



Views

- Article
- Discussion
- Edit
- History

Debate: Water privatization

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Should water be considered a public good and not be privatized?

Background and context

Water is the most common substance on earth and constantly renews itself through evaporation and rainfall. But 97% of the world's water is in the oceans and most of what is left for consumption. This water must not only satisfy domestic use, but also industry and agriculture. Water can be an important political issue in the metering and effective regulation in Britain, over the allocation of scarce water resources in Australia and California, about foreign ownership of desalinated water for agriculture in Saudi Arabia. Water is even more crucial to the developing world. Over a billion people still have no access to clean water. 60% of global ill health can be linked to water. Without tackling these problems, little progress can be made on other development issues (e.g., cannot attend school, sick people cannot work, infant mortality will remain very high). The UN's International Year of Fresh Water in 2003 aims to halve the number of people without access to clean water over the next decade. Estimates of the cost of these targets range from \$35 billion in water each year in the developing world at present. Where this money should come from, and how it should be spent remain controversial (topicID=294)



Contents

- 1. Should water be considered a public good and not be privatized?
- 2. Background and context
- 3. Rights: Is access to water a right?
- 4. Economics: Is government ownership of water utilities economically efficient?
- 5. Private investments: Should private investments be avoided or are they valuable?
- 6. Environment: Is the privatization of water better for the environment?
- 7. Trade agreements: Is public water possible within international trade agreements?
- 8. Supply the poor: Is public or private water the best way to supply the poor?
- 9. Employees: Would workers benefit more from public or private water?
- 10. Public-private partnership: Are public-private partnerships on water resources inappropriate?
- 11. Case studies: What are the case studies on water privatization, both the successes and the failures?
- 12. Organization pro and con
- 13. Pro/con bibliography and links
- 14. YouTube videos pro and con:
- 15. See also

16. External links and resources

17. Books

Rights: Is access to water a right?**Yes**

- **Water is a human right, not a commodity** - This argument centers on the notion that the right to life is the most fundamental of all human rights, and that water is fundamental to health and life, making it necessary to preserve water as a right in order to protect the right to life. By extension, it can be argued that water is essential to all of the rights that depend on health and life, such as the right to free speech, freedom of expression, and freedom of religion. This all makes water an exceptional, fundamental part of protecting our rights as individuals. In this way, water can actually be seen as a "negative" right as it protects the violation of our other rights (a counter-argument to the notion that water could only be a "positive" right offered as a premium to citizens). The problem is that companies are not fundamentally able to secure this right, without exception. This is why governments must act to secure it through public ownership and distribution of water resources.
- **Profit companies are inherently incapable of securing the right to water** - Some argue that even if water is considered a right, companies can reliably (possibly even more reliably than governments) provide it to those in need. This has not proven to be the case. Companies inherently have an interest in profits over the interests of individuals. This does not mean that companies are evil, but simply that they are profit-maximizing entities that do not have a fundamental interest in ensuring a citizen's right and access to water. Companies have an interest in charging as much as consumers are willing to pay for water. It is common that private companies increase rates dramatically (sometimes as much as two to three times over) in their profit interests. Many can't afford the fees that this entails, and are forced to move, a violation of the right to water. The fundamental problem is that the profit interests of private water utilities lead directly away from the consistent, equitable, affordable protection of the right to water. This is a problem, primarily because anything that is considered a "right" should not be directly subject to fundamentally counter-veiling profit-interests.
- **Private ownership of water can threaten public health and citizen rights.** - While many argue that water is most efficiently supplied by private companies, this is not necessarily the case, and there are numerous instances in which privatization lead to serious disasters and public chaos. This argument contends that public health is generally at greater risk with private ownership. Part of this surrounds the nature of international trade agreements that often severely limit "non-tariff trade barriers" such as national safety standards that make the flow of water across borders more difficult. Because privatization of water often leads to the weakening of these standards, privatization also jeopardizes the rights of citizens that are protected by these standards.

