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Conventional Values of Water

Abstract: This chapter addresses tangible values of water. Here we see that even by conventional microeconomic standards, valuing water is a complex matter. In order to set the stage for a discussion of water marketing, we introduce the terminology that we will use throughout the book, and we briefly address the idea of commodification. After that, we begin the challenging discourse about value. We look at the literature regarding both conventional and non-conventional values of water, and we place these in the context of policy learning. Finally, we examine specific ways in which water managers place value on water in a market system, and we include various branches of economics that allow broader views on the topic.

Keywords: Value of water, conventional value of water, non-conventional value of water, water management, monetary value of water

Introduction: the many facets of value

As a consumable commodity, water serves many uses. The most obvious of these are water for human consumption and water for food production. Other less apparent uses of water are those for mining, industry, municipalities, energy, navigation, and recreation. In addition, water is used to support the environment.

In this chapter, we address these tangible values of water. Here we see that even by conventional microeconomic standards, valuing water is a complex matter. In order to set the stage for a discussion of water marketing, we introduce the terminology that we will use throughout the book, and we briefly address the idea of commodification. After that, we begin the challenging discourse about value. We look at the literature regarding both on conventional and non-conventional values of water, and we place these in the context of policy learning. Finally, we examine specific ways in which water managers place value on water in a market system, and we include various branches of economics that allow broader views on the topic.

Terminology

In the context of this book, we use the word “commodification” rather than the term “commoditization.” The latter emerged in 1965 from business theory. This is the way in which goods become discernible among others in the marketplace. Unique qualities distinguish them from others so that the market can create a perfect competition among competing brands.

On the other hand, “commodification” originated in 1968 from a resurgence of Marxist theory to describe the process through which value is assigned. Karl Marx stated that a commodity derives its use-value from its ability to “serve the conveniences of human life.” He described exchange-value such that two commodities of unequal use-value can be reduced to a third non-commodified value that is different from the use-values of either of the commodities. In other words, two commodities of unequal value can be traded through the use of a third, substituted, value.

Monetary values define the ways in which water is typically used and how it serves financial purposes. We use the word “monetary” to define values that can be commodified and, therefore, exchanged. Monetary values can be symbolized through units of currency. Once they are symbolized, these