



Notes: Water New Materials

By Dr. Mason Gaffney

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Water, New Materials

NOTES, IDEAS

1. Principle of comparative disadvantage.

Ideas, article for Sierra

1. Value of a limited entry permit, Chignik AK is \$500,000, 7/91. - S. Macinko.

2. 4. 3. All agree, ecsts and envsts, problem is too much resource use p.c.; solution is use less. I.e., efficient use of scarce res. Qn. is, how achieve?

3. Locational tendency. Right to pollute is worth more in more valuable locations, exactly where damages are greater. TDPs thus gravitate to where do the most harm.

4. "Ecosploitationists." E.g. of RANPAC, Temecula. Won Yoo offers to sell part of "his" Sta. Rosa Plateau to Cty., to "honor Earth Day," for 12 times what he paid for it 2 years ago.

Cf. Zeckendorf and his rendering plant.

5. Occupy less. How to turn a small lake into a large one. Case of Lake Arrowhead; Kaiser motorboat at L. Tahoe; swimming in Wisconsin; etc.

6. Conserving land then is not preserving it or hoarding it, but using it intensively. That doesn't mean using the entire Earth intensively, but the contrary.

7. Result? High land prices, a private tax levied on new buyers. Result? Anti-growth movements, as those who paid for the old infrastructure resist sharing it with new comers who will pay less.

8. Was silent on K that is basically preemptive of otherwise common land. E.g. motorboats, long trucks, polluting things, beach umbrellas, ghetto blasters, etc.

Was silent on production that preempts common land for waste disposal: oil refineries, driving, dry-cleaning, etc.

Was silent on production that taps common pools, e.g. withdrawing water.

9. Effluent charges are Georgist. Parking meters. Charges for pumping ground water. Charges for taking timber from public land. Charges for minerals and oil, based on unit of production. Taxes on tobacco. Refundable charges on bottles and cans.

But once you allow a variable tax, that opens door to others based on same principle, including taxes on surrogates for pollution.

Anything tapping a common pool, i.e. one not otherwise subject to tenure control.

10. Grandfathering.

A. Let's say, babies per parent are limited. Coase would base rights on histories of "use," so those with most babies would be allowed to have most more.

B. Highways, those with longest trucks shall be grandfathered. Cf. auction, no bias for grandfathers. Cf. annual charge, no bias for front money.

C. Nuclear accidents: TMI and Chernobyl have established rights to same, can sell to others.

D. Kesterson selenium. WWD has established right to export selenium. To reward them for stopping, let them sell that right to someone who values it more.

E. Toxins knocking out aquifers. Degreasing agents, e.g. Norton AFB. May not simply order them to cease; may not fine or demand compensation for past damage. Rather, must begin by granting them a right to continue damage; then hope they sell it to someone else.

F. Stringfellow Acid Pits. Mr. Stringfellow, and the firms that dumped there, would come forward and proclaim their histories of dumping. They would dump as much as possible, up to the last deadline, to maximize their future dumping rights.

G. Typhoid Mary; or sources of AIDS. Those who have infected partners in the past shall have right to continue.

H. Coase re graffiti. Create property rights in drawing graffiti; limit the "allowable smut."

- a. Pay people to stop, from historical record.
- b. Allot transferable rights, based on history.

Expanding, apply same principle to robbery, nuclear accidents, smoking in airplanes, urinating on the street, burning Korean stores, rioting, looting, pederasty, cheating on exams, etc. There is a market solution for everything.

11. L.A. Times, 30 Oct 92, D-1. 12 oil cos. are suing U.S. because they bought oil leases offshore from Fed, which then

banned drilling. 6/90, Bush banned drilling off 99% of Calif coast, until 2000.

Some cos. are suing, not just for out-of-pocket, but for "revenue they might have reaped without the ban." That seems to say they paid less than the worth of leases.

Bruce Hamilton, conservation director of Sierra Club, would limit compensation to amounts they paid.

12. The hope for the "pro" case is that champions of status quo equity, deluded by easy success, are now advancing more extreme, outrageous claims at exactly the wrong moment in history. One example is the claim that rights to pollute should be granted in proportion to histories of pollution. Another is the claim that historical recipients of Federally subsidized water at \$2.50/unit should be guaranteed the subsidy in perpetuity so they can sell it for \$400/unit.

13. All they wanted was more.¹ Apparently they read the State's motto as "Bring me Men to Snatch my Mountains." The big landowners advanced "a moral claim to water in proportion to their landholdings, ..." (Taylor, 1955, p.478).

14. fighting the Bureau of Reclamation, and their neighbors, going to great lengths to distance themselves from the neighboring Westlands Water District (Leake and Barnes, pp. 19-20). Balkanization was Americanism.

