

The
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China's water crisis Grand new canals

Vast new waterways will not solve China's desperate water shortages

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SOON the centrepiece of one of China's most spectacular engineering projects will be completed, with the opening of sluiceways into a canal stretching over 1,200km (750 miles) from the Yangzi river north to the capital, Beijing. The new channel is only part of the world's biggest water-diversion scheme. More than 300,000 people have been kicked out to make way for the channel and the expansion of a reservoir in central China that will feed it. But the government is in a hurry, and has paid their complaints little heed.



China's leaders see the so-called South-North Water Diversion Project, which has already cost tens of billions of dollars, as crucial to solving a water problem that threatens the country's development and stability (see [article](http://www.economist.com/news/china/21620226-worlds-biggest-water-diversion-project-will-do-little-alleviate-water-scarcity-canal-too) (http://www.economist.com/news/china/21620226-worlds-biggest-water-diversion-project-will-do-little-alleviate-water-scarcity-canal-too)). Grain-growing areas around Beijing have about as much water per person as such arid countries as Niger and Eritrea. Overuse has caused thousands of rivers to disappear. The amount of water available is diminishing fast as the water table drops and rivers dry up; what little is left is often too polluted even for industrial use. The World Bank has said that China's water crisis costs the country more than 2% of GDP, mostly because of damage to health. The new supply's arrival in Beijing will thus come as a huge relief to officials. Indeed, so desperate is the lack of water that some have in the past suggested such drastic answers as moving the capital.

Yet China's water problem will remain unsolved. The canal is the second leg of the diversion project; the first, which opened last year in eastern China, brings water from the south along the route of the old Grand Canal, built 1,400 years ago, to the northern plain. Neither will prove more than temporary

palliatives as demand continues to soar and pollution remains widespread. China's water crisis cannot be tackled by showy mega-projects. Misguided policy is as much to blame as a mismatch in supply between the water-rich south and the arid north. A new approach to water management, rather than more concrete, is needed.

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The solution is simple: China needs to price its water properly. Prices have risen a bit recently, but even in places where water is scarce it is ridiculously cheap, and as a result there is colossal waste. Beijing is ringed with water-hungry golf courses for the elite. Householders are scarcely aware that water has a value. Planners fail to take the cost of water into account, so provincial governments entice water-intensive firms to invest in desert areas and officials designate drought-prone regions as the sites of vast new cities. Raising the price of water in places where it is in short supply would discourage investment in such areas.

The Maoist obsession with food self-sufficiency compounds the problem. The arid northern plain, home to 200m people, produces water-hungry crops such as wheat and corn. Nearly 70% of water consumed in the area is used for agriculture. It is time for China to abandon autarkic thinking and import more food.

Last year the Communist Party pledged to let market forces play a decisive role in allocating resources such as water, land and electricity. If it did so in the case of water, it would reap many benefits. Development would become more environmentally friendly, China could devote its capital and remarkable engineering skills to projects more productive than shipping water around the country—and everybody would save a great deal of money.

From the print edition: Leaders