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**STAKEHOLDER PERSPECTIVES ON ALLOCATING WATER BY AUCTION IN ARIZONA**

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**ABSTRACT:** Auctions allocate resources efficiently while providing mutual gains and clear information on supply and demand. Yet for a variety of reasons they are seldom selected as the means for allocating water. In Arizona, a proposal developed in 2010 by Central Arizona Project to allocate “new” (yet-to-be-acquired) water supplies using an auction process provided a unique opportunity to breathe some efficiency into CAP water allocation. It was swiftly rejected by stakeholders. Nonetheless, their arguments against the proposal help to illustrate why water auctions have been slow to find broad acceptance in Arizona and in much of the western United States. This presentation will analyze stakeholder arguments against the auction proposal, evaluate the sources of their concerns, and identify possible ways to improve the appeal of market-based water allocation mechanisms.

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