



San Francisco Needs a Free Market, Not Free Water

By Steven Greenhut *Jul 25, 2012 6:30 PM ET*

San Francisco officials routinely lecture the rest of the U.S. about public health and the environment as they enact laws that, for example, ban McDonald's (MCD) Happy Meals and require businesses to compost their trash.

But when it comes to doing something that would advance a noble public goal -- the conservation of California's most valuable natural resources -- these same moralizers can be shockingly conventional in their attitudes.

Consider their response after a group called the Yosemite Restoration Campaign collected enough signatures to put a measure on the Nov. 6 ballot that asks San Franciscans to approve a study on the removal of one of the most controversial dams ever built, the O'Shaughnessy Dam in Yosemite National Park, and for the restoration of the Hetch Hetchy Valley. The initiative would force city officials to figure out a plan for replacing water supplies lost by eliminating one of nine dams controlled by the San Francisco public utility.

In 1913, Congress authorized the construction of the only major dam in a national park, with the aim of providing water and hydroelectric power for San Francisco, about 200 miles to the west. The vote reportedly broke the heart of John Muir, the founder of the Sierra Club, who argued that Hetch Hetchy's beauty rivaled that of the Yosemite Valley. This was a battle with national implications -- the New York Times editorialized against it six times in 1913.

Liberal Hypocrites

You would think San Francisco's environmentally friendly Democratic officials would want to undo this history. Yet the initiative's qualification for the ballot is opposed by the mayor and all 11 members of the Board of Supervisors. U.S. Senator Dianne Feinstein and House Minority Leader Nancy Pelosi, both California Democrats, are longtime foes of restoring the valley.

"San Francisco Mayor Ed Lee is right," the San Francisco Chronicle editorialized on July 9. "The proposed ballot measure to require the city to draft a plan for draining the Hetch Hetchy reservoir is 'insane.' It's also dangerous, misleading and an absolute waste of money." The newspaper pointed to the dam's production of "about 300 megawatts of carbon-free hydroelectric power for the Bay Area."

The Sacramento Bee, which has championed the restoration of Hetch Hetchy, [found](#) the Chronicle's argument ironic: "In the past, San Francisco environmentalists and the Chronicle have supported river restoration efforts on the Trinity and Klamath Rivers, even if hydropower generation was reduced. Could it be that San Franciscans are fine with sacrificing energy generation for environmental benefits, so long as their energy isn't being touched?"

That's a reasonable conclusion. The proposed study's \$8 million cost is nothing by San Francisco standards. (Many of the same politicians who express concern about the potential billion-dollar costs of removing the dam and the uncertainty of federal funding are championing a [high-speed-rail project](#) with a far higher price tag and equally uncertain resources from [Washington](#).)

Some conservative Republicans, such as U.S. Representative Dan Lungren, are vocal supporters of reclaiming Hetch Hetchy.

"If tomorrow, Disney would announce that they are going to build a second Yosemite Valley for \$2 billion or \$10 billion, people would marvel at it, and they'd say, 'What a great idea, to give us a sense of this beautiful valley,'" Lungren said.

"Well, doggone it, God's already given it to us."

Federal Subsidies

Political opponents of Lungren, who represents Sacramento's suburbs and parts of the Sierra foothills, say he is using the issue to position himself in his tight re-election race against an environmentalist Democrat. Likewise, in 1987, critics saw cynical motives when President [Ronald Reagan](#)'s interior secretary, Don Hodel -- a conservative with a history of promoting Western resource development -- announced support for restoring Hetch Hetchy.

But there was little evidence to doubt Hodel's sincerity. Hodel, as Carl Pope [wrote](#) in Sierra magazine at the time, was an advocate for expanding public enjoyment of national parks. Many conservatives are conservationists, and it's absurd to believe that centrally planned, taxpayer-funded water projects were in keeping with [free-market](#) principles.

Thanks to subsidies and to the federal [Army Corps](#) of Engineers and the Bureau of Reclamation, farmers in the Southern California desert still grow water-intensive crops such as rice and cotton. The construction of the Hoover Dam was seen in its day as a giant make-work project. In that vein, MSNBC commentator [Rachel Maddow](#) recently celebrated that dam as evidence of the value of big-government public works.

Even if it was necessary, a lot of what followed encouraged waste and ruin. As Chris Edwards of the libertarian [Cato Institute](#) said in response to Maddow, "Hoover Dam was built by the U.S. Bureau of Reclamation, an agency with an

appalling history of environmental damage and support of boondoggle projects. For most of the 20th century, the agency ran amok pouring concrete in every river system in the West, and in the process destroying wetlands and salmon fisheries. The government's Corps of Engineers has a similar record of environmental damage and economic miscalculation on its big infrastructure projects.”

There's much to debate about the wisdom of actually busting the O'Shaughnessy Dam. The estimated cost of restoring the Hetch Hetchy Valley ranges from \$3 billion to \$10 billion and would be its own make-work project. The debt-soaked federal government can't pay for this. The state's population continues to grow and, if anything, more water storage is needed, not less.

Market Value

Yet the costs and benefits of removing the dam should be analyzed, which is basically what the San Francisco measure would authorize, if it is approved by voters.

The best reason for the plan is that it would remind Californians that the biggest assault on the environment has come from government, not the private sector. Maybe a serious look at the history of the O'Shaughnessy Dam will spark a needed discussion on how a more competitive system can better meet the state's water needs and protect the environment in the future. Why should San Franciscans be exempt from learning the true value of a precious limited resource?

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