



# Privatization of Water

The Selling of a  
Birthright?





# Contrasting Views of Water



- ☞ Commodity
- ☞ Private Sector on a for profit basis (Corporations)
- ☞ Goal: Profit
- ☞ Subject to supply and demand

- ☞ Right
- ☞ Public Utility on a not-for-profit basis (Government)
- ☞ Goal: Equal access to sufficient, safe affordable water
- ☞ Recognized as basic to human existence

# Commodity or Right?

- ☺ Distributed according to ability to pay
- ☺ Water supplied to those who provide the greatest profit
- ☺ International corporations and the World Bank set policies and determine where and at what cost water is distributed.

- ☺ Distributed equally to all without discrimination
- ☺ The needs of the most vulnerable are met first
- ☺ Citizens participate in decision making regarding use and distribution of water



# Forms of Privatization

- ☞ Service Contracts
- ☞ DBO Contracts
- ☞ Leases or Asset Sales
- ☞ Water Markets





# Pros of Privatizing Water



- ⌘ Companies are more efficient than public utilities
- ⌘ Companies have or can raise necessary funds to provide water



# Cons of Privatizing Water



- ⌚ Corporations can drive up the price of water
- ⌚ Corporations encourage consumption to increase profits
- ⌚ Water is often less safe and the cause of ill health
- ⌚ Profit making often conflicts with goals of the community.
- ⌚ Water companies often have few or no regulations
- ⌚ Part of profits go to another country



# Methods Used by Corporations to Privatize Water



- ☞ Take over public water systems
  - | Demand upgrades of existing infrastructure from public purse and tax cuts
  - | Use government subsidies to underwrite corporate profits
  - | Lobby to weaken water quality standards
  - | Shed Staff
  - | Raise prices

# ● ● ● | Methods (continued)

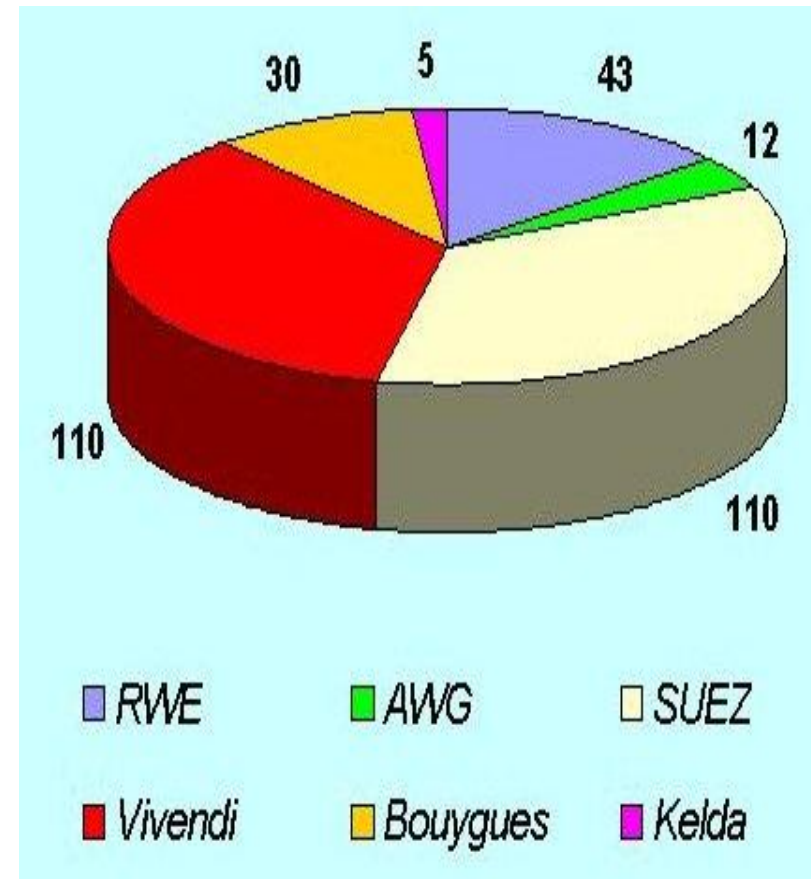
- | Cut off water to people unable to pay
- | Push for trade agreements that favor corporations
- ⌘ Buy water rights
- ⌘ Sell “bulk” water by transporting it from water-rich areas to markets desperate for water
- ⌘ Promote bottled water





# ● ● ● | The Water Barons

- ☉ Suez - France
  - | United Water Resources
- ☉ Veolia Environnement - France
  - | (formerly, Vivendi Universal)
  - | USFilter
- ☉ RWE - Germany
  - | American Water Works Co., Inc.
  - | Thames Water



