

Article #: 55

Title: The Value of Water

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Journal: manuscript: U of CA: Berkeley

Date: 2005

Pages: 35 p. (11/13/08 KB)E

<http://are.berkeley.edu/courses/EEP162/spring05/valuewater.pdf>

Abstract:

This paper provides a general overview of the issues surrounding water resources management. It examines the economic concept of value and how it applies to water. It also addresses the debate on whether or not water should be treated like any other economic commodity by discussing how water is the same and different from other commodities. A brief overview of the travel cost and contingent valuation methods are discussed in a historical perspective of their development. The argument concerning the valuation of water is between economists and their critics. The economist believes that since water is no different than food or shelter as a basic necessity of human life, it should be governed by the same principles as any private economic commodity because it is consumed. Their critics claim that water holds a special place as the property of all of Earth's species and should not be privately governed, bought, or sold for profit to maintain its complete accessibility as a public good. It is a public trust and a fundamental human right and a collective responsibility to protect. The author chooses middle ground between these extremes, claiming that water is unique because it is both a private good and a public good. Water requires extensive capital investment that requires people to pay for its delivery (so price is not based on scarcity) so value must be assigned indirectly. On the other hand, indirect non-consumptive use of water generates economic activity that can be attributed to water based purely on its existence (such as the case with recreational use).

This article serves as an excellent and extensive primer for non-economic readers by providing a great deal of information on the background of water valuation, although it is not directly relevant to this literature review in that it does not specifically apply any water valuation techniques.