

## Introduction

---

*e-mail: tom.martin@itt.com*

Our planet faces a catastrophe if we do not satisfy the growing thirst of its people and the agriculture that sustains them.

World Water Day, held annually, serves as a reminder that we must think of water in a new way, as an asset, rather than as a limitless resource. Water may be everywhere, but to drink it or farm with it, you should expect to pay a fair price.

The situation is critical and needs immediate action. One-fifth of the world's population has no access to safe drinking water and half of all people have poor water sanitation. Global water shortages have been with us for some time. China's Yellow River, for example, began drying up in 1972 due to poor irrigation practices, increased usage and climate variations.

In the arid southwestern US, water streaming down the Colorado River rarely reaches the Pacific Ocean, prompting debate about rights to the moving water. Likewise, water from the Nile, a river serving 157 million people, barely reaches the Mediterranean.

And the situation will worsen. By 2025, the global population is projected to increase to 8.3 billion from 5.7 billion in 1995. As our population grows, so does our water consumption – we have already seen increases during the past 95 years that were twice as fast as population growth.

Industrial water use is also projected to double by 2025, and without action to clean and recycle this resource, water wastage could quadruple. As a result, two-thirds of the world's population could face water shortages and/or pollution of its drinking water.

Everyone, worldwide, must immediately rethink how we manage and use water on a daily basis. The way to start is to subject this important resource to the discipline of the marketplace. Until recently, water has not been given a true market value in most of the world. It has been subsidized heavily for farming in most areas.

Just like irrigators in Mexico, Indonesia, Pakistan and Egypt, farmers in desert regions of California received subsidized water at unrealistically low prices for decades. A small number of these farmers have had control of 80 percent of the state's water. Fortunately, that is now changing. The largest water agency in the US has begun trading water rights electronically, creating the first true market for the resource.

Such changes must be repeated globally. By using market pressures, we can create powerful disincentives to reduce wasteful distribution and use. Water should be treated as if it were economic capital, and accurate monitoring and data collection should tie water strategy to economic planning.

Eliminating the implicit agricultural subsidy of the arbitrarily low prices would create incentives to repair leaky distribution systems and use better irrigation techniques as water flowed to its most productive and necessary uses. Rational water allocation can also encourage investment in strategies to build capabilities for a sustainable water future.

The emergence of water markets and electronic trading is not just good business practice. "Green" economists support them as necessary measures to conserve and protect invaluable water resources. It is time for the world's political, scientific and business leaders not only to take notice of this pending catastrophe, but to stand up and take action. These leaders must begin to regard water as a limited resource and a saleable commodity in order to ensure its future.

Global leaders should ponder whether water, in its scarcity, will become a point of contention. Perhaps, when the United Nations recently identified nearly 100 areas where water-related friction has already become an issue, it foresaw a water crisis that could some day parallel the historical hostilities over oil in the Middle East. If we fail to change now, future generations will suffer the terrible consequences of our waste and folly.

*As the world's largest producer of pumps, ITT Industries' products are essential to the movement and treatment of water and wastewater.*