



- ▶ For just **\$0.99**
- ▶ 24 hour access
- ▶ Read-only
- ▶ Non-printable

Abstract

This paper highlights how farmers' willingness to supply non-marketed ecosystem services (ES) is influenced by whether or not the non-marketed ES are produced jointly with agricultural products. When marketed products and non-marketed ES share some production inputs the production relationships between the two may be complementary, competitive or substitutive. Using a cost minimization framework, it is shown how complementary relationships lead to costless voluntary provision of non-marketed ES (typically the case for ES that are supportive of provisioning ES for marketed farm products). It is also shown how competitive production relationships lead to provision of non-marketed ES at lower cost than when non-marketed ES are direct substitutes for farm products or are produced outside of agriculture. The paper closes by showing how the minimum willingness to accept (WTA) payment for ES that are complementary/competitive is less than or equal to the minimum WTA for the same ES produced in substitute or independent production relationships.

Keywords

Joint products; Economies of scope; Environmental service; Ecosystem service; Willingness to accept; Production possibilities frontier