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## **Barges and Birds, Politics and the Market**

**by Bart Frazier**

In a move that delighted environmentalists, a U.S. district judge recently ordered the Army Corps of Engineers (ACE) to lower the water level of the Missouri River in order to provide suitable nesting habitat for endangered bird species. However, the move will have detrimental effects on shipping, and the factions on both sides of the debate have reason to believe they are in the right.

But who is right, and is there a solution to the problem?

The shipping industry is going to suffer greatly when the water levels start to subside. Historically, the ACE has kept a steady water level in the Missouri throughout the year, maintaining a 9-foot channel of water without which transport barges simply could not move.

While barges need high water levels, birds need lower ones. Unobstructed, water levels in the Missouri River fluctuate in regular cycles over the course of a year. When it is low, some birds build their nests on exposed sand banks along the river. With the artificially high water levels that ACE has maintained, the sand banks have not been available to the birds, and their numbers have suffered. Many environmentalists would like to see the river revert to its natural flow.

It is important to recognize that neither group in the debate is wrong, from a moral standpoint. One group values bird habitat more; the other values cheap shipping. But neither is in the wrong — it is simply a conflict of interests.

Most of the time, a conflict over the use of some resource is settled through the market. Almost every resource has more than one use, and the market directs those resources into their most valuable uses through the price system. Resources flow to those who can make the largest profit from their employment and are willing to sacrifice the most in order to obtain them.

It must be remembered that profit is not necessarily monetary. There is a “psychological profit” that can be gained as well, and it is a very real player in the free market. Thousands of acres of wilderness are purchased by environmental groups, tons of food are purchased to feed the poor, and millions of dollars are donated to community arts centers every year. Each person

funding these projects is an actor in the market, purchasing with his donation the personal satisfaction that he is helping achieve goals that he deems valuable.

A problem arises when a resource such as water does not belong to anyone. That resource cannot be bought or sold and therefore cannot be directed by the market. Government almost always gets involved when resources are unowned, and politics — not the market — directs where the resources go. Unfortunately, politics is not as efficient as the market in distributing resources. Politics distributes resources to those who know how to work the system, not to those who value them most. Rarely are they one and the same.

As Terry Anderson and Donald Leal of the Political Economic Research Center have pointed out, the key to efficient use of water is to let the market allocate it. The only way that can happen is for the water to be clearly defined as private property. Anderson and Leal show that a system based on the rights to river flows is certainly feasible.

For instance, a farmer might have the legal claim to 2 percent of a river's flow. He could use that flow to irrigate his crops or water his livestock. Or he could sell part of it.

If rights to water flows were instituted, competing interests would be able to purchase the proper amount of water conducive to their desires. Organizations such as the Audubon Society would be able to purchase enough of a river's flow to provide nesting habitat for endangered birds. If shipping interests were willing to pay more than environmental groups, they could purchase enough water to allow navigation. Or some medium might be attained whereby each agreed to different water levels at different times of the year. The river would be employed in its highest valued use.

The most desirable aspect of a market for water is that disputes over its use are settled peacefully. By definition, government regulation of water flow is accomplished through a coercive apparatus — the state takes from some and gives to others. In a market transaction, everyone benefits. The person who receives the water values it more than the money he trades; the person who receives the money values it more than the water. Peaceful cooperation and efficient usage — why are we not doing this?

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