

manage personal business. Washington also continued to whine about a lack of support from Dinwiddie and just about everyone else. He fussed about his uniform, his title, and his lack of military status as an uncommissioned colonial in the British Army. He also flirted with his best friend's wife, the alluring Sally Fairfax.

Despite his constant complaints, his preoccupation with finances, and his supposed lack of success, Washington gained the trust of the newly dispatched Brigadier John Forbes. Savvier than Braddock, Forbes would lead his army across southern Pennsylvania and on to Fort Duquesne. Washington became a confidant to Forbes, who was more than twice his age; and Forbes, like Braddock, would also be killed, but only after the successful expulsion of the French. Young Washington was central to that campaign. He resigned from the Virginia Regiment at the end of 1758, and did not return to military service until 1775.

Washington's officers, many of whom must have been considerably older, mourned the "loss of such an excellent commander, such a sincere friend, and so affable a companion." David A. Clary, however, faults Washington's "adolescent outlook" for his "tendency to shade the truth and pass responsibility for failure on to others," as well as his "open hostility" towards his seniors, such as Lieutenant Governor Dinwiddie, despite their having elevated him from obscurity. Yet, thanks to his service in the French and Indian War, the 43-year-old Washington would join the Continental Congress in Philadelphia as a revered military veteran, where John Adams nominated him, without opposition, as commander of the new Continental Army.

Given the embarrassments of his military career, as Clary tells it, it's not entirely clear why. Despite his obvious yearning for the appointment, Washington told Congress, in his acceptance speech, "I do not think myself equal to the command I am honored with." Clary maintains that, in 1775, there was an "echo of the boy colonel of the 1750s, obsessed with

personal honor and trying in advance to avoid blame for whatever might go wrong." He entered the Revolutionary War "as a man, and emerged from it a great man," knowing that if he truly wanted honor, this time "he must earn it. And so he did."

Fair enough. But the tall, red-headed youth who, two decades before, had gained the trust of pow-

erful men three times his age for expansive and dangerous missions that helped achieve the British conquest of North America was, perhaps already, something of a "great man." In its determination to minimize the young man in contrast with the mature general, *George Washington's First War* fails to understand the continuity of Washington's character. ♦



Flood Zones

A market solution to the challenge of water supply.

BY G. TRACY MEHAN III

No observer can ignore the news reports of searing drought in Texas, the competition for limited supplies of water among the booming cities of the Colorado River basin, or even the recurrent conflicts among Georgia, Florida, and Alabama, which rise and fall in intensity and duration almost in tandem with the rate of precipitation and the water level of Lake Lanier, a major source of supply for Atlanta.

These controversies are purely political and legal battles, without any solid economic thinking or policy being brought to bear in a way which would limit acrimony and allocate water fairly and efficiently while satisfying the needs of both human beings and the environment. Part of the problem is that many (if not most) economists write for each other—using a language foreign to almost everyone else, including those for whom economic thinking would be of tremendous benefit in the

management of our water resources: engineers and politicians.

So here is a succinct, articulate book from a newly minted Ph.D. who explains the beneficial role of economics in encouraging wise stewardship and social harmony in water and wastewater supply and provision. David Zetland believes the nub of the matter is that water

is priced, at best, based on the cost of delivery, without regard to scarcity. Water and wastewater systems are natural monopolies and, in the United States at least, primarily a government-run business. Politics, not markets, drives the price of the commodity delivered or the service rendered.

Indeed, elected officials tend to avoid robust pricing, fearing voter backlash and allowing for overconsumption, or even backsliding, in terms of maintenance. (The managers of the system serving the nation's capital are trying to implement pipe replacements on a 100-year schedule, which would be an improvement over the 300-year cycle that is presently the norm.) And Zetland may be understating the problem since many, if not most, water and wastewater systems are not even achieving full-cost pricing—

The End of Abundance

Economic Solutions to Water Scarcity
by David Zetland
Aguanomics Press, 294 pp., \$20

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which would cover debt, operations, maintenance, and long-term capital replacement. Many systems are used as cash cows to support more labor-intensive functions of local government, such as fire and police.