No

- **Water is not a public right** What qualifies water as a right? Do people have a right to water so that they can survive, but this need does not qualify water as a right that is making something a right. Such "positive" rights, which require a government to give "negative" rights that protect citizens from one-another, such as a right to free speech, essential characteristics of a "right". Positive rights go beyond innate rights and off characteristics. The basic problem is that, in offering "positive" rights, a burden is placed on an individual, the rights of others are necessarily violated.
 - See The case for "negative" and against "positive" rights
- **Water can be treated as an economic good** - "Water as an economic good". The (http://lnweb18.worldbank.org/ESSD/ardext.nsf/18ByDocName/WaterasanEconomicGood) - "The idea of 'water as an economic good' is simple. Like any other good, water has benefits from use of an additional cubic meter exceed the costs so incurred. shows that if a consumer is charged a price P1, which is different from the marginal cost curve) exceeds the increase in benefits (the area under the benefit curve) and
- **Even if water is considered a right, privatization is the best way to protect that right** - The answer includes private companies, which are generally capable of harnessing market forces has consistently demonstrated themselves through history of being in the economy. These forces should be harnessed in the supply of water globally.

Economics: Is government ownership of water utilities economically efficient?**Yes**

- **For-profit water companies seek to maximize profits at higher cost to consumers** Water privatization often leads to price-hikes two or three times higher than the price under public water-utility ownership. This might be the case despite the fact that a for-profit water company is operating more efficiently than a government-owned company. The problem is, however, that the for-profit company is pocketing PROFITS off the top of what it is charging the public, whereas a government-owned company would not be pocketing these profits. Therefore, we have to ask, what does "economic efficiency" mean? The reality is that for-profit companies do produce greater "economic efficiency" than government-owned companies, yes, but typically at greater cost to consumers due to the pocketing of profits by these companies. In this way, privatization is more "efficient" for the owners of water utilities, but not necessarily for the general public that pays more than before. This is particularly wrong-headed in the context of water being a right that should be available equally at affordable costs to all socio-economic groups in need of it.
- **Water privatization is at odds with the need to conserve water resources** - For-profit water companies sell water at a price per gallon. There is a direct incentive for them to sell as many gallons of water as is possible. Therefore, there is no inherent incentive for them to conserve water resources. This has implications in regards to the environment, but also the economy. If water becomes highly scarce, for example, because water companies are pumping as fast and as much of it as possible, then this may force a major spike in water prices, creating economic shocks. We cannot trust profit-interests to manage scarce water resources appropriately to avoid such problems; government management is necessary that has the public interest more directly at heart.
- **Water supply is infrastructure-intensive, making government involvement**

No

- **Water privatization is more economically efficient** - For profit companies are more likely to manage their company poorly, they lose money. If they manage their company in general, perform efficiently. Conversely, there is not profit interest at the management level. If they manage their company efficiently or somewhat efficiently, it matters less to managers of these companies incentive structure for the efficient operations of its company, and the empirical evidence shows that.
- **Rapid growth of water infrastructure can only be achieved through private investment** - government could be involved in supplying all the resources to create this infrastructure. greater funding of these projects, and thus a more reliable and quality supply of water. rapidly growing demand often found in emerging economies.
- **Market investments can spur innovation in the water industry**: Innovation in water infrastructure and systems are to be improved by innovations, private investments

in it important - Water is unlike other goods in its weight by volume and the amount of it that is consumed. This makes it more infrastructure-intensive than any other good in the world. Infrastructure is commonly seen as within the jurisdiction of government control and as something of a equal right to citizens. The reason for this is that infrastructure is extraordinarily complex, resource-intensive, and important to the survival and success of citizens. Because water is so infrastructure intensive and vital to the success and livelihood of citizens, it must be under the control and ensured by governments. [2] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)

- **There is no real competition between water suppliers that gain secure contracts in geographic areas:** This means that there are no real "choices" for consumers to switch to alternative suppliers. This is a problem, particularly because it means that there is no incentive for companies to offer more competitive prices than their competitors because there is no risk that they will lose the consumers that are locked into buying their company's water.
- **Demand for water increases with population growth, so it does not respond to market signals in the way other resources do.** Rich consumers in the developed world also waste water through extravagant use of luxuries such as garden sprinklers, swimming pools, lush golf courses, etc. - a problem which will get worse as income inequality increases, both between and within countries. Demand management is needed to prevent waste and to ensure access for all, including the poor, something which pricing water in a purely economic way will not achieve. This is a job for governments, accountable to their people, not for private companies.[3] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)

