Dealing With Drought:

Command, Market and Green Economic Systems

If you want to grow things in the summer in the Inland Northwest it’s best to irrigate. This is not Seattle, where blackberry bushes are weeds and regular rains water the lawn and garden. The folks in Dusty, Washington, about forty miles northwest of my house, receive less than eight inches of precipitation a year, with very little of that falling in the summer. Dusty is, well, dusty, especially when the wind blows across the fallow wheat fields. You can grow dry land wheat and some grass for cattle even in Dusty, but for anything else you better irrigate.

A few miles farther to the west in Othello, Washington, it doesn’t rain much more than in Dusty, but there farmers grow apples and potatoes and almost everyone grows another important crop, grass in the front yard. In the Columbia Basin in central Washington, and elsewhere in the Inland Northwest, we’ve made the desert bloom by building dams. Like water squirrels, we catch the runoff from the mountain snowmelt and store it for later. Unlike our acorn cousins whom you see working by themselves getting ready for winter, we usually work collectively in water storage. We finance dams with appropriations from the U.S. Congress to agencies like the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers, and by state and municipal governments. Because we have both government ownership and management of dams in the Inland Northwest, economists would say we use a command socialist economic system to make our desert bloom.
Economists define economic systems according to how resources are owned and allocated. Two rare economic systems are pure market capitalism and pure command socialism. In market capitalism, we have private ownership of resources and private allocation of them through markets. In general, we have much market capitalism in the U.S. In command socialism, we have collective (government) ownership and political non-market methods of resource allocation. We see a lot of command socialism in Cuba and North Korea. And, as noted above, we see it in western U.S. water management.

In the Museum of Arts and Culture in Spokane, and at other museums around the region, you can learn about Indian cultures that inhabited our region for centuries. These were cultures that depended on Salmon for their existence, at places like Celilo Falls on the lower Columbia River, and Spokane Falls on the Spokane River. Rather than changing the landscape to produce goods like apples and potatoes to export from the region, members of traditional Indian economies adapted to the landscape for the purposes of self-sufficiency.

Members of the modern Green movement think we should be more like the Indians. We should adjust our wants rather than manipulate Mother Nature. To a Green, Mother Nature is a good mother. And she doesn’t like high streamflows and lake levels in the summer. She likes high streamflows and lake levels in April and May when the snow melts, so baby salmon can catch a ride to the sea. Later in the summer and fall, the low flows also concentrate the returning spawning salmon population so that you can catch them with a dip net or a wash tub.

I doubt that adherents to a Green economic system would have dammed the Columbia and Snake rivers at the scale generated by command socialism. The West
would look much different today if Greens had controlled the Congress and western state legislatures in the 20th century. A market capitalist approach to water development would have led to a different West as well. Many water resource development projects could not have passed market tests, i.e., revenues from water and electricity sales could not justify the large expenditure on facilities. Certainly, much marginal agriculture that depends on heavily subsidized water for its existence would not be here today. And more electricity from hydropower would be sold outside the region at higher prices rather than sold to locals at low prices.

The economic fabric of the Inland Northwest and the arid West in general would look much different today had different economic systems prevailed in the 20th century. We can only speculate about the exact texture of this fabric. By contrast, we can examine the water allocation in our present economic system with a little more certainty, because we see it happening all the time. And resource allocation systems are easier to examine and classify when we see them under stress. In the case of water resources, drought provides an informative stress.

In a drought, we have less water to distribute to the same number of water users. We have to reduce our water use because our water resources are now more limited. Even within a command socialist water system, we could use an allocation system analogous to a market mechanism. Water managers could raise the price of water. At a higher price for water, people would use less.

Even this little bit of market system is rarely used in drought management. Politically imposed shared reduction usually beats out pricing in a drought. Command economies give greater emphasis to the equity aspects of reduced water use. For
example, water departments often share water reduction by imposing alternate day watering schemes. If your house number is odd, you water your lawn on odd numbered days. If even-numbered, you water on the even days. If odd-even watering doesn’t reduce water use enough, water departments might ban certain activities, like washing cars, squirting dirt off the sidewalk, or even lawn and garden watering itself. Recently in my town of Moscow, Idaho, a malfunctioning pump drastically reduced the water supply. Watering your lawn any day before 8:00 p.m. earned you a ticket from the water police. A capitalist owner of a water system, or a socialist water manager who believed in markets would simply raise the price of water. But market allocation of water is politically dangerous.

A Green approaching drought would worry less about ownership and allocation issues than would market capitalists and command socialists. A Green would want to use a policy that improved environmental quality, improved the equity and social responsibility of the water system, followed grassroots participatory politics, and did little violence to humans or nature. A Green policy would start with a town meeting with an open-microphone where anyone could express his or her views. Greens at the microphone would have a variety of suggestions for reducing water use, but most of the suggestions would work best if everyone adopted Green values. We should do desert landscaping instead of planting Kentucky bluegrass far from Kentucky. We should install low-flow toilets, and showerheads that use less water. We should install drip irrigation systems in our vegetable gardens. A Green would argue that if we changed our values and practiced water conservation, we might even be able to remove dams and give salmon a better chance at survival.
In the Inland Northwest, a combination of Green and command socialist policies triumph over market capitalism in dealing with drought, and dealing with water in general. It’s one of the reasons our economic system is a mixed one, at neither the market capitalist nor command socialist extreme. Our water system contains elements of both private and government ownership, and elements of both market and political control. Private individuals own shares of stock in McDonalds and Wall Mart, but all Americans own Grand Coulee Dam. If orange blossoms freeze in Florida, the market price of orange juice rises automatically and we drink less of it. If the winter snows stay away, the next summer we will have the same price of water, odd and even day watering and pleas for water conservation. Different economic systems are everywhere, even in our economy. You can even see them if you know what to look for.