Now, however, the California "water community" is ready to move water around, it is the free market at work. "Everybody wins" with happy faces, because we are to give away unearned increments in the process. Forty years ago, when Federal bureaucrats tried to create a flexible market in water, it was "Communism," "fellow-travelling," and the baleful influence of Henry Wallace and James Roosevelt (Downey, pp. 30, 40, 41, 49, 167). A California trial judge ruled that the Bureau of Reclamation was "Marxian" (Albonico v. Madera I.D., 1951, p.10, cit. Graham p.74, n.236). "What partisan motives, what ideology, what pathological processes, what mysterious political influence ..." moved these sinister people? (Downey, p.49). Could it depend on whose ox was being gored?

15. Fallacy of cost pass-through. Treats all production as

¹On the Kings' River, Pine Flat Dam developed new waters never usable before, called "overschedule water." The locals demanded it all (Maass, 1951, p.218). They also demanded full control of all storage space in the reservoir. They also demanded the power drops at Pine Flat and elsewhere (Kings River Water Association, 1950, p.11).

marginal. Overlooks rent. Only marginal production is aborted.

Companion fallacy of all-elastic inputs, such that all will flee an effluent charge.

16. Fallacy of pleasing polluters, or polluter permission. (Howe; Knapp/Vaux.) Rather, it is like demanding that someone use the cuspidor although he's used to spitting on the rugs.

17. In addition, water (like energy) is an unusual kind of input whose high price may actually increase production. Ditto, fix the allowable am't of effluent, charge for it, it will be reserved for high uses.

18. Inefficiency of grandfathering: oldest plants, like old autos, get the breaks.

19. Force of ancient idea, I can do what I like on my own land.

20. A. Economizing is conserving.

B. Subsidy wastes both dollars and ecologies.

C. Correct economic analysis prescribes more water for fish.

D. Correct economic analysis presumes a public trust doctrine. Coase is a problem.

21. Cite Coase as source of problem. Use Ingersoll as entry. "Don't you know ..."

22. The case (of Carson/Mitchell discarding outliers and aberrations) is something like that of NASA's Goddard Space Flight Center and why they missed detecting the ozone hole before Farman found it in 1985. "Their instruments had recorded the losses (of ozone), but the computer interpreting the results had been programmed to ignore readings that deviated so far from normal" (BW, 22 July 91, p.10).

23. Birthrights.

24. Beware latifundistas using wildlife as a front.

25. Demands from commons, unvoiced. (But wilderness clubs voice them; cf. 26.)

26. Significance of Miller's new legislation, permitting sales of CVP water.

27. Sifting the wheat from the chaff

CARSON, CA. Industry leaders, ... said (that) proposed air pollution strategies will push industries out of the region, ...which "will result in the destruction of our economy" ...

Assemblyman Nolan Frizzelle (R), Fountain Valley, said ... let people move out of the area if too much smog remains, ...

"If the air is too polluted for them, they should move out. Government shouldn't get involved and manipulate their choice," he said.

Riverside Press/Enterprise, 29 Sept 88

We've come a long way from that: or have we?

28. Moving toward more equal % shares is likely to improve allocation, e.g. reducing farm water 5% to increase industrial water 100%. The "Utilitarian Rule," which property fundamentalists bend every effort to refute and undermine.

Begin article noting extreme concentration of water use.

29. Your quote from Ingersoll on the American Air-bottling Association is more modern than you may realize. Ronald Coase, that leading Chicago economist, has said that polluters (whom he calls emitters) have as much right to emit as victims (he says receptors) have to breathe clean air. It doesn't matter, says Coase, how we assign property rights originally: as long as there is a free market it will all work out. But, since people have invested heavily in polluting facilities, and since vested interests must be respected, ... -- you see whither he is drifting.

And was he laughed to scorn? Au contraire he was lifted on the shoulders of his adulatory peers and made into a demi-god (which tells you a lot about his peers -- no wonder you find economics boring). Having risen on wings of theory the idea soon found its way into practice, and today in the South Coast Air Quality Management District we have awarded "offset rights" to -- of course -- those who can prove that they have a good track record of past pollution. If you are a certified member of the Order of Ancient and Honorable Polluters you are rewarded with a property right in pollution. New polluters have to buy rights from you. Thus is virtue rewarded.

Pursuant to Coase we should no doubt award the Soviets a perpetual right to have periodic melt-downs at Chernobyl, rights which they could then sell to Uganda or Paraguay or other LDC wanting to modernize with a melt-down or two.

And those who want to breathe? Coase says they should buy that right from the polluters, too, by buying and retiring offset rights. So, you see, old Ingersoll was right on the mark: nothing is too absurd once we accept leeching and sponging as basic principles of establishing property rights.

30. Misusing the market.

31. Exploiting the virtues of the market to raid the public domain.

32. "We are pricing those scarce spaces at congested airports at times of peak use insanely.... The landing fee at Washington National Airport, which is among the most precious pieces of ground in the universe, is 57 cents a thousand pounds. That comes to between \$2.75 and \$6 for landing the small craft that my charter operator lands. And a maximum of \$700 or \$800 for a 727. That's crazy. No wonder you have a shortage. No wonder planes are lined up and queuing the way they do at a meat shop in Poland.

