Water Price Inflation Was 40 Years in Making

by Marcia Merry Baker

Increases in water rates, besides fuel costs, and the many other rising expenses households and businesses face, belie the claims that "inflation is under control." Moreover, there are regions—such as the Lower Rio Grande Valley, where for large periods of time, there is no water to be had at any price! Some examples of water utility rate hikes under local discussion as of June are in Torrington, Wyoming (78%); Sioux City, Iowa (43%); Kenova, West Virginia (50%); Tolumne, California (37%); and the list goes on. These water price increases are part of an overall hyperinflationary process now worsening by the day.

But the particulars of how the water situation got this way—part of the degradation of all key components of the household's market basket, including power, housing, medical care, public health, transportation, and education—are need-to-know basic economics for every citizen.

First, *money* is not the issue, and no tinkering or "reforms" will help. All aspects of the water crises—soaring costs, shortages, pollution, and navigation breakdowns—came about through the overall downshift of the U.S. economy over the past 40 years from a production-oriented society, to a non-productive one based on free-trade and speculation; politely termed "consumer-driven." This is what must be rectified, and on an emergency basis, as in the 1930s FDR period.

Some of the parameters of today's U.S. water crisis, in physical terms, are the following. On the supply side, there are large parts of the nation in chronic shortage, including the several states of the Lower Colorado (California, New Mexico, Nevada, Arizona); the cross-border area of the Rio Grande Basin (the Rio Bravo); and coastal regions of salt-water intrusion into groundwater, including Florida, Tidewater Virginia, Long Island, New York, and others.

Secondly, there are aged distribution systems for public supply. In 12 years, the Environmental Protection Agency projects that 50% of the nation's 700,000 miles of water pipes will be in poor condition, or broken. As of 2000, there were about 237,000 water-main breaks a year—650 per day—and chronic leaks in pipes, losing 20% of the flow in some aged town systems. Thirdly, the navigation systems of locks-and-dams have a vast deficit of maintenance and upgrading; and the smaller, upriver "watershed" dams built as a vast network for land improvements under Agriculture Department auspices, have thousands of structures way beyond engineering life and long overdue for rehabilitation.

On the subject of water infrastructure: Lyndon LaRouche met with Arkansas State Representative Larry Prater and Mrs. Prater during a campaign visit to Little Rock on May 11. They discussed the threatened shutdown of the decades-old Ouachita-Black River navigation system of the Army Corps of Engineers.

Thus, both the condition of the land and water resource base, and the infrastructure inventory necessary for the economy, has been undermined. Moreover, water utilities and municipalities have incurred worse and worse debt burdens. Some have experienced the special damage from recourse to privatization, as in Atlanta, Georgia, or East Cleveland, Ohio, where the water systems were sold off and looted, under pretense of "savings" to the public.

The navigation issue came up as a special topic of concern during Presidential candidate Lyndon LaRouche's recent campaign swings to the Ohio-Mississippi System, when he visited Kentucky on May 5-6 and Arkansas on May 9-12. State legislators and constituency leaders pointed out the dramatic particulars of the impact of the inadequate funding for the Army Corps of Engineers, on locks and dams. In Louisville, at the McAlpine Dam on the Ohio, credit has stalled out for the $350 million project to replace two smaller aging locks with a 1,200-foot auxiliary lock, to serve alongside the existing main 1,200-foot lock. The new auxiliary lock was to have been completed by 2008. But now, who knows? Contractors have sought private interim-financing just to keep the project alive. Resort to this expediency will not solve the problem of repairs on the scale needed up and down the Ohio—in particular, on the other five Louisville District locks-and-dams: Cannelton, Newburgh, John T. Meyers, Smithland, and Olmsted. All told, there are 981 miles of the Ohio River, from Pittsburgh to Cairo, Illinois, with key locks and dams along the way.

At a meeting in Little Rock May 10, Rep. Larry Prater (D-83rd District), provided LaRouche with a dossier of material on the threatened shutdown of the decades-old Ouachita-Black River navigation system, which is a core part of the Vicksburg District of the Army Corps of Engineers (see box).

There is a backlog of some $35 billion in already-au-

thorized Army Corps water infrastructure projects. This, plus the recent cuts in the Corps' minimal civil works budget levels, has led to threatened shutdown of many sections of the U.S. national inland navigation and water management grid.