- **Market competition lowers prices for consumers in the water market.** The market services more competitive. Because consumers have a choice between competitors.
- **Politics often prevent elected officials from adjusting prices and investing appropriately in water infrastructure.** While the water infrastructure for a city, for example, supply the funds that can repair the city's water infrastructure. As a result, the election of officials in which public officials take into account considerations of investments in the water infrastructure are a very appropriate means to raise funds.
- **When water is not treated as an economic good it is wasted.** On a domestic level they will use it wastefully. At a national level, subsidized water for farmers and in California or Central Asia, both naturally areas of semi-desert, often with a damage and environmentally-friendly practices, e.g. the use of drip-irrigation or dry farming.

Private investments: Should private investments be avoided or are they valuable?

Yes

- **The problem with private investments in water supply is that large returns are demanded:** Large sums are needed to meet global water targets, but the private sector will only provide these in return for a large commercial return, meaning that the true cost of the investment will eventually be much higher than if it were publicly funded. Investment from governments and donors is preferable to privatisation as they can target investment at the most needy, rather than focusing upon the most profitable opportunities. Water supply is also a natural monopoly, so private companies have no competitive pressures to drive up quality and drive down prices. Even in the developed world, the experience of water privatisation is not encouraging: in England shareholders cashed in and much of the industry ended up in foreign hands while prices went up, yet droughts in the 1990s still led to widespread rationing. Recent electricity supply crises in California have also shown how badly regulation of private utilities can fail. Meanwhile Australia has successfully reformed its water supply system while retaining it in public hands.[5] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)

No

- **Problems of water supply need to be addressed with huge investment, particularly in the developed world, much water (up to 50% in Canada) is wasted through leaks in pipes.** Private involvement is essential. For this investment to be attractive to the private sector, the costs of supply. Issues of quality, equity and environmental standards can be handled.

Environment: Is the privatization of water better for the environment?

Yes

- **Private companies are unlikely to care for the environment:** Their duties are to their shareholders, not to society at large and nature in general. They will seek to reduce costs and maximise profits, most likely at the expense of high environmental standards. Attempting to use market mechanisms such as water exchanges to protect the environment is also a bad idea. The value of healthy ecosystems and biodiversity is impossible to calculate. Trying to do so makes the environment just another resource to be exploited, rather than protected for its own sake.[7] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)

No

- **Failing to price water economically is bad for the environment:** Proper pricing (such as Australia's one for the Murray-Darling basin) can start by taking account of the market. Pricing water according to consumption, e.g. through domestic metering, at underground aquifers.[8] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)
- **Cases in which water privatization is claimed to have improved environmental protection.**

Trade agreements: Is public water possible within international trade agreements?

Yes

- **The public interest in water nationalization should not be constrained by international trade agreements that are corrupted by corporate interests.** International trade agreements were dramatically influenced by and are in large part controlled by multinational corporations. These international agreements have wrongly limited non-tariff barriers to trade, such as safety standards or rights-based considerations, in order to satisfy multinational corporate interests in freeing up the flow of goods and maximizing profits. Therefore, international trade agreements are illegitimately aligned with profit interests over the public interest to see water considered a right. Therefore, the constraints these agreements place on nationalization of water resources should be seen as illegitimately influenced by these corporate interests and rejected.

No

Supply the poor: Is public or private water the best way to supply the poor?

Yes

- **Treating water as a purely economic good will be bad for the poor:** The rich may take advantage of badly targeted subsidies in some developing countries, but that does not mean that these subsidies are not essential to the poor. How would farmers in much of India cope without state-funded irrigation water? South African experience shows that when their village water supply was charged at even a low price, many women chose to fetch dirty river water from a long distance rather than pay the new cost. The Bolivian disaster of privatising water supply in Cochabamba shows the dangers: the American firm Bechtel doubled water tariffs so that some families paid a third of their whole income in water rates, mass protests led to army repression and even death before the scheme collapsed completely.[9] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)
- **Movie "Flow" demonstrates how water privatization is bad for poor.** This movie shows how privatization attempts have not been successful in supplying water for the poor but instead have made water even more dirty, less accessible, and taxing on the ways of life for the poor. In some cases, millions are displaced with no where to go and empty promises from investors.

