

Bauer, C. 2014. Book review of Anderson et al. 2012.
Tapping water markets. RFF Press/Routledge.
Water Alternatives 7(2): 436-438



BOOK REVIEW

Anderson, T.; Scarborough, B. and Watson, L. 2012. Tapping water markets. RFF Press/Oxford, UK: Routledge. ISBN 978-1-61726-100-8, 202 pages, \$49.95.

(URL: www.taylorandfrancis.com/books/details/9781617261008/)

Carl Bauer

University of Arizona, School of Geography and Development; cjbauer@email.arizona.edu

I wondered whether Terry Anderson's new book would offer much that was new to me: *Tapping Water Markets*, with co-authors Brandon Scarborough and Lawrence Watson. I have followed Anderson's work in free-market environmentalism for almost 30 years. I often assign it to students as an example of free-market analysis of natural resources and environment, which draws on new institutional economics (not so new anymore) and the so-called 'property rights school'. Anderson's framework is important to engage with because it has been influential in some political and academic circles, but it is often simplistic and frustrating in its core assumptions and axioms: e.g. the notion that markets are by nature not political. He is a pure neoliberal in a way that is more characteristic of recent Latin American history than the U.S., notwithstanding the fact that the University of Chicago is the Mother Church. Anderson's work also has a dogmatic tone that is dangerous in the world of public policy, unless you agree with him.

The short answer about *Tapping Water Markets* is that the message is familiar but the new book is an improvement over previous editions. This book is essentially a 3rd edition of Anderson's 1983 book, *Water Crisis: Ending the Policy Drought*, a book that became known as an early manifesto of free-market environmentalism as applied to water in the U.S. A revised edition was published in 1997, although it had a different title and a new co-author (*Water Markets: Priming the Invisible Pump*, with Pamela Snyder, a lawyer); 15 years later, this 3rd edition has been published with yet another title and two different co-authors (*Tapping Water Markets*, Scarborough and Watson). This line-up is confusing because the core of all three books is the same. Although the revisions are substantial in the 1997 and 2012 books, at heart they are the same book: they share the same table of contents, the same argument and structure, and much of the same chapter material. The 2nd and 3rd editions revised and updated most of the previous chapters, and each new edition added a new chapter. (I am calling them '2nd and 3rd editions', although as I said they have been published and identified as different books.)

The table of contents of *Water Crisis*, the 1st book, has the following structure [with my notes in brackets]:

1. Water crisis [the problem: scarcity, conflict, demands not reflected in market prices]
2. New resource economics [the solution: this book's analytical framework: free markets and private property rights]
3. Evolution of water institutions [history of Western U.S. water rights and private water development]
4. What went wrong? [politics and government, rent-seeking, Federal Reclamation, restrictions on free water rights transfers]

5. Salvaging prior appropriation [arguments for removing restrictions on private transfers]
6. Privatising in-stream flows [including water pollution issues]
7. Groundwater [privatised rights vs centralised regulation]
8. Conflict or cooperation in future water policy? [looking forward to more market forces in U.S. water issues]

Fourteen years later, the 2nd book, *Water Markets*, had the same table of contents. Some chapters were retitled without changing their analysis: e.g. Chap. 2 was changed from 'new resource economics' to 'political economy', and Chap. 4 went from 'what went wrong?' to 'politics and water don't mix'. Chaps. 1-6 and Chap. 8 in the 2nd book were modified or expanded versions of Chaps. 1-7 in the 1st book. A new Chap. 7 on water quality was added which expanded a section in the 1st book's Chap. 6. A new concluding Chap. 9 added examples from around the world, arguing that water markets were a growing trend in other countries as well as in the U.S.

The new book, *Tapping Water Markets*, has changed all the chapter titles to make them short and catchy (e.g. 'Cheaper than Dirt' and 'Buy that Fish a Drink'), but again the contents are the same. Chaps. 1-5 and 7-9 are modified from Chaps. 1-8 in the 2nd book. A new Chap. 6 describes the growth of market forces in the context of riparian rights in the eastern U.S. The concluding Chap. 10 expands the discussion of international examples and trends, again making the argument that "[w]ater markets were on the march in the U.S. and around the world" (p. xiii).

For me the key to the new book is found in the Preface, where Anderson describes his satisfaction at publishing with a mainstream publisher (RFF Press/Routledge) rather than the Cato Institute, a well-known libertarian think-tank. He reviews the lineage of the first two books, both of which were published by Cato. As he thanks the Cato Institute for its past support of his work, he says that today "these ideas have moved beyond the thinking of those of us on the more market fringe to become quite mainstream" (p. xii). Thus *Tapping Water Markets* aims to get the word out to a wider audience by building on the previous two books.

The core message is the same as 30 years ago, and changing publishers has not changed the dogmatic tone. Anderson et al. have succeeded in writing a substantive and nuanced book. Their conceptual and ideological agenda remains defined by a free-market approach to economics, institutions, and property rights. I do not share the authors' agenda but I recognise their achievement. Anderson and his co-authors have spent three decades building and publicising a systematic analytical framework. They have applied this framework to a wide range of difficult water problems. To their credit, they have sought out new research over time, including research they didn't agree with, and they have used it to update and deepen their analyses of different examples and case studies.

For example, their treatment of Chile's controversial water markets in the concluding international chapter is much better in *Tapping Water Markets* (2012) than in *Water Markets* (1997). In that previous book, Anderson and Snyder included one glowing paragraph about the Chilean case, which relied exclusively on an unreliable and politicised Chilean source (pp. 192-193). They concluded that "[w]ater marketing in Chile demonstrates that reallocation can take place without all of the acrimony that so often dominates water issues". This positive assessment was then the conventional wisdom in international water policy circles, although it was beginning to crumble under the weight of more empirical studies (for details see my 2004 book, *Siren Song*). In *Tapping Water Markets*, however, Anderson et al. expand their discussion of Chile to three full pages, based on ten published sources with a range of perspectives, including mine (pp. 155-158). This time their analysis is much more balanced and thorough, as shown by their conclusions: "[t]he country's water market has not met expectations. The variable performance of Chile's water market is not surprising, nor does it evidence a failure of water markets. Rather, it suggests that trading water only makes sense in the presence of competing demands and clearly defined rights". I could have written that myself.

Overall, however, *Tapping Water Markets* remains true to Anderson's free-market, libertarian view of the world. Although he and the co-authors grapple seriously with complex water problems, their solution is always the same: free markets and private property rights. Is there any empirical evidence that could lead them to a different conclusion? Time will tell whether changing publishers will convince (or convert?) many new readers. I recommend this book as a good refresher course for those of us who are not true believers.

THIS ARTICLE IS DISTRIBUTED UNDER THE TERMS OF THE CREATIVE COMMONS *ATTRIBUTION-NONCOMMERCIAL-SHAREALIKE* LICENSE WHICH PERMITS ANY NON COMMERCIAL USE, DISTRIBUTION, AND REPRODUCTION IN ANY MEDIUM, PROVIDED THE ORIGINAL AUTHOR(S) AND SOURCE ARE CREDITED. SEE [HTTP://CREATIVECOMMONS.ORG/LICENSES/BY-NC-SA/3.0/LEGALCODE](http://creativecommons.org/licenses/by-nc-sa/3.0/legalcode)
