research*, 20:785-792.

Weinberg, M., C. Kling, and J. Wilen, 1993. "Water Markets and Water Quality." *American Journal of Agricultural Economics*, 75(2):278-91.

Whittlesey, N. and J. Houston, 1984. "Water Markets for Stream Flow Augmentation." in *A Critical Assessment of Forecasting in Western Water Management*, J. Cassidy and D. Lettenmair (eds.), American Water Resources Association, p. 139-146.

Authors and Affiliations

**International Institute for Environment and Development, 3 Endsleigh St.,
London, WC1H 0DD, UK**

Robert R. Hearne (Research Associate)

**Department of Applied Economics, University of Minnesota, St. Paul,
Minnesota, 55108**

K. William Easter (Professor)

Editor information

Editors and Affiliations

University of Minnesota, USA

K. William Easter

International Food Policy Research Institute, USA

Mark W. Rosegrant

The World Bank, USA

Ariel Dinar

Rights and permissions

[Reprints and permissions](#)

Copyright information

© 1998 Kluwer Academic Publishers

About this chapter

Cite this chapter

Hearne, R.R., Easter, K.W. (1998). Economic and Financial Returns from Chile's Water Markets. In: Easter, K.W., Rosegrant, M.W., Dinar, A. (eds) Markets for Water. Natural Resource Management and Policy, vol

15. Springer, Boston, MA. https://doi.org/10.1007/978-0-585-32088-5_10

[.RIS](#) [.ENW](#) [.BIB](#)

DOI	Publisher Name	Print ISBN
https://doi.org/10.1007/978-0-585-32088-5_10	Springer, Boston, MA	978-0-7923-8256-0
Online ISBN	eBook Packages	
978-0-585-32088-5	Springer Book Archive	

Keywords

[Transaction Cost](#)

[Financial Gain](#)

[Spot Market](#)

[Transaction Price](#)

[Table Grape](#)

These keywords were added by machine and not by the authors. This process is experimental and the keywords may be updated as the learning algorithm improves.

Publish with us

[Policies and ethics](#) 

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