No

- **Treating water as an economic good will make water cheaper:** Current regimes areas and wealthy farmers at a fraction of its true cost, while poorer areas have no poor to pay for their water. The poor are already paying for their water, either directly or indirectly, a large proportion of the family's labour fetching poor quality water from miles away, inability to work and study, and so often keeps them in poverty.[10] (http://www.idebate.org/debatebase/topic_details.php?topicID=294)
- **Documentary Film: Think Big** - Makes the argument that wealthy corporations should be held accountable for water privatization.

Employees: Would workers benefit more from public or private water?

Yes

- **Public involvement in water will help provide stable employment.** This is a broad advantage of government involvement in industry. The private sector is obviously much more vulnerable to market fluctuations and the potential for layoffs. Investing in public-sector industry helps create a more stable base of employment. This is particularly important in times of national difficulty or recession.

No

- **Water industry employees fair much better in the private sector:** "Water: To privatize or not to privatize?" (http://www.thesouthasian.org/archives/2004/water_to_privatize_or_not_to_p.html) running the city's water system for five years said that employee wages and benefits were much better in the private sector.

Public-private partnership: Are public-private partnerships on water resources inappropriate?

Yes

- **Okke Braadbaart has revealed high rates of failure for public-private partnerships (PPPs) in the 1990s.** Braadbaart, O. (2005). Privatizing water and wastewater in developing countries : assessing the 1990s' experiments. Water policy ; vol. 7, no. 4 ; p. 329-344. Abstract and ordering details - [11] (<http://www.iwaponline.com/wp/00704/wp007040329.htm>)

No

- **A mixture of public and private industries is ideal.** There is a good case for maintaining public participation in common-interest projects.

Case studies: What are the case studies on water privatization, both the successes and the failures?

Yes

- **Case studies in water privatization failure.**

No

- **Case studies of the success of water privatization.**

Organization pro and con

Yes

- Friends of the Earth. See YouTube Video from Friends of the Earth Paraguay on this issue.[12] (<http://www.youtube.com/watch?v=GvEi45CSZ-U>)
- FoodAndWaterWatch.org (<http://www.foodandwaterwatch.org/water/waterprivatization>)
- Sierra Club. The Water Privatization Task Force (WPTF) (<http://www.sierraclub.org/committees/cac/water/>)
- Citizens for Public Power.
- Public Citizen.
- Water Watch, Cupe British Columbia www.keepwaterpublic.ca
- Vive le Canada.

No

- "Water neoliberalism." - A term for the group that treats water as a market good.
- World Trade Organization (WTO)
- International Monetary Fund (IMF)
- Water World Management.
- Industrial Water World.
- Water and Wastewater International.
- Urban Water Management.
- Suez (<http://www.suez.com/>)
- Global Water (<http://www.gwresources.com/>)
- Vivendi
- RWE
- Water, Engineering and Development Center, Loughborough University (<http://wed.lboro.ac.uk/>)
- Tower Water Management (<http://www.towerwatermanagement.com/>)
- Asian development bank (ADB)

Cato Institute – Free markets American think tank.

Pro/con bibliography and links

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- "Constraints to Developing Commercially Viable Urban Environmental Infrastructure Projects", (1999, Nov) Indo-US FIRE (D) Project Notes, Note No. 21 (<http://www.indiaurbaninfo.com/niua/ProjectNo.21.pdf>)
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- Ninan, A. (2003, April 16) "Private Water, Public Misery," CorpWatch India. (<http://www.indiaresource.org/>)
- Sharma, A. (2002, July 14) "Water Colour of Money" The Sunday (Indian) Express. (21)Sharma, S. (2003, Oct) "Interlinking ? No, thanks," India-together.org. (<http://www.indiatogether.org/environment/water.htm>)
- "Community-managed water supply system changes lives"
- Shiva, Vandana . "Water Wars: Privatization, Pollution, and Profit (<http://www.amazon.com/exec/obidos/ASIN/089608650X/interntionaldeba/104-5333130-0270319>) .

