

## "Playing Checkers in Chinatown"

### Abstract:

In 1905-1935 the city of Los Angeles bought the water and land rights of the Owens Valley farmers and built an aqueduct to transfer the water to the city. The dark story is that the city bullied and isolated reluctant farmers to get cheap water. A map of the farmers' plots sold in any given point in time, however, would look like a checkerboard either because the city is intentionally targeting specific farmers, or because the farmers were heterogeneous. We analyze the bargaining between the city and the farmers and the effects that farmers' actions had on one another, and use that evidence to assess the checkerboarding claim. We estimate a dynamic structural model of the farmers' decision on selling to the city. We found that there are large externalities when farmers sold. The externalities were larger for neighboring farmers, and when the selling farmer was closer to the river.