The ratios of water availability and use—per sector and per capita, in the 1960s and through the present—provide the best understanding of the takedown process we must reverse. In April this year, the U.S. Geological Survey released its latest update on trends in water use in the United States, 1950-2000. As of 2000, an estimated 1430 gallons a day per person was in use in the economy (industry, agriculture, residential, power generation, etc.). This contrasts to, for example, 1965, when per-capita usage was at the much higher level of 1560 gallons per day. This 35-year decline does not represent "conservation," but rather shows contraction of economic activity, and lack of infrastructure.

From 1950 to the mid-1970s, water availability and usage increased in the United States, both in absolute volume, and per capita, as water management infrastructure—impoundments, conveyances, wells, irrigation systems, etc.—were built up, and provided the water for increased consumption in industry, agriculture, residential, power generation, and other uses. Then, from the 1980s through the present, as outsourcing of industry and food importation increased, and infrastructure projects were cancelled that would have provided new water supplies, both the total and the per-capita water usage in the economy declined outright.

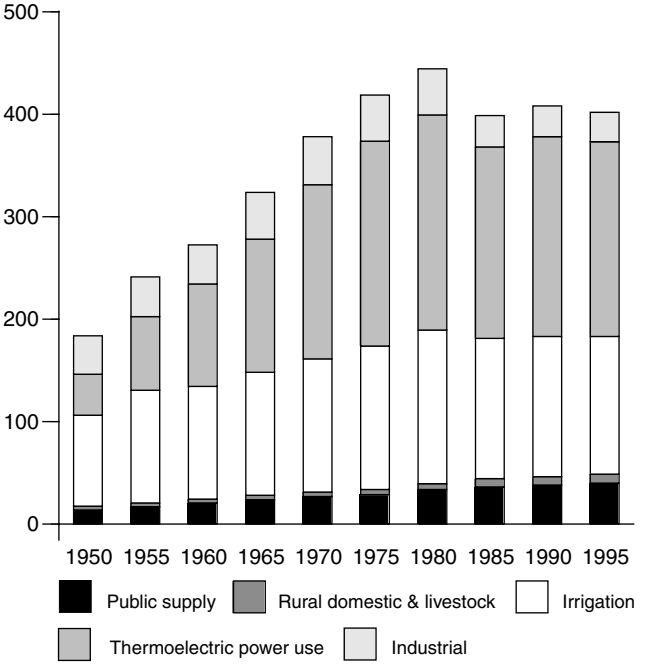
Annual per-capita water use has fallen as follows:

Year	Gallons Per Day/Person
1965	1560
1975	1941
1985	1646
1995	1505
2000	1430

Figure 1 shows the total water usage estimates, and the sub-categories of economic activity, from 1950-1995. The sub-category of industrial usage, for example, when considered per capita, shows a dramatic drop over the past 40 years, falling from 235 gallons per day down to barely 110 as of 1995.

Inevitable, because of resource depletion? Not at all. In the 1960s, the plans were underway for providing continuing expansion of water supplies, through new infrastructure projects. In other words, there were intended capital improvements at a rate to counter the rate of expected depletion of resources over the coming decades. These were of two types: 1) water conveyance; for example, the large-scale North American Water and Power Alliance; and 2) desalination of seawater, and inland brackish water—especially nuclear-powered desalination for mass volumes. The North American Power and Water Alliance plan was designed to re-direct southward, water now flowing into the Arctic; but the plans were shelved as of 1970. Desalination research work was also discontinued, when the Office of Saline Water in the Interior Department was shut down, and the nuclear program discontinued.

FIGURE 1
U.S. Water Usage, Total and by Sector, 1950-1995
(Billions of Gallons per Day)



Source: U.S. Geologic Survey.

The rationale for thwarting these needed infrastructure projects was presented under various ruses called, "environmentalist," or fiscal-conservatism, etc. Moreover, anti-infrastructure financial interests—explicitly including the Federal Reserve—decreed that water scarcity was a fact of life, and the "market place" should determine *rationing by price.* Under these policies, even replacement and repair of urban water systems was suppressed.

