

## “Water Water Everywhere...but not a drop to sell.”

By Jeff Forester, Executive Director, Minnesota Lakes and Rivers Advocates

Minnesota has an incredible water resource. But at some point – perhaps even not that far down the line – there will be a highly charged public debate about whether Minnesota should recognize water as a commodity, and allow private companies to sell our most precious natural resource on the open market.



In 2019, Minnesota Public Radio (MPR) reported “the surprising news that a company in Lakeville, MN, [wants to pump water from below the ground](#) in Dakota County and transport it by rail to the arid western United States. Minnesota Lakes and Rivers Advocates quickly opposed the idea. The Minnesota Department of Natural Resources said the plan likely didn't meet state law. The DNR Commissioner refused the permits.

But both times and Commissioners change.

Minnesota’s law places almost total discretion with the MN DNR Commissioner. In a different time with a different DNR Commissioner, the result could be different. It is clear that the issue will not go away.

Water scarcity is a growing global problem. According to the Bloomberg Green business publication, “2 billion people now live in nations plagued by water problems, and almost two-thirds of the world could face water shortages in just four years.” Tim McCourt, global head of equity index and alternative investment, said, “The idea of managing risks associated to water is certainly increased in importance.”

What Mr. McCourt and many others mean when they talk about “managing risks” is making water a commodity like grain, oil, gold, other minerals, etc., to be freely traded on a stock exchange. While you were busy in December prepping for the holidays, dodging the pandemic and doing your regular routines, water began trading as a commodity on December 8, 2020, when the nation’s first water market launched on the Chicago Mercantile Exchange, with \$1.1 billion in contracts tied to water prices in California, [Bloomberg News reported](#).

The same article notes that “climate change, droughts, population growth, and pollution are likely to make water scarcity issues and pricing a hot topic for years to come.” Guess where many have already begun to look for H<sub>2</sub>O supply? Yes, the land of 10,000 freshwater lakes and our Great Lakes, chief among them, Lake Superior with an estimated 3 quadrillion gallons -- enough to cover both North and South America under a foot of water.

For now, The Great Lakes Compact of 2008 bans water diversion from the Great Lakes, with some exceptions. But as that 2019 MPR report noted, our state may face its own water shortages: “Minnesota is starting to come to grips with the fact that it does not have an endless

supply of water. There's growing concern in certain parts of the state — including the Twin Cities metro area and farmland in central and southern Minnesota — and that development and irrigation of farm fields are depleting groundwater sources too quickly.”

But even more deeply is the question of water as a human right and public good versus a commodity to be sold and traded. The Magna Carta, the Great Charter of Freedom, written in 1215 governments have upheld the rights of the citizen to access water. In 2010, the UN General Assembly adopted a [resolution](#) affirming the human right to clean drinking water. One hundred and twenty two nations voted in favor. None voted against, but forty-four nations, including the United States, abstained, suggesting that a right to water was unclear, unnecessary or premature given existing rights and other ongoing negotiations.

So is water a human right or a commodity?

“The problem is that it's both,” said Peter Gleick of the Pacific Institute in Berkeley. Everyone has a right to safe, clean water, he said, but because of government failures, 1.1 billion people lack access to it,” reported the Los Angeles Times in 2012. “A new trend is clear. Both Suez and Vivendi [big French companies that supply water to urban areas in the first and third worlds] expect double-digit annual growth in their water business, and each already has contracts that total more than \$10 billion a year. Puerto Rico just hired Suez to distribute its water.”

Meanwhile, back on the new water stock exchange, “the market allows farmers, hedge funds, and municipalities to hedge bets on the future price of water and water availability in the American West. The new trading scheme was announced in September, prompted by the region's climate change impacts of increased heat, drought, and wildfires.

Proponents say the new exchange “will clear up some of the uncertainty around water prices for farmers and municipalities, helping them budget for the resource,” according to the Yale Environment 360. The other side is that treating water as a commodity puts a basic human right in the hands of financial institutions, stock market traders and businesses that have no obligation or capacity to protect the public trust.

Minnesota is the headwaters of three continental-sized watersheds. At Minnesota Lakes and Rivers Advocates, we believe we bear a responsibility to the people downstream. But Minnesota also has falling aquifers. Fifty-six percent of Minnesota's lakes and rivers are listed by the Minnesota Pollution Control Agency as impaired. Water is a public good, and not a commodity to be traded or sold. We do not support exporting Minnesota's water out of state through a pipeline, tanker truck, ship or rail car.

The issue is bound to become more focused and controversial as water becomes less available and climate continues to exacerbate water issues. You know the issue has arrived when even Stephen Colbert recently tackled the subject in one of his funny-but-serious “Uh-Oh” TV segments!

And then there's water's potential connection to pipelines. When water becomes more valuable than oil, will those pipelines pump the other direction?

This year both the Minnesota House and the Minnesota Senate considered bills to address this issue, and strengthen rules that would prevent Minnesota's waters from being sold out of state. Both set limits of one million gallons annually for destinations either 50 or 100 miles away depending. Both are steps in the right direction. At this writing it is unclear what final provisions will be, but MLR will report specifics in our Legislative Update later this summer.

Even with more protective language, it is clear that there will be ever mounting pressure to redefine Minnesota's public waters from a public good, owned by us all, to a private commodity to be sold in the marketplace. Minnesota Lakes and Rivers Advocates will remain engaged on this issue, and will work to protect our lakes and rivers for future generations.

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