



## **Nature, Economy, and Equity: Sacred Water, Profane Markets (Chapter 5: Water Marketing in California: Past Failure and Potential Success)**

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**Abstract supplied by Wiley Publishing:** Numerous conflicts over natural resources can be overcome by restoring reciprocity between public and private sectors of the economy. Chapter 1 reviews two competing forms of environmentalism: one that accommodates business interests by giving public resources to them, and one that sacralizes the bond between society and nature by protecting both environmental quality and social equity. Chapter 2 discusses problems around the world that can be traced to mismanagement of natural resources, including land grabs and poverty. It also reveals a natural confluence between environmental, economic, and social concerns. Chapter 3 shows problems created by California's water tenure laws. California's 19th century equitable solution (the Wright Act) is examined, along with inequities in legal regimes of India, Pakistan, South Africa, and the Philippines. Chapter 4 is a case study of how water laws have affected one river in California's Central Valley by preventing efficient water use. Chapter 5 shows why "water markets," the standard panacea offered by most economists, have failed to improve either the efficiency or equity of water allocations in California and why such schemes are likely to fail for other natural resources. The missing element in such plans is a method of creating reciprocity by compensating the public, as the original owners of all natural resources. Chapter 6 concludes with four principles derived from the foregoing analysis.