WATER POLICIES AND GLOBALIZATION

Millard W. Hall and Andrew A. Dzurik

AUTHORS: Professor, Civil and Environmental Engineering, Department of Civil and Environmental Engineering, Florida A&M University - The Florida State University (FAMU - FSU) College of Engineering, Box 2175, Tallahassee, Florida 32316-2175.
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Abstract. Earth's water managers live constantly with inadequate policy directives; most water policy having been formulated years ago, to serve in situations that no longer exist.

Policy makers today prefer directing their attention to sexier, more immediate problems than water, despite constant warnings about expanding threats to the planet's waters. Historically, water policy changes, at any level of government, come slowly.

Water managers own a significant share of the fault for this situation. They know, more than any other group, what is needed to protect waters, but for the most part they keep it to themselves. Such policy related threats to water supplies as population growth, urbanization, climate change, and new water borne pollutants are mounting, as the new century wears on. Yet water managers continue to talk only with one another, most often about technology, rather than enter the political fray where policy is made.

Now, water managers everywhere face an issue, already of concern to many of them, which will require of them a most active participation in political affairs. This issue, the privatization of water supplies, is being exacerbated by another matter; globalization, which itself is causing great disquiet among many of the world's citizens, including water managers.

Both privatization and globalization are issues that need to be addressed immediately, at many levels of government, by significant changes in state, national and global water policy.

INTRODUCTION

Governments around the world have, perhaps unknowingly, signed away authority over, even ownership of, their own waters; making them subject to privatization on a global scale. It is a process actively underway, supported by terms agreed to among members of the World Trade Organization (WTO) and expressed in the treaties they have signed; the North American Free Trade Agreement (NAFTA) and The General Agreement on Trade in Services (GATS). (Barlow and Clark, 2002b) Undoubtedly it will be supported by NAFTA's expected successor, the Free Trade Agreement of the Americas (FTAA). These agreements were reached by world governments seeking to increase free trade among the nations of the world and their businesses.

The businesses of the nations signatory to these treaties, assisted by the World Bank, and the International Monetary Fund (IMF), with pressure from the World Water Congress (WWC) are using treaty policies to make water "more econom-ically" available to those who "need" it. (Luoma, 2002) That is, to make it more available to those who can best afford it.

For centuries water has been generally viewed as a "free good," part of the "commons," by all the world's cultures, essential for the support of life, and available to all in the amounts they could capture and reasonably use in beneficial ways. This approach has worked reasonably well; generally speaking, ways have been found to make water available to all -- in support of their life, though not always in support of their income. In the past fifty years, however, as the world's water needs have risen and its immediately useful supplies diminished by overuse, misuse and pollution, many analysts have come to see that changes must be made in the way that water is managed.

The approach to this issue favored by most water professionals has involved a combination of (1) more sustainable water use, i.e., conservation, reuse, and tighter controls on pollution, and (2) enlarging supplies, i.e., by capturing more runoff, by creating freshwater from desalting and possibly, by its capture from the atmosphere.

The WTO and its adherents, on the other hand, would take a market approach. They would make water a commodity, addressing it as a saleable good; available to those who can afford it This approach ought to take care of "scarcities," but what will it mean to the availability of clean water for the earth's poor, to national (and state) water policies, and to the question of "who really owns the water?" (Barlow and Clark, 2002a)

GLOBALIZATION

Globalization is a many faceted process, embracing political, economic, sociological, cultural and perhaps other changes in the ways humans interact. (Anderson, 2001) It is being driven by a shift toward a consolidated global marketplace. This shift is the concrete expression of a belief that "free" capital markets, if put into play to the extent possible through-out the world, will most efficiently distribute global resources; including water.

Globalization is not a new process, but seems to have greatly intensified in the 1990s, aided by unprecedented corporate growth and new communication technologies. It is a move towards a borderless world, wherein the most important players are corporations. The rules by which this world will operate are already in place, as defined in international trade agreements. (Barlow and Clark, 2002b) (Palast, 2002)

These agreements, treaties, entered into by most of the world's national governments, give enormous favor to global corporations over small businesses and individuals. They contain provisions, originally intended to make it easier to move goods such as steel, textiles and foodstuffs from country to country, but which can also be applied to water. Their application to water, in fact, already is producing, for better or for worse, great excitement -- and consternation -- among water policy analysts and water managers who are just learning the ropes of the "New World Order."

