

Sustainability of Water Consumption

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Even until recently water has been regarded as a commodity free for exploitation. That view is no longer valid in a today world of declining availability, increasing demand and increasing environmental pollution.

Economic development and environmental sustainability in many countries depend on considering water as a scarce resource, and using economic principles for its management. Although water is free in the rivers, but it has to be stored, and more often treated, distributed and these processes cost more money and have to be paid for. Reasonable price for water and sewage, based on the cost of supply, is very important both for the waterworks and consumers. The value of water has to be directly related to the costs of its provision to reach a more rational use of it. The main objective of the effective management of water resources is to satisfy the demand, given the possibilities and limitations of water supply. This balance between supply and demand should take under consideration both water quantity and the protection of the environment. There is a growing awareness that water quality is often getting worse as a result of overconsumption and disposing of sewages.

Various factors influencing price charged for water, like location of the town, water availability and quality, will be shown. Further, the process of water production, which requires large capital investments and has serious health implications for the community, will be taken into consideration.

Difficulties coming from application of price-based policy instruments will be provided. Two concepts of thinking about treating water will be presented: as a private good, subject to allocation through market pricing, and as a basic human good, that should be exempted from competitive market pricing and allocation.