

# How well are politicians and regulators managing water supplies?

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## Some Basics

- ▶ Water is owned by the people and allocated by politicians
- ▶ Most water management is local and monopolistic
- ▶ Private vs public not important compared to oversight
- ▶ Markets need competition and low transaction costs
- ▶ Politicians (regulators) have discretion

# The Knowledge Problem (aka command and control)

- ▶ Read [Hayak's article]
- ▶ Even well-intentioned managers cannot calculate where water should go
- ▶ Important with [TEoA] – scarcity requires rationing

# Public Choice (aka me first)

- ▶ Coined by [Buchanan and Tullock]
- ▶ MWD managers just like random undergrads
- ▶ Intrinsic vs. extrinsic motivation (greed vs professionalism)

# Success and Failure

- Successes
- ▶ [Australia] water markets
  - ▶ [Bali] water temples
  - ▶ [Singapore] full cost + subsidy

- Failures
- ▶ [Las Vegas] growth
  - ▶ [San Diego] rationing
  - ▶ [Imperial ID] SD Imbalance

- “Successes”
- ▶ [Irvine Ranch] water budgets vs. humans
  - ▶ [Westlands] CVP politics vs markets
  - ▶ [Phoenix] CAP

# Questions?

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...and read [aguanomics.com](http://aguanomics.com)