Globalization, generally understood, by the public at large is "the process of integrating and opening markets across national borders." (Gleick, et al., 2002) This process, controversial in and of itself, is increasingly being extended to proposals that encourage extensive trading of water across international borders. Questions of how, whether and when to implement international trading and sales of water are likely to be among the most controversial water issues of the 21st century.

PRIVATIZATION

To most people, even to many U.S. water managers, privatization, as used in water resources considerations, relates mostly to the purification and distribution of water supplies. Privatization occurs most often by private corporations contracting to take over and run existing water works, often for government owned utilities. In other cases, existing facilities are purchased -- or new ones constructed -- with the private owner operator obtaining permits to service the water customer directly.

This kind of privatization in the water industry seems to be increasing rapidly. (Gleick, et al., 2002) In the late 1980s it was estimated that less than 200 American water facilities were operating under contract by private businesses. (AMSA/AMWA, 1998) A 1997 survey of major contract operators indicated that the number had grown to more than 1,200 facilities in the U.S. and Puerto Rico. (Eisenhardt, Stocking, and Reinhardt, 1997)

The growth in corporate management of water supplies is of itself a concern to many, as it brings the profit motive into water supply, a motive that does not always coincide with the public's well being. There are other aspects of privatization, however, that should cause greater apprehension to water managers worldwide.

For example, what will privatization ultimately mean in terms of water rights, water prices, and water development for the developing world? What will it mean -- everywhere -- for indigenous peoples, and for wildlife? And what will happen to a community's water supply if the private corporate water supplier goes "*Enron*?"

Privatized water now accounts for 10 per cent of the world's water utilities, but is already a $400-billion global business. Companies such as France's *Suez* are rushing to privatize water; betting that water will be to the 21st century what oil was to the 20th. (Tulley, 2000) *Vivendi Universal* is *Suez's* major competitor for the emerging international water market. The two companies control about 70 percent of all the private water delivery systems in the world. (Louma, 2002) *RWE/Thames Water* is gearing up to become a contender by merging with *American Water Works*. (Louma, 2002) *Bechtel* of San Francisco is heavily involved with privatized water systems around the world, and before its collapse, *Enron* was beginning to be a player (Barlow and Clark, 2002a) in what the World Bank projects to be a $1 trillion industry by 2021.(Louma, 2002)

The World Water Commission argues that only private firms can provide the enormous capital -- which it estimates at US$180 billion a year -- needed to fix the world's water problems. This entails eliminating generalized government subsidies for water and replacing them with prices that offer an attractive return on investment.

This seems silly on the face of it; governments can't raise $180 billion, but corporations can -- and turn a profit! The WWC nevertheless argues strongly for privatization of water supplies, worldwide. They put it this way:

> *"…the poor need . . . a wider range of options so they can choose the level of water services for which they are willing to pay . . . giving suppliers a financial stake in meeting the(*ir*)*

*needs . . . . Fee schedules can be structured so th(*ey*) . . . receive a limited amount of water at a low cost and pay a higher fee for additional water. . . . efficiency prices for incremental consumption; even as they provide low base rates . . . ."* (Bryce, 2001)

Although insuring "efficiency prices" for water may, from an economics viewpoint, be theoretically appropriate, from a humanistic and political view, pricing water as a commodity is a financial burden that many of the world's people can ill afford. What has always been treated as a free good may one day become another marketable commodity in much of the world. (Dzurik, 2003)

Is it reasonable to trust a "for profit" organization to do the structuring of the fee schedules? Isn't this why Public Utility Commissions were created?

GLOBALIZATION AND WATER POLICY

Water policy has always been linked with industrial and agricultural policy, among others. But citizens have come to expect that policy differences among sectors will be resolved by governments; or that governments will at least work at preserving the illusion of such resolutions. In the era of globalization, however, that particular fig leaf is growing rather small.

Existing international trade agreements (GATS and NAFTA) have provisions that require their signatories who privatize municipal water services to permit competitive bids from any and all corporations; in the US and elsewhere.

