How well are politicians and regulators managing water supplies?

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2Degrees ~ webinar ~ 28 Jan 2011
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