

Water: more subsidy, or less waste?

^{Al} ^{Finance}
Question: should we lower the price of a product that is in short supply and can't be imported?

Question: If it becomes clear that subsidizing this product will lead to higher consumption and cause the country extensive damage, should that subsidy be increased, or should the price of the product be raised so as to prevent its wasteful use?

In the opinion of Prime Minister Shimon Peres the price of water for agriculture and industrial use should be lowered. That is what he said in an appearance before the plenum, of the Agricultural Centre two weeks ago. It seems that the premier is not bothered by the fact that the country's water deficit now is equal to a full year's consumption and that overuse of the wells in the coastal area has led to their becoming saline.

At the same time that Peres was planning to lower the price of water, Agriculture Minister Arye Nehamkin announced his intention to lower water quotas by 10 per cent and the government (on Sunday) authorized emergency limits for water con-



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Agriculture Ministry Director-General Meir Ben-Meir said that stopping the irrigation of 350,000 dunams as a result of the emergency would lead to a reduction in agricultural exports, fewer produce for the local market next summer and less profits for the farmers.

During the past few years, farmers continued to grow cotton even though it was not worthwhile from the viewpoint of the national economy. Growing cotton was especially unprofitable in the Negev, but farmers continued cultivating it due to the massive subsidizing of the price of water by the government. Despite these subsidies, however, cotton growers lost money because the price of cotton kept dropping on world markets.

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It is clear that water subsidies for cotton growers will indirectly lead to interruptions in the supply of vegetables this summer and even the supply of water for home use. But apparently, Premier Peres is of the opinion that we have to help the agricultural sector, even at the expense of the general economy. He said the crisis in the cotton industry is of a temporary nature and can be solved with \$40 million.

Heavily subsidized water also leads to overuse, which in turn, requires fresh investment to find new sources of water - a further drain on foreign currency reserves.

Leadership, then, is not measured by promises made to every sector with which the leader is in sympathy. Leadership means responsibility to the entire economy.

It would be useful if the premier acted to prevent waste and to make agriculture more efficient in the long term, by forcing farmers to turn to crops that are of greater benefit for the whole economy.

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