No

- Ronald Bailey (2005). "Water Is a Human Right: How privatization gets water to tl
- Segerfeldt, Fredrik. *Water for Sale: How Business and the Market Can Resolve the fa*
 - "Private Water Saves Lives". Appeared in the Financial Times, August 25, 2
- Interview with Gerard Payen. Senior Executive Vice-president of Suez. Interview
- Dr. Eric Teo Chu Cheow of ADBI. "Privatization of Water Supply – Success Case: papers 2003/12.09/369.privitization.water.supply/)
- "Public-private partnerships and the poor in water and sanitation". Water. Engineer (http://wcdc.lboro.ac.uk/projects/new_projects3.php?id=26)

YouTube videos pro and con:

Yes

"Water Warriors", May 4th, 2007.



- PPIAF: Stop water privatisation (<http://www.youtube.com/watch?v=XaTJ-INntdQ&feature=related>)

No

"Suez's (<http://www.suez.com/>) Thinks Long-term About Providing Water Services"



- "Stop the Privatization of Water" (<http://www.youtube.com/watch?v=oZDjwFWD4js>)
- Trailer of movie "H2O up for sale: The Privatization of Human Necessity" (<http://www.youtube.com/watch?v=kWWRCZePFkc>)
- Film "The Corporation". (http://www.thecorporation.com/index.cfm?page_id=57) Against privatization on many levels, including water privatization.
- Global Philanthropists Circle 2006 Annual Meeting, panel about public-private part
 - Dan Vermer: Water Privatization. Posted November 14, 2006. - Representin
 - Jin Zidell: Public-Private Partnerships." November 14, 2006. Founder of Blu
 - Michael Madnick: Public-Private Partnerships. Posted November 14th, 2007

See also

- Resolved: Water should be considered national property
- Debate: THBT water privatization in Africa is good.

External links and resources

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- The Economist survey of global water issues, with links to a range of useful websites (<http://www.economist.com/surveys/showsurvey.cfm?issue=20030719>)
- UN pages on the 2003 International Year of fresh water (http://www.wateryear2003.org/en/ev.php-URL_ID=1456&URL_DO=DO_TOPIC&URL_SECTION=201.html)
- Pacific Institute (<http://www.pacinst.org/index.html>)
- New Internationalist article against water privatisation (search for back issue 354 [March 2003 (<http://www.newint.org/>)]
- Ecologist article against water privatisation (http://articles.findarticles.com/p/articles/mi_m2465/is_5_30/ai_63859390)
- Water Services Association of Australia (<https://www.wsaa.asn.au/frameset2.html>)
- Suez (world's largest private water company) (<http://www.suez.com/?f=1>)
- "Is Water a Commodity or a Right? the tyee" (march 22, 2006) (<http://thetyee.ca/Series/2006/03/22/WaterForum/>)

Books

- The UN World Water Development Report: Water for People, Water for Lif (<http://www.amazon.com/exec/obidos/ASIN/9231038818/interntionaldeba/104-5333130-027031>)
- Cadillac Desert: The American West and Its Disappearing Water (<http://www.amazon.com/exec/obidos/ASIN/0140178244/interntionaldeba/104-5333130-0270319>) Marc Reis
- Water: The Fate of Our Most Precious Resource (<http://www.amazon.com/exec/obidos/ASIN/0618127445/interntionaldeba/104-5333130-0270319>) Marq de Villiers
- Water Wars: Privatization, Pollution, and Profit (<http://www.amazon.com/exec/obidos/ASIN/089608650X/interntionaldeba/104-5333130-0270319>) Vandana Shiva
- Every Drop for Sale: Our Desperate Battle Over Water (<http://www.amazon.com/exec/obidos/ASIN/1585421146/interntionaldeba/104-5333130-0270319>) Jeffrey Rothfeder
- [<http://www.amazon.com/Uncooperative-Commodity-Privatizing-Geographical-Environmental/dp/019925365X>] "An Uncooperative Commodity: Privatizing, Water in englan

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