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Establishing Markets for Ecological Services: Beyond Water Quality to a Complete Portfolio; Mehan, G. Tracy III

**ESTABLISHING MARKETS FOR
 ECOLOGICAL SERVICES:
 BEYOND WATER QUALITY TO
 A COMPLETE PORTFOLIO**

G. TRACY MEHAN III*

Peter Drucker, the godfather of modern management consulting, once said, "Whom the gods would destroy, they first give forty years of success."¹ Almost 36 years after the enactment of the nation's Clean Water Act (CWA), we are closing in on that 40-year mark. And the gods are not pleased.

There is a flattening out of the upward curve of progress towards better water quality in America. We confront seemingly intractable challenges, primarily stemming from our inability to grapple with diffuse, polluted runoff, so-called nonpoint source pollution, most of which, like row crop agriculture and the expansion of impervious surfaces in rapidly urbanizing communities, are largely beyond the regulatory reach of the CWA.

Nevertheless, there is a tremendous opportunity to create new markets and incentives for the provision of water quality benefits, credits if you will, and, ultimately, a wide array of ecological services which could be provided by those who traditionally made their living on the land including, but not limited to, agricultural producers. The path forward starts with our current predicament under the CWA, leads on to the concept of water quality trading, and then on to a broader vision of markets for the complete portfolio of ecological services such as habitat, wetlands mitigation banking, carbon sequestration, and the protection of endangered species.

To make this vision a reality will demand the creation of new institutions which can serve as aggregators, brokers, and bankers

* Principal, The Cadmus Group, Inc. (www.cadmusgroup.com) and adjunct professor at George Mason University School of Law. From 2001–2003 Mehan served as Assistant Administrator for Water at EPA.

¹ RUSSELL LINCOLN ACKOFF & SHELDON ROVIN, REDESIGNING SOCIETY 165 (2003).

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