"They should be charging thousands of dollars for their landing. That would translate into maybe \$25 or \$40 a ticket. That means that the people to whom it's important to land at that very precious time and space will be able to do so without delays, weather permitting. ..."

(Interview by Keith Bradsher, L.A. Times, 22 Nov 87, Part IV, p.3)

OK, Fred, now we begin to read you. Deregulation created a tragedy-of-the-commons effect at hub airports, where access is free or underpriced. Deregulation won't work right until users have to pay the rent which demand creates.

32. He would save us from dissipating rent through queuing, only to dissipate it in overexpanding. He would internalize all the rents in the air transit system, cross-subsidizing subeconomic operations from rentable ones.

This is the same mindset that leads the Forest Service to extend costly, erosive, damaging logging roads into fragile, submarginal wilderness areas just to spend the rents it receives from its good lands and timber; that leads highway departments to spend gas-tax money on new roads in the deserts; etc.

33. Pricing is supposed to prevent dissipating rent through overuse, or queueing. Another way of dissipating rent is giving it away to non-functional rent-takers, drones. That lowers the income of workers just as much as queueing and overcrowding. Economists nicely look around this point by saying distribution doesn't matter. The other view is that skimming by drones does not raise the welfare of producers (workers and savers), and should not be counted in measuring welfare. Indeed, it lowers the welfare of producers: a) by increasing competition for land; b) by raising emulative standards of consumption, a la Veblen.

34. Robert Repetto, World Res Inst., champions "green taxes"

(effluent charges). Find address.

Poterba says they are regressive - probably commits regression fallacy, with lowest income group.

Lester Lave notes that a carbon tax hits coal harder than oil or gas.

35. Louis Sahagun (a stupid writer), 1992. "'Civil War' Over Water: Farmers vs. Urbanites." L.A. Times, 26 Dec, A34.

CAP water is priced out of the farm mkt, at \$25-\$52/af. Cotton price down.

AZ is supposed to pay U.S. \$2.3b for building the project. They are to pay ca. \$50m/yr for 50 years (a total of \$2.5b including interest!) They must pay whether they use water or not. Contractor is the Central AZ W.C.D.

36. Press-Enterprise, D-6, 19 Jan 93. There are "more than 100 (golf) courses in the county (Riverside).

37. Sue McClurg, 1992, "Unresolved Issues in Water Marketing," Western Water, May/June: 4-11.

Fred Cannon agrees taxing transfers might inhibit transfers. So "tax all water users ..." Use money to buy water for environmental needs. P.7.

P.4. Bruce Babbitt, former Gov of AZ, favors water mktg.

State Water Resources Control Board controls approp rts, since 1914. P.7. "Recent" Board hearings racked up Yuba Cty Water Agency (YCWA) for selling water. Board questioned whether should amend the water rts. permit, presumably because of sales. Board Atty. Dan Frink said "The transfers only illustrate that they haven't needed their full entitlement up to now." Board had approved all 11 transfers in past 5 years, where consent was required.

YCWA Atty Paul Bartkiewicz said "Yuba has decided not to transfer any more water so it's definitely having a chilling effect ..." there and elsewhere.

1991, Gov Wilson established Drought Water Bank. Steve Macaulay, Mgr. DWR bought 820,000 af from indivs and districts for \$125/af (uniform field price?). Sold 400,000 af for \$175/af. Stored 270,000 af in L. Oroville; put 160,000 af in Delta for salinity repulsion. (Wow! That's \$20m/yr paid to private parties to get water they originally took from the Delta free!)

DWR underwrote the bank: i.e. they got stuck with the water they put in Oroville. The leftover water went into carryover storage, cost \$47m (that's more than \$125/af, is \$174/af, i.e. is being valued at the selling price. 21 of 29 SWP contracting agencies didn't need bank water, 1991, but shared in cost of leftover.

Half the water came from Delta farmers who fallowed their land. Overall, 170,000 acs were fallowed. Upstream, farmers

replaced sold water with ground water.

DWR discourages fallowing, prefers groundwater replacement, to minimize 3rd party effects.

1992, wetter, DWR was offering \$50/af as McClurg went to press. Had bought 5,000 af.

Those purchases were "surface water from farmers willing to use ground water this year."

AB 2090 (Katz) passed Assembly, stalled in Senate Committee on Ag and Water Res, 8/91. Amended 9/91 to impose some restrictions on xfrs, limiting fallowing to 20% of a district's acres. Key problem is, districts don't want individuals transferring water. Cannon favors letting individs. sell, p.11.

38. Doug Beeman, TPE, F1, 6 March 93. El Sobrante citrus grower, 50 acs., drilled well 1992, to avoid depending on dearer MWD water.

Temecula mixes local groundwater with MWD water; has more than El Sobrante. S.D. Cty. depends more on MWD.

Rates charged by Western Munic. run up to \$400/af, top of lifts. South state growers compete vs. S.J.V. growers because southern fruit commands premium price in Asia.