Think about it. Because one US city decides to privatize its municipal water service, your city can be required to take bids for privatizing its service; your water system might be run from afar by a global corporation, under a long term contract, on a for profit basis, without you having any say in the decision. (Barlow and Clark, 2002b) (Segal, 2002)

This latter is not far fetched, it's happening in Atlanta, and in more than five hundred US communities. (Bennett, 2002) (Luoma, 2002)

Under these same trade agreements, if a permit is granted to a citizen or corporation of a signatory nation, to export water for commercial purposes, foreign corporations have every right to come into the host country and compete to export water. (Barlow and Clark, 2002a)

There is no mention in these agreements of how much water can be exported, or the uses to which it can be put, or the priority of such uses. It can be done, and is being done, for profit alone. It appears, for example, that those dealing in international trade can do things with water that municipalities, farmers and ranchers in the US find difficult, or impossible, to do.

Cash poor nations, seeking help from the World Bank and the IMF, find themselves needing to make "structural adjustments" in their economic systems, as a condition for such help. These adjustments have meant such things as selling water rights to global corporations and the privatization of water systems. (Barlow and Clark, 2002a) If a nation is cash poor, it probably has citizens that are cash poor. One suspects that such citizens are seldom aware of the good things to come as a result of these structural adjustments. It is likely that said citizens do notice, however, that their water supply is more costly (Palast, 2002) and less dependable; an awareness that has led to riots in several places. (Barlow and Clark, 2002a) (Luoma, 2002) (Palast, 2002)

The need for repayment of debts by poor nations tends to encourage extractive industries, as they are easily, notoriously, used to raise currency by nations everywhere, rich and poor. Unregulated use -- as it often is -- of extractive natural resources leads to their rapid depletion, and always has significant negative impact on water quality and water availability.

The treaty provisions being discussed here may well limit the ability of nations to regulate environmental quality, because of the power that they confer upon corporations. Thus, freeing trade may invite deregulation, which can lead to the creation or exacerbation of environmental problems. The relatively weak level of existing national environmental policies and enforcement activities around the world -- especially in developing nations -- amplifies this concern. Other implications for water resources include increased risk to low profit water uses, such as wildlife maintenance and pollution control.

CONCLUSIONS

To many, the terms *Globalization* and *Privatization* are just that, terms; the latest buzz words. To others, they describe a concept once thought to be thoroughly discredited, the belief that private business can do everything better than government; that people in all nations and throughout the world are served better by entirely free markets than by governments.

It ain't so. While there are legitimate arguments that some governments interfere too much in the affairs of their citizens, individual and corporate alike, one thing is certain; both sloth and greed are human conditions.

There will always be a need for someone, some organization, to help those who don't seem to be able to take sufficient care of themselves. There will always be a need for governments, or some such bodies, to put checks on untrammeled greed.

Globalization seems desirable in many ways, but when its treaties become the basis for making water into a commodity, perhaps it has gone too far.

Privatization undoubtedly has a place in the legitimate apportionment of goods and services, but, in the case of water, without regulation by an entity which speaks for all water users, it cannot be trusted to determine the value of something as basic as water and its distribution. (Bennet and Hairston, 2003)

Assuredly, water has important economic value, it is in many respects, the source of all wealth. Where possible and reasonable, that value should be harvested. However, water has other values; biological, social, environmental, and cultural. Today, these values are being recognized to an unprecedented degree, especially as regards wildlife habitat and indigenous peoples. (Hinrichsen, 2003) It would be a crime of great magnitude if these values were to be discarded in the search for new corporate profits.

Globalization is a fact of life. There is no turning back from it at this point. It, supported, by the perfectly reasonable wish to improve worldwide the economics of developing nations, gives the "for profit" privatization of water tremendous advantages.

There are also perfectly reasonable reasons to see that water rights, water ownership, and water distribution systems are not placed in private hands. Can private organizations really manage these systems so much better than government that they can provide as good or better service, and still make a profit?

There is still time, and opportunity, to prevent this thing that makes no sense, this privatization of a resource now owned by everyone. Stopping or controlling the privatization of water, however will necessitate two changes in the behavior of citizens in the developed world; behavior which is rapidly going out of favor. They must choose to:

- Govern themselves, rather than be governed by international bureaucrats and corporations
- Back their governments by deciding to pay necessary taxes with their money instead of using it to increase corporate profits.

The chances of either of these changes happening seem small, don't they?

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