# ● ● ● | Global Impact of Water Privatization

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- ⌘ Increase in water prices
  - ⌘ Lack of access for those who cannot pay
  - ⌘ Increased marginalization of world's poor



# Examples



## ¢ Ghana

- | 95% raise in water fees
- | 3 buckets of water = 10-20% of income

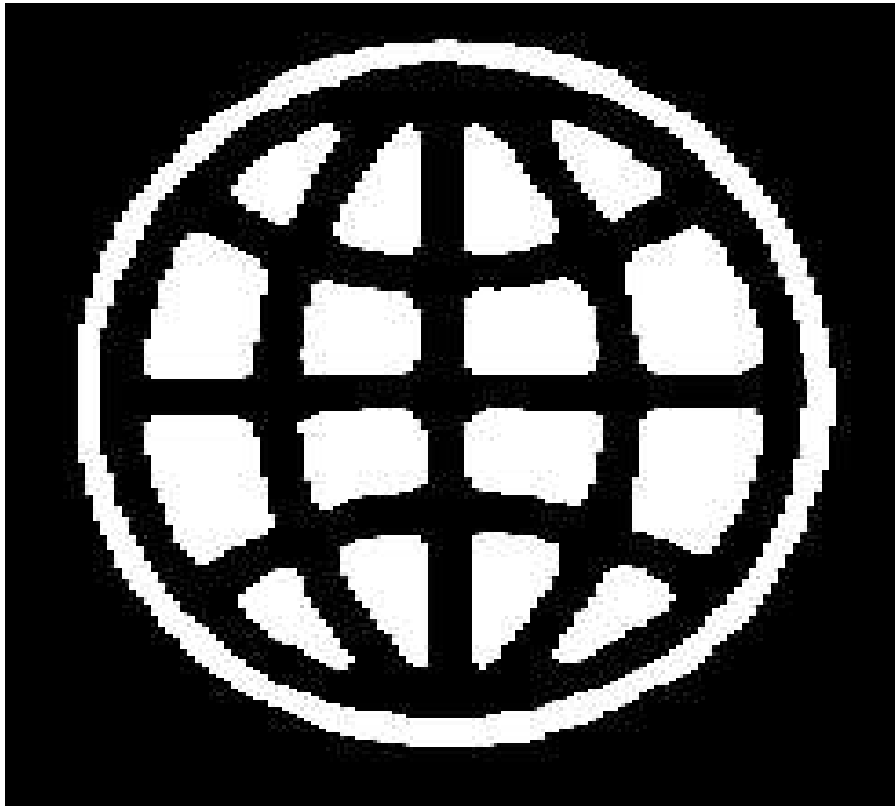
## ¢ India

- | 25% of income for water

## ¢ Lima, Peru

- | \$3.00 per cubic meter
- | 10 times price in U.S.

# World Bank and IMF



- ☞ Often require privatization as a condition for loans and debt relief
  - | In 2000, loan conditions in 12 out of 40 countries required privatization
  - | In 2001, 51% of loans required privatization measures

# World Trade Organization WTO



- ⌘ Promotion of GATS (General Agreements on Trade and Services)
  - | Countries must grant corporations access to services which were once under the control of government
  - | WTO lowers the standards through deregulation
  - | Fines and trade sanctions imposed for not complying

# Anti-privatization demonstration in South Africa





# ● ● ● | Cochabamba, Bolivia

☪ “\_We still use water the way we used to...That is what we protected and will continue to protect. We truly believe that no one owns the water. Life has no price, so water has no price.”

*Virginia Museo*



# Atlanta, Georgia

☪ “Water is something very important to everybody and I do think we got a little carried away four years ago with the hype of this [privatization] being the silver bullet that was going to solve all our problems. We went down the wrong path.”

*Claire  
Muller*



# General Results of Privatization

- ⌘ Higher water bills for consumers
- ⌘ Reduced water quality
- ⌘ Reduced local control
- ⌘ Less accountability to local citizens
- ⌘ Less quality service
- ⌘ Complex legal contract disputes





# Successful Public Reforms

☪ San Diego

☪ Phoenix

☪ Nashville

☪ Miami



# Other Forms of Privatization

## ☪ Bulk Water

- | Nova Group
- | World Water SA
- | T. Boone Pickens



# ● ● ● | Bottled Water

## ☞ Early Labels

- | Spring water
- | Artesian well water
- | Glacial water
- | Distilled water



## ☞ Designer Labels

- | High Calorie Water
- | Fitness Water
- | Energy Water
- | Mineral Water
- | Oxygen Water
- | Vitamin Water
- | Flavored Water



● ● ● | Support Your Public Water System

Some for all not all for some.

Lake Erie

