Clipping

Based on “Farmers’ war on weeds threatens neighboring vineyards” By Bill Lambrecht
Houston Chronicle, November 23, 2014

COMFORT, TX- When the grape leaves started to shrivel at Bending Branch Winery, John Rivenburgh recognized the problem: Herbicides had drifted into the vineyards from a neighboring farm.

Texas is the nation's leading cotton producer, but in recent years the industry has been fighting a losing battle against the cotton-strangling weed Palmer amaranth, better known as pigweed. The good news is that the cotton industry today is optimistic; new seeds and chemicals are coming to the rescue. Peter Dotray, a Texas Tech weed scientist, said Monsanto's dicamba seeds along with Dow Chemical’s 2-4-D is "game-changer" in the fight against "superweeds."

However, the dry conditions and fast-draining red soils in the High Plains where cotton is grown have also proved suitable for grapes. And because these crops are often planted side by side, the prospect of heavy-duty chemicals drifting from cotton fields has spawned fears in the state's burgeoning wine industry.

Monty Dixon, once had 14,000 vines of Riesling grapes in West Texas but said he was forced to quit growing grapes when drift from 2-4-D sprayed on wheat fields damaged his plants season after season. “It’s not just the grapes you see hanging that are harmed. It's next year's cluster and the cluster the year after that. You get a dose, it mutates the vines.”

Grape-growers are mobilizing for a fight. At least 20 Texas counties imposed restrictions in the past on the use of dicamba and 2-4-D. And industry has responded. Dow agreed that the 2-4-D label would address spray drift and the company said it would include terms in its sales agreements requiring growers to keep records of where the herbicide is applied.

Bending Branch Winery didn’t have to wait for regulations or voluntary action; the winery was able to find a solution before it suffered a complete loss. The nearby cotton farmer agreed to switch to a safer, more expensive weed-killer if the winery paid the difference. Bending Branch paid the $300 cost and so far has avoided the worst consequences.

“That a solution for this year,” explained Rivenburgh. “But I don’t know about next year, or the year after that.”
Clippings Questions
Based on clipping on last page.
You may remove that page and refer to it when answering these questions

Where appropriate, be sure that your answers uses specific evidence from the article.

8. (8 pts) List the three characteristics of efficient property rights and identify which of the three characteristics is most clearly not satisfied. Drawing on evidence from the article, explain how this characteristic is not satisfied.

9. Suppose that you are asked to place a value on the benefits to the cotton farmers and the costs to the wine producers of 2-4-D.
   a. (3 pts) For the benefit to the cotton farmers, briefly explain how you would come up with a dollar value for your estimate.

b. (4 pts) For the cost to the wine producers, briefly explain how you would come up with a dollar value for your estimate.

10. (8 pts) Bending Branch Winery was able to find a way to achieve a better outcome. This is an example of what type of classic economic approach used to achieve economic efficiency? Explain how this led to a more efficient outcome. (Be sure to use apply the definition of efficiency in your answer).