Water International ›

Volume 27, 2002 - Issue 1

1,447 Views | 156 CrossRef citations to date | 13 Altmetric

Original Articles

Water as an Economic Good and Demand Management *Paradigms with Pitfalls*

Hubert H.G. Savenije & Pieter van der Zaag

Pages 98-104 | Published online: 22 Jan 2009

Cite this article https://doi.org/10.1080/02508060208686982

Sample our Engineering & Technology Journals

>> Sign in here to start your access to the latest two volumes for 14 days

References Citations Metrics Reprints & Permissions

Read this article Share

Abstract

In certain circles, demand management is seen as one and the same thing as economic pricing. This thinking is stimulated by the Dublin principle that water should be considered an economic good. But is this reasoning correct? Is economic pricing an adequate means to reach more desirable levels of demand? There is considerable misunderstanding about what the concept of water as an economic good implies. In this paper it is argued that water pricing should primarily serve the purpose of financial sustainability through cost recovery. Moreover, in water pricing, adequate attention should be given to equity considerations through, for example, increasing block tariffs. Instead of economic pricing there is a need for defining a reasonable price, which provides full cost recovery but which safeguards ecological requirements and access to safe water for the poor. Giving a reasonable price to water has the additional benefit that it sends out a clear signal to the users that water should be used wisely, but the prime target of water pricing remains cost recovery. A major argument of neoclassical

economists is that economic pricing of water will facilitate the re-allocation of water from sectors with lower added value (such as agriculture) to sectors with a higher added value (such as urban water use). However, the value of alternative uses of irrigation water is often grossly over-estimated. Adequate and effective regulations may suffice in order to achieve the optimal allocation of water resources.

Keywords:

Water pricing | Dublin Principle | demand management | financial sustainability | cost recovery

Related Research Data

what Price Water Marketing?
Source: American Journal of Economics and Sociology
The value and price of water (The women of Lutsheko)
Source: Water Science and Technology
Establishing tradable water rights: implementation of the Mexican water law
Source: Irrigation and Drainage Systems
If only life were that simple; optimism and pessimism in economics
Source: Physics and Chemistry of the Earth Part B Hydrology Oceans and Atmosphere
Conceptual framework for the management of shared river basins; with special reference to the SADC and EU
Source: Water Policy
Towards improved management of shared river basins: lessons from the Maseru Conference
Source: Water Policy

Related research

People also read | Recommended articles | Cited by 156

An Operational Definition of Water Demand Management

David B. Brooks
International Journal of Water Resources Development

Published online: 22 Jan 2007

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Help and information

Help and contact
Newsroom
All journals
Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG