

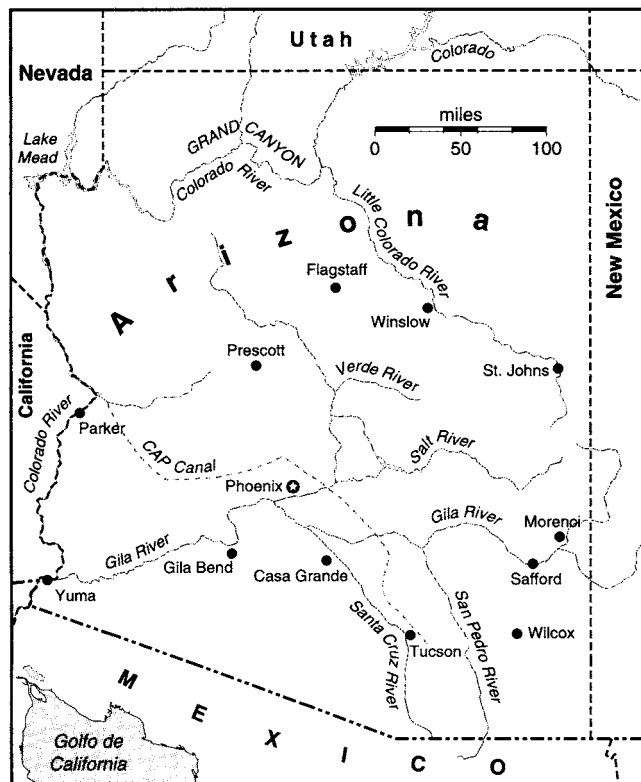
Privatization of water is thievery

by Richard Freeman

In February, Rep. John Shadegg (R-Ariz.), better known as “Congressman ValuJet,” asserted, “We’re working on the privatization of water.” Shadegg co-authored a report with Michael Block, president of the Mont Pelerin Society-run Goldwater Institute, released in August 1996. Entitled “Lights Out on Federal Power: Privatization for the 21st Century,” it calls for the privatization of electricity and water. Shadegg wrote that federal Power Marketing Authorities, which provide electric power to the nation, should be sold off to Wall Street, and that the “sale might also include powerhouses, dams, locks, land around the reservoirs—or even the water itself (provided that ownership of water is not already defined by water rights).”

Shadegg is a leading spokesman for the Nazi-like agenda

FIGURE 1
Arizona’s main rivers and canals



of the Conservative Revolution, serving as head of GOPAC. As we go to press, he is being challenged by LaRouche Democrat María Elena Milton in Arizona’s 4th C.D.

For more than two centuries, America’s growth has depended on the dirigistic role of federal, state, and local government in developing water management systems, through the construction of water infrastructure projects: from waterways, dams, canals, reservoirs, and levees, to waste sewage and water purification systems, to underground piping and water mains. Much of this is still under the control of government, with the result that water is still delivered at a comparatively low price. The value of water infrastructure structures exceeds \$1 trillion. The privatization crowd wants to buy up these assets at fire-sale prices. Instead of “artificially low water prices,” which they contend now exist, a new regime of “opportunity cost pricing” would be shoved into effect. What is the “opportunity cost” of water? Whatever the private holder of the water supplies can get away with charging.

Robert Poole, president of the Los Angeles-based, Mont Pelerin Society-run Reason Foundation, told a reporter on Oct. 29, “Free market pricing is a way to bring about conservation and rationing, but without big government. You don’t set up controls or regulations. The market does it. If water is scarce, then, the price rises. The cost of taking a shower, or watering your lawn, or using water for agriculture goes up. Thus, pricing causes you to conserve water.” When told that this sounded like arguments of Prince Philip’s World Wide Fund for Nature, Poole replied, “Well, yes. We are working with the Environmental Defense Fund in trying to get privatization of water adopted.”

As an example of how high the price of water could go, an article in the Feb. 23, 1981 *Fortune* magazine asserted that the replacement cost of water is 50 times what farmers are currently paying for it, implying that the price of water should be jacked up 50 times. Shadegg’s plan would help establish “opportunity prices” for water projects. As Poole complained, “until you get most of the water facilities privatized, you can’t institute free-market pricing, because the government utilities will hold the price down.”

Privatization would set off a Malthusian downward spiral: Cuts in water consumption lead to cuts in agricultural and industrial production, and falling population growth, because everything in an economy depends on water. Thus, under the plan, as the British oligarchy wishes, water would grow scarce, and would become “the oil of the 20th century.”

Dirigism versus privatization

The plan of Shadegg and other privatizers would wreak havoc, especially in the 16 arid western states of the United States, such as in Arizona, which has the one of the lowest natural precipitation levels of all 50 states. By looking at the western states, one can see the destructive features of Shadegg’s plan as a whole.

The U.S. Geological Survey separates the United States

into 18 hydrologic regions for the 48 coterminous states. Arizona (which is the sixth largest in the United States in land area) comprises most of region 15, called the "Lower Colorado" region. The total average natural runoff in this region (i.e., precipitation of all kinds) is 3.2 billion gallons per day, the lowest level of all 18 regions. Then, how does Arizona get enough water to support thriving agriculture, mining, industry, two metropolitan areas greater than 1 million people each (Phoenix and Tucson), and so on?

The history of Arizona's water supply typifies the dirigistic principle of America's development as a nation. In 1902, the U.S. government, through an act of Congress, created the U.S. Bureau of Reclamation. Although it had some environmentalist undertones, the Bureau built large multi-purpose water projects, involving dams, reservoir storage basins, and irrigation and water diversion systems. This developed the West, by moving water to where it was needed. Imperial Valley, California, the largest vegetable-producing region in the nation, is a product of this work.

The Colorado River (see **Figure 1**), the chief river in Arizona, starts in Colorado, flows across the northwest corner of Arizona, and through the Grand Canyon. At the Nevada border, the Colorado River is dammed by the Hoover Dam to form Lake Mead, which is the largest artificial lake in America, producing vast amounts of hydro-electricity. Almost all of the lakes in Arizona are man-made reservoirs, including Lake Powell (Glen Canyon Dam), Lake Mojave (Davis Dam), and Lake Roosevelt Apache (Horse Mesa Dam).

Much of the water supply was developed with the aid of canals, physical conveyances, pumps, and so on, constructed at the expense of the state and local governments. According to the Arizona Water Resources Department, Arizona draws off annually 8.6 million acre-feet of water (an acre-foot is 325,851 gallons). Three-quarters of this water depends on government.

The latest project, the Central Arizona Project canal, is a \$4.7 billion, 337-mile canal which brings water from the Colorado River to Phoenix and Tucson (when fully operational, it will bring 1.5 million acre-feet annually). President Lyndon Johnson authorized the project in 1968, but President Jimmy Carter tried to stop it in the 1970s, and various lunatic free market Republicans repeatedly slashed its appropriations. Yet, pro-development forces saw to it that it was built.

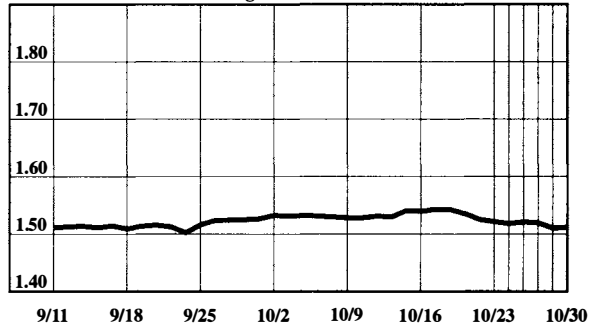
Shadegg now wants to sell these water projects for a song to privatizer sharks. Without these projects, Arizona would be like the bone-dry free enterprise paradise Nevada, which opted to make gambling the basis of its "economy."

What can be expected under water privatization? Shadegg's paradigm is water privatization in England in 1989, under Prime Minister Margaret Thatcher. Recently, the London *Financial Times* stated that "water privatization is a ripoff, a steal, a plunder, legalized mugging, piracy, licensed theft, a diabolical liberty, a huge scam, a cheat, a snatch, and a swindle." Still, Shadegg supports it.

Currency Rates

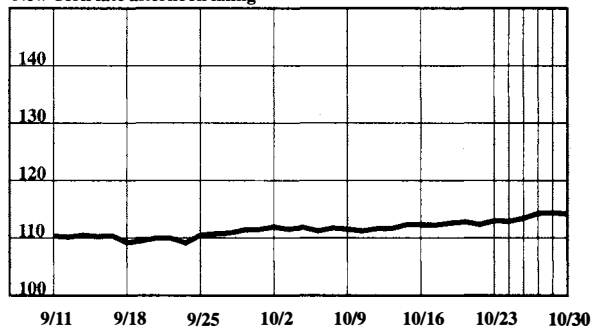
The dollar in deutschemarks

New York late afternoon fixing



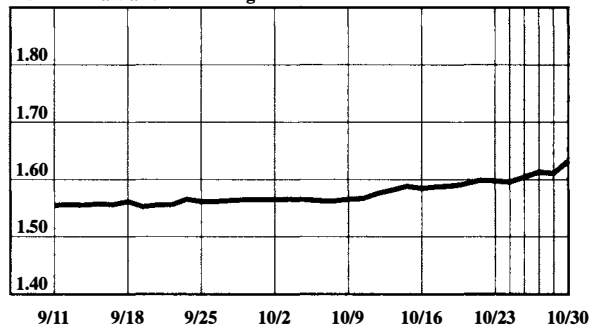
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

