

Water Resource Economics: The Analysis of Scarcity, Policies, and Projects

by Ronald C. Griffin.

Cambridge, Massachusetts: MIT Press, 2006; 402 pages; \$50.

Economics is often reduced to a simple expression: supply and demand. For the single most important substance on earth—water—questions of increasing demand and dwindling supply are as important as they come.

In *Water Resource Economics*, author Ronald Griffin sets out to illuminate the extent to which economics can help in managing our finite water supply and to show where it falls short. “One of the goals of this book is to distinguish the legitimate power of economics in water management,” he writes. “As we demystify the methods of water resource economics, the reader will encounter topics where work remains to be done or economic guidance is weaker than desired.”

Another type of demystification is often needed with regard to water, springing in part from the basic understanding that much of the public has of their need for water to live in the way to which they have become accustomed. And so Griffin notes that when consumers “contend that the sky will fall if new water supplies are not obtained,” the proper response is an objective determination of what the true losses would be. Similarly, when businesses that use large quanti-

ties of water balk at rate increases, a true understanding of the real cost is important.

The book begins by delving into fundamental economic theory and then takes special note of where water differs from other subjects of economic study. From social and legal institutions and their bearing on water resources to policy analysis, cost-benefit analysis, marketing, pricing, and detailed looks at supply and demand, *Water Resource Economics* is a no-holds-barred tour de force of rationality and objectivism on a topic that all too often triggers emotional responses in public forums.

Griffin, a professor in the department of agricultural economics at Texas A&M University, notes up front that this multidisciplinary book will be of interest primarily to economists, engineers, and natural scientists. He also takes pains to explain that the book confines itself to water quantity. This in no way is a reflection on the importance of water quality and related economic issues but rather a practical decision to keep the book to a manageable size.

With luck and with the help of careful, scientific takes such as this book, perhaps the sum total of problems in water resource management also will remain at a manageable size. ■

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