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EXPANDING ISRAEL'S WATER SUPPLY: A STRATEGIC APPROACH

The crisis in Israel's water supply imperils the nation's most essential goals, the growth of its population and the expansion of its industry. In many areas demand for water already outstrips the capacity of natural water sources to replenish themselves: In dry years, demand from urban consumers alone roughly equals the available supply of the present natural system. Yet the government continues to subsidize water, encouraging the consumption of existing supplies while discouraging investment in new resources. Rational management of the water system requires a strategic approach which will lead to an overall increase in available water. The government should take the water-pricing mechanism out of the hands of the farm lobby, price water at or above the real costs of production, and open the construction and operation of water-production facilities to competitive private firms. Farmers can be offered a revised system of financial incentives which encourages efficiency rather than waste.

I. INTRODUCTION: THE DIMENSIONS OF THE CRISIS

Although good rainfalls in the previous two winters have given temporary respite, the gravity of the water problem in Israel remains unchanged. It is a predicament the severity of which has begun to exceed the limits of an *economic* problem, and is assuming the dimensions of a *strategic* one—a problem which threatens the very physical survival of the country.

For the purposes of the present analysis, the distinction between an economic and a strategic approach to a problem is that in the former case resources are considered to be given and finite, and the principal focus is on ways to allocate them optimally;