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Water as a scarce resource

Gerold Permoser



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Dr. Strangelove is one of my favourite films. Pure genius, all the way through! In one of the bizarre scenes that illustrate the madness of the nuclear threat, the manic Brigadier General Jack D. Ripper (nomen est omen) explains to Captain Mandrake, played by Peter Sellers, why he has just triggered a nuclear war and thus the end of the world: the Soviet Union are trying to destroy the West by contaminating the water.

What was chosen as an absurd topic of conversation in 1964 in order to highlight the even madder world of the military and game theoreticians, has swapped roles with the nuclear threat 50 years later. While we have probably overcome the nuclear madness, destruction caused by a lack of clean water is more real than ever.

For example the UNO has issued warnings that the frequency of armed water conflicts will rise in the future. The data of the US water research institution Pacific Institute show that this is already a real threat scenario. On its website, the institute lists wars fought about water over the past 5000 years. Water has become an absolute key resource.

For Erste Asset Management this is reason enough to discuss the topic of water from a sustainability perspective. The points of contact with environmental, social, and governance (ESG) aspects are numerous: water privatisation, resettlement as part of a dam-building project, the effects of fracking on groundwater, massive ecological damage caused by water pollution, excessive water withdrawal as part of an industrial production process, or even the danger of an interruption of the flow of cooling water to nuclear reactors, as was the case in Fukushima.

In Austria, a land with generous water resources, we find it challenging to understand the necessity of using the resource water sparingly. – One more reason to show how strongly the topic is rooted within the ESG approach of Erste Asset Management.

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He began his career as a fixed-income analyst at the Creditanstalt in Vienna. He moved to asset management at Innovest KAG in 2000. He made significant contributions in the investment field there and advanced to CIO (director of asset allocation and research). Gerold Permoser studied at the University of Innsbruck and is a CFA charter holder. He offers training at the University of Vienna and at various post-graduate institutions for analysts and portfolio managers (i.e., at VÖIG, the Association of Austrian Investment Fund Companies).