Getting the prices right, for the cost of delivery as well as the scarcity value, can solve both infrastructure and supply problems. Take the case of Santa Barbara, California. In the early 1990s, after several years of drought, Santa Barbara saw its reservoir shrink. Limits on lawn watering and car washing were imposed. Then the water agency instituted steep, increasing block rates resulting in prices 200 percent higher at the upper rates of water usage. "The impact on changes in behavior and aggressive price penalties was fast and significant. . . . Median monthly consumption dropped from 25 to 17 [cubic meters] per month," writes Zetland. And the consumption levels stayed low: "After the drought ended and prices were lowered, consumption was still only 60 percent of pre-drought levels."

There are also long-term savings to ratepayers which Zetland does not dwell on, but which are real nonetheless. Using less water means using fewer chemicals and less energy. It also results in less capital investment over time, since less capacity is required. As readers of Marc Reisner's *Cadillac Desert* (1986) will appreciate, government subsidies, without requirement of any payback by end-users, result in countless water projects which do not withstand any serious benefit-cost analysis, and can produce needless environmental harm. By relieving users of the incentive to conserve or manage their water use, such subsidies encourage overconsumption usually by the most effective rent-seekers who know how to work the political process.

The dirty little secret of our water "crisis" is that many of our water shortages derive from what Zetland aptly terms "lifestyle water," such as the "Scottish lawn" in Southern California, accounting for more than 50 percent of residential water consumption in the area. This is in addition to the water used for swimming pools, golf courses,

and water parks. "The economics of lifestyle water are simple," he argues. "We use the water for fun, so we should have to pay the full cost of that fun, including the cost of scarcity." There is nothing wrong with green lawns, pools, and golf: You should just pay for these amenities. And if residents of Phoenix must flood—yes, flood—their lawns for aesthetic reasons, they should pay for the privilege. "Don't blame the consumer who over-uses cheap water. Blame the monopoly water provider that sets a low price," writes Zetland.

Developing water markets, in combination with scarcity pricing, or even in the absence of such pricing, would be a big step toward effective stewardship of scarce water resources. Zetland notes that golf uses 1 percent of California's water and generates \$7 billion in economic activity. Farmers use 75 percent of the state's water to generate \$32 billion in economic activity. Every liter of water used in golf generates 16 times the economic output of a liter used in farming.

Of course, farmers will not, and should not, abandon their vocation alto-

gether in order to let people chase a little white ball across the landscape. But farmers could be induced to increase efficiency if there were a market for selling their water savings to golf-course managers. They might switch to higher value, less water-intensive, crops—or install more efficient irrigation. "Water markets would probably reduce water consumption in golf courses, but they would reduce agricultural consumption even more," claims Zetland. Why?

The value of the output per unit of water at a golf course is greater than the value of output per unit of water at a farm, which makes it easier to pay more for water that's going to be used on the putting green.

Thus, our water problems are no cause for pessimism if we get the prices right and open up markets—even reasonably regulated markets—to allow for adaptation to the new realities of demand and a growing, prosperous population. *The End of Abundance* makes a case for the elegance, simplicity, and equity of pricing and markets in addressing our current challenges. ♦

BCA

No Props to Give

American rhetoric in black and white.

BY JOE QUEENAN

Recently, as I was putting the finishing touches on a story, an editor suggested that I "give props" to the people I was writing about. The idea came from a superior who felt that I should also give a "shout-out" to the subjects of my essay. It was a suggestion which my editor, after considerable reflection, said he was "down with."

All of the people involved in this conversation were middle-aged white people. To a young African American,

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or in fact to any young person, it must have sounded like Tuareg spies trying to pass as good ol' boys by using expressions like "Shut your pie hole there, feller, or we'll lock you up in the hoosegow."

Let me be perfectly clear about one thing: I personally have no trouble manning up and steppin' out and even on occasion getting jiggy with it; but I am constitutionally incapable of giving props. I would rather have my head chopped off than give props. Just as I cannot and will not tweet, wear a gelled, spiky hairdo that makes me look like somebody worked me