

David Zetland Article
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David Zetland, who emphasizes human behavior rather than strictly the mathematical aspect of economics, was a refreshing, colorful contrast to the stereotypical, pessimistic view often held of economists. Zetland recently visited Rhodes College, drawn here by his connections with Rhodes Economics Professor Art Carden. While here, Zetland gave a lecture on “Personal, Communal, and Political Dimensions of Sustainability”.

Currently a professor of Agricultural and Resource Economics at University of California, Berkeley, David Zetland is an S.C. Ciriacy-Wantrup Postdoctoral Fellow in Natural Resource Economics and Political Economy and is one of the leading experts on the economics of water, property rights, and sustainability. In the class he teaches at UC Berkeley, Zetland says that he aims toward teaching issues that are relevant to the world so that his students will have ideas about how to apply economics to the real world.

One of the principal areas in which he focuses his studies is on the economics of water and, more generally, environmental sustainability. In fact, Zetland has his own blog, “aguanomics”, that discusses various aspects of this concept of water economics. During our talk, Zetland elaborated on the concept of the economics of water, focusing in particular on issues of water shortages.

Zetland emphasized the importance of having institutions in order to make equitable water distribution possible. According to Zetland, everyone has a basic human right to a certain amount of water, but then, beyond a point, everyone should have to pay for excess water used (such as that used in taking long showers, watering one’s lawn, etc). However, essentially, he argues water shortages arise because there is not enough incentive to save water due to the fact that the true value of the water is not reflected in its cost.

Zetland goes on to offer several solutions to the problem of water shortages. The first of such is desalination; however, this is far too expensive of an alternative. As an example, Zetland uses Saudi Arabia, where they are “turning oil into water, literally” by using their wealth to fund desalination plants.

Since this is too expensive a solution, Zetland argues instead that the answer to many of the problems of water shortage is simply to raise the price of water. This concept goes along with the basic economic law of demand: if something is more expensive, people will consume less of it. Furthermore, Zetland blamed many of the problems having to do with water on poor planning by various governmental officials.

“Despite the risks of business as usual, water bureaucrats, politicians and developers continue to defend a status quo management strategy that serves their interests, but not those of citizens,” says Zetland in one of his blogs, “My First Publication!” found on aguanomics.com.

At his lecture that same night, which was open to all Rhodes students, Zetland talked first about his beliefs about economics in general, and then later focused more on his ideas about environmental sustainability.

“There is almost no time, ever, in the real world that we’re at actual equilibrium, except usually when we’re dead ... We [economists] tend to have a separation between thought and reality that causes trouble when we go out in the real world, which is maybe why many economics *don’t* go out in the real world. But I do ... I spend time on the messy parts, the way politics and economics interact”.

Zetland has traveled to over seventy countries, having spent many of his years between undergraduate and graduate school abroad. He encourages all students to take time off after completing their B.A. in order to gain an important understanding of the real world, so that they will really understand what it is they want to do with their lives. In the coming year, Zetland plans to recommence his travels abroad.

After this general introduction, Zetland went on to talk about his ideas on environmental sustainability.

“Basically, we are completely not just dependent, but grateful and prospering for this bounty of nature. With no air, we would be dead. Without water, we would also be dead,” says Zetland.

“Natural resources are not really a place where we have problems in terms of unsustainable management. The environment is a place where we do have problems of shortage because we have no idea how to regulate it so there is essentially this certain amount of supply and we have too much demand,” says Zetland.

To conclude his discussion, Zetland advises, “Local community solutions are where many differences will be made”. After completing the lecture, Zetland actively engaged his audience by answering a series of questions.

David Zetland was one in a series of economic speakers who have spoken at Rhodes, sponsored by the Koch Foundation.