The physical resource base itself reflects the folly of the last 40 years of lack of infrastructure intervention. For example, the aquifer levels in many states have dropped by many feet, under recourse to overpumping when no other water supplies were made available. The Rio Grande River is now a dry bed in its lower reaches.

In the short term, what's required is a go-ahead by Federal commitment, with appropriate state and local involvement, on the many ready-to-go projects—both for maintenance and start-up—in the various categories of water management. These include urban rehabilitation of water treatment and distribution systems; the entire $35 billion back-log of Army Corps of Engineers projects—authorized, but not funded; and so on. Going ahead with these overdue projects would create

the basis for millions of jobs directly, and in secondary impact in industry and services.

At the same time, make-ready must be undertaken, to start the needed largescale projects, in particular the North American Water and Power Alliance and its related projects for the North American Desert. In 2002, LaRouche called for a "Super-TVA" approach, and for a national priority to be the "Great American Desert" program—for water, power and transportation in the southwestern United States and Northern Mexico. In the long term, this kind of approach means that through man-made interventions, the "natural" resource base itself can be transformed.

Fight To Keep Dams Open

Shown here is the Columbia Lock and Dam on the Ouachita River, located in the Vicksburg District of the Army Corps of Engineers' Lower Mississippi Division. Under Bush Administration budget cuts for the Army Corps of Engineers, this dam, and the others on the Ouachita-Black River system, were to be shut down imminently. A core of state legislators and Congressmen mobilized against the shutdown, holding an emergency field hearing April 29 in Camden, Arkansas. On May 6—just 12 days before the state primary—Arkansas Gov. Mike Huckabee (R), under fierce pressure, announced that the White House had told him it would relent, and authorize $8 million additionally in Fiscal Year 2005, to keep open the Columbia and three other installations. What the follow-through will be, is not known.

In fact, the Army Corps has other installations under the same threat. The American Civil Engineers Society points out that thousands of non-Federal dams and water structures are also in bad need of repair. All in all, there are some 78,000 dams in the U.S. National Inventory of Dams, which continue to age and deteriorate. There were 21 dam failures in 2001-2003. Going ahead with all the "off-the-shelf" proposals for maintenance, rehabilitation, and replacement projects would mean a huge and immediate boost to job creation, and bill-of-materials orders for industry.

The worth of the projects in themselves is self-evident. Rep. Larry Prater (D-83rd) in Arkansas, a leader of the mobilization on behalf of saving the Ouachita-Black River infrastructure, participated in the April 29 emergency field hearing, and provided a dossier from the hearing to Lyndon LaRouche on May 9 in Little Rock, and to *EIR*. His wife Janice, running for the 83rd District seat in November to succeed her husband, stressed in a May 7 interview, "That is a depressed area to start with. All up and down the Ouachita River, that runs through Arkansas . . . people depend upon it for the economy in that area."

Excerpts from the Arkansas Legislative Interim Committee on Agriculture, Forestry and Economic Development's resolution calling on Congress to restore the funding for the locks and dams on the system, indicate the importance of the dam:

"Whereas, the Ouachita-Black Navigation System provides multi-use benefits including transportation, water supply, recreational use, fish and wildlife habitat, economic development, conservation of the endangered Sparta Aquifer, flood control, and community river front redevelopment; and

"Whereas, the Ouachita-Black Navigation System is composed of 336 miles of 9-foot draft channel with four locks and dams and 23 Federal recreational areas, and, as a tributary to the Mississippi River System, it is an artery of commerce bringing products of Louisiana and Arkansas to world markets and world resources to multiple locations within the region . . .;

"Whereas, numerous municipal and industrial water supply intakes are dependent upon the pools formed by the four locks and dams that are being abandoned under this proposal; and

"Whereas, for every dollar invested in operations and maintenance, there is a return of $14.10 in benefits; and

"Whereas, increased highway damages, increased fuel consumption, higher accident rates, increased air pollution, and higher consumer transportation costs and, most importantly, loss of jobs will follow diversion of cargo from waterways to other modes of transportation; and

Whereas, water transportation is approximately 5.5 times more economical than trucks, and a gallon of fuel moves a ton of cargo some 514 miles on the waterways and only 59 miles by truck . . ."—*Marcia Merry Baker*