

Editor's Introduction

It is all too easy for members of an applied branch of a discipline to imagine that nothing much happened before they entered graduate school. Indeed, since courses in the history of economic thought no longer form part of a doctoral program in economics, even the more theoretically inclined remain innocent of much of what has gone before.

One of the most important chapters in the history of natural resource economics concerns the nature and scope of applied welfare economics as a guide to public investments in water resources. In more recent times the debate about welfare economics has tended to focus on regulatory approaches to environmental quality (Palmer, Oates, and Portney 1995; Porter and van der Linde 1995). Someday that history will warrant a telling.

I am extremely pleased that Spencer Banzhaf has taken it upon himself to write about this fascinating debate. As a participant in those discussions, I can attest that Spencer has indeed been fair to all sides.

While it may seem that the era of investing in water resources is now receding into irrelevance, there are ominous signs on the horizon. With climate change pressing down upon us, and thus with low-lying coastal areas and floodplains suddenly increasingly threatened, the time may not be far off when the nation will once again consider spending large sums in the effort to avoid serious harm. The insights from past debates will be important to that unwelcome future.

References

- Palmer, Karen, Wallace Oates, and Paul R. Portney. 1995. "Tightening Environmental Standards: The Benefit-Cost or the No-Cost Paradigm?" *Journal of Economic Perspectives* 9 (4): 119–32.
- Porter, Michael E., and Claas van der Linde. 1995. "Toward a New Conception of the Environment-Competitiveness Relationship." *Journal of Economic Perspectives* 9 (4): 97–118.

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