Living with Water Scarcity

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Fraser Institute
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Coming soon!

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Getting started:

- Blogging along, minding my own business
  - From publishers to self-publishing
  - Target audience: managers, activists and analysts

The revision:

- Part I and Part II, but better parallelism (e.g., ag/enviro)
- From 280pp to 100pp, plus cheaper
- Same problem: how do you bring scarcity into management?
From *End of Abundance to Living* . . .

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Untangling water flows (**Hint:** Backwards induction)

Part I: Water for you *or* me

1. Economics (excludable goods)
2. Drinking water (full cost pricing)
3. Water for profit (pay the price)
4. Wastewater (pricing the externality)
5. Agricultural water (markets!)

Part II: Water for *us*

1. Politics (non-excludable goods)
2. Human rights (governance trumps)
3. Infrastructure (OPM, path dependency)
4. Conflict (leaders vs. locals)
5. Environment (e-flows FIRST)
Application: The tragedy of tailings

- Tail water: byproduct of ag, mining, oil and gas, etc.
  - Product price should include risk and cleaning costs
  - Informal (e.g., letters of credit, self insurance) fail
  - Precedent: TVA fly ash spill, $billion and cost to rate payers
  - Precedent: West VA toxics into drinking water and BK

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Tailings wag the dog

- Keystone XL blocked by “dirty oil” (real problem is D)
  - No tailings cleanup plan, nor insurance
  - Cleanup would cost $2-10/bbl oil
  - Risk of spill is one thing, but NOW we get extra pollution?

**Solution:** Start cleaning/drain those ponds!

Fracking op/ed: http://tinyurl.com/l67fc2d
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Questions?

Blog: aguanomics.com
Books: endofabundance.com and livingwithwaterscarcity.com
Contact: dzetland@gmail.com