Water Privatization

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Radio: "At a moment when geopolitical tensions are heightened, we need to secure stability, transparency and the ability to forecast developments in the sector of the world trade system", European Trade Commissioner Pascal Lamy said, indicating "The EU and the Latin America countries should collaborate within the scope of promoting relevant negotiations, in the light of the Doha meeting, to ensure the success of the WTO ministerial meeting in Cancoon, Mexico, in September".

Let’s hope not to see any more riots. The anti-global movement is making moves in opposition to the World Trade Organization summit. This year the water issue will be on the table as well. There has already been a world forum on water in Kyoto and the anti-globalists have organized a counter summit in Florence. Now a decision is to be taken at the World Trade Organization meeting. Whether to privatize or not.

I don’t think we have much to be cheerful about in this respect, globally speaking. We are very lucky here in Europe. There’s enough water for domestic use and for drinking. But of course, we drink bottled mineral water.
My mom tells me when she was a child they used to drink tap water too. Still, just to have running water available is a luxury.

I’ve read some frightening figures. Every year, five million people die of various diseases linked with water shortage. Already, as it is, over one billion of the world’s population have no access to clean drinking water - so they have to drink polluted water and often get sick - and still the United Nations predict this number will go up to two and a half or three billion by 2025. If water consumption continues at the present rate, that is. But if we are really 9 billion by then, as some say, we might well run dry!

I was reluctant at first, thinking there’s plenty of water on our planet. But then I read that fresh water is just a tiny portion of it. 97% is salt water from the seas and the oceans. Of the remaining 3%, another 2% is trapped in polar ice leaving a mere 1% or less for us to use. Mind you, this amount must suffice for drinking, irrigating the land and running industry. Industry and agriculture are truly enormous consumers of water. Especially agriculture.

They also waste a great deal of it because they use up more water than nature can provide through rainfall.

Really, with population numbers rising relentlessly, water is becoming a rare commodity. A very precious one. One that costs money. This is where the problem begins.

How much money would be needed for the third world? I’ve read it somewhere…

Here it is, a study financed by the World Bank that says that in order to bring clean water to the poor of this world, annual investments of developing countries would have to increase from the 75 billion dollars of today to 180 billion. Double the sum and it still isn’t enough.

That is why World Trade Organization think tanks believe there’s need for private enterprises in the water business. They claim it is the only way to solve water shortage problems for the poor.

The governments, specially in southern parts of the globe, are always running short of money and therefore can’t offer their people an efficient water supply. Public services and government authorities that control the water supply are stagnant bureaucratic organizations, not at all open to the innovation which is necessary to cope with the problems.
Private enterprises, on the other hand, invest their own money with the aim of making profit, so they are more interested in efficiency related matters. This is true not only in developing countries but also in the industrial powers.

If the source of profit are the tariffs paid by users, private companies are eager to guarantee an efficient service, otherwise the users would turn their back on them and go elsewhere.

In short, the sustainers of privatization believe that the introduction of the private sector into water supply and sewerage services would not only lower the costs - by 15 to 45 percent presumably - but would also foster an innovative approach and eliminate what they consider to be a conflict of interests. If the public sector finances and manages water systems, it is hard to expect any real change when the system proves to be inadequate.

But not everyone agrees with this view of the problem.

Among those objecting to such thinking are, first of all, the anti-globalist and the anti-liberalist movements, but also many NGOs and intellectuals. Those opposed to privatization consider it is wrong from the outset to treat water as a commodity.

Water is a fundamental right of every human being and should be made available to every individual, at least to a minimally acceptable measure - as the government of South Africa has recently done by proclaiming the right of every citizen to have at least 25 litres of clean water a day.

I’ve also read somewhere how much water is consumed in the U.S. You wouldn’t imagine: as much as 382 litres a day per person!

The objectors argue that private companies can’t guarantee to respect this human right.

They also don’t see the relation between private companies and consumers in such an idyllic light. The truth is that companies win public competitions by promising cost reductions and service improvements. But once the company wins the bid, there is no more rivalry with other competitors and the company tries to redefine its position and lift the prices or cut down on the improvements.
As a matter of fact, this wave of privatizations - still covering only a small share of 2 to 5 percent of water systems in the world - is bringing about the concentration of water management in the hands of few multinationals like Suez, Vivendi and not many others. The anti-globalists warn it is not true at all that privatization brings lower prices and better services.

They quote the case of a Bolivian town Cochabamba, where the 2002 privatization resulted in a price increase of 50% leading the inhabitants to a revolt until the government was forced to reintroduce public water service. There are even cases in the U.S., like the one of Atlanta, Georgia, for example. In 2003, Suez was stripped of the bid already won before, because it had not improved water quality as promised.

For those opposed to privatization the troubles of the third world governments are mainly due to the heavy load of their debts. The World Bank allocated as much as 80% of the entire water resource budget to the construction of private infrastructure in 2002. Instead of doing this, it should finance expansion of water access for all and help repay some of the debts.

I just can’t decide. Both sides offer valuable arguments. Is it right to treat water as a marketable commodity, a merchandise? Can we trust market laws to ensure water for all? Or should we regard water as a universal right, a public good, and build a worldwide network of the existing public services?