UNIVERSIDAD DE GRANADA

Departamento de
Teoría e Historia
Económica

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Título: River-Sharing Problem with Floods

Sala: E22

Hora: 12:30

Resumen: In international river basins, some countries experience droughts while others face floods. Water inflow from upstream neighbors benefits drought-stricken countries but damages flood-stricken countries by reducing their welfare. This situation cannot be addressed by existing river-sharing models (Ambec and Sprumont 2002; Ambec and Ehlers 2008). Here, we generalize these models by considering the effect of flooding. In our model of the river-sharing problem with floods, we provide two characterizations of benefit function profiles for which the downstream incremental distribution is a unique welfare distribution that satisfies both the welfare upper bound and welfare lower bound of both upstream and downstream countries. Additionally, we propose a strategic bargaining process that implements only this welfare distribution in a subgame perfect equilibrium.

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