

Scott Hamilton

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(DON'T!)

**WASTE
WATER**

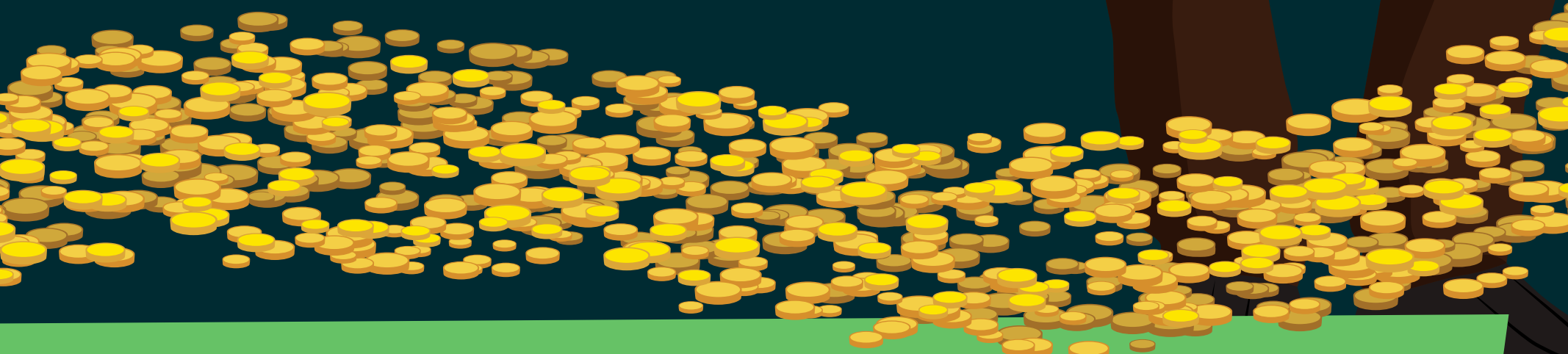


Imagine a region across 4 states, producing 40% of Australia's food, creating \$24 billion of yearly agricultural value, and hosting 3 million inhabitants.

All of that, thanks to one natural wonder: the Murray River.

To give you a sense of scale: more Water flows through the Amazon in a day, then flows in the Murray in a year!

Yet, there's a twist to that Australian jewel's story: what flows in the Murray isn't really Water anymore.



it's liquid money.

Exactly like you can purchase gold, corn, or oil, you can trade the Murray's Water on the stock exchange.

(DON'T!)

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Until the 1970s, informal trading happened. One farmer may have had a little bit of water leftover and have sent it to another for a slab of beer.



But that all changed in the 1980s when the Murray-Darling Basin became a canonic example of Thatcherism and Reaganism applied.

We faced the Millenium drought, which was the worst drought we've ever seen. By going into the market and going harder, quicker, and further than any other nation, we thought that we'd be able to deal with this problem.



(DON'T!)

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On the paper, that sounded right: if someone were to farm sustainably, the sales of water leftovers on the market would reward them.



And as the Water was supposed to always flow to its “best use,” the trading restrictions were removed, one after another.

The first thing that was done, was actually to disconnect the water from the land. We call this “unbundling.”

Hence, Australia was going much further than the water markets it emulated at first, like California or Colorado.

The real problem wasn't this unbundling but the actual allowing of other players to come into the water market. What we created, was a paradise for arbitrage!



Indeed, it's not just farmers and users: the Murray-Darling water trade became hedge funds and bank's playground.

**You would buy low and sell high, in an extremely volatile market. Events of the magnitude of a black Monday crash were happening every second day!
And it isn't just one market, but... 30!**

(DON'T!)
WASTE WATER

Hedge funds can push the individual farmer or the irrigator to their maximum willingness to pay. And they can do that every time!



**Remember how Water was supposed to always flow to its “best use”?
In fact, Water ended up flowing to where the most money could be extracted from the system...**

We also covered:

- The Murray River's 70'000 years-long memoir and how connected it is to Australia's history
- How the trading of Water completely changed the demography of the Murray-Darling Basin
- How financial players were invited into the market to provide liquidity - and how that failed
- How the water market, unlike traditional commodity markets, is totally deregulated
- How farmers did not stand a chance against professional traders with bots, information, and deep pockets
- How the best soils now dry out and how the government had to step in to buy low-flow Water on the market
- Dying fishes, moving indigenous graves, influence of Climate Change, Environmental & cultural impacts... and much more!

Don't miss a single bite: head over to dww.show!

