



Water International >

Volume 27, 2002 - [Issue 1](#)

1,409

Views

146

CrossRef citations to date

10

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
Global Development
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 146

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

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 © 2025 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 Taylor and Francis Group

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