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My Water, My Rights: Ethics and Implications of Water Privatization

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My Water, My Rights: The Ethics and Implications of Water Privatization

RELG 327: Business Ethics

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Introduction

Water is undeniably a fundamental building block of human life. Moreover, it is a valuable and essential material that can best be described as constituting a “vast cycle whose function is like the flow of blood in the human body” (Hughes 537). Water serves a multitude of purposes in the lives of every culture around the globe, and has an important role in social, religious, and economical traditions. For this very reason, water has long been thought of as being an irrefutable human right. Over the past few decades, however, the privatization of water resources and distribution has called into question the ethics of water. Privatization of water has been proposed as a solution to the global water crisis in which developing nations receive poor

quantities and quality of water, but has also been implemented in developed nations. Water privatization is encircled in a whirlwind of ethical debate, including the notion that private companies would put profits ahead of its customers and that the right to water would be threatened in instances of water privatization. This paper explores the various aspects of water as a cultural, global necessity and as a centerpiece for ethical debate. There are both pros and cons to the privatization of water, as evidenced by countries including Chile, the United States, Bolivia, and Ghana. These separate instances of privatization uncover problems and successes that make it possible to propose a solution for ethical privatization of water that ensures the human right to water is not compromised.

The Role of Water in Our Lives

Since the quite literal beginning of time, water has had a complex role in cultural traditions and spirituality. Historically, water was at the forefront of many ancient cultures. It was not only necessary for survival, but served other intricate purposes. For example, the Roman Empire had a public water supply that provided fresh water to citizens, the Khmer empire found spirituality in water, and the Mayans used it as a central figure in their culture. The Ganges River is so special to Hinduism that it has over 100 names, ranging from “noisy” to “perfect, holy” to “destroyer of poverty” and “bestowing happiness” (Shiva 141-146). Spiritually, many creation stories involve water being commanded to produce living creatures (Priscoli 32). In Christianity, the prophet Amos proclaimed, “Let justice roll down like waters and righteousness like an ever flowing stream” (*The Modern English Version Bible*, Amos 5.24). Amos draws a parallelism between justice and righteousness in the sense that justice is both a right and a duty. This can directly apply to water, in the sense that water has the potential to be a human right that should be justly distributed (Hughes 528).

Despite water being an important centerpiece of humanity, it has sparked heated ethical debate. Currently, 1.1 billion people—one sixth of the world’s population—lack access to clean, running water (Macdonald 31). It is estimated that one third of the global population will be without the resource by 2025 (Hughes 522). Water shortages are so prevalent that they not only affect the health of individuals, but aggravate food security on a global scale. Such shortages are irrefutably part of the cycle of poverty (Baer 143). Overall, water is at the forefront of affecting politics and the way people conduct their lives. A proposed solution to such a water crisis is the privatization of water, which calls into question the human right to water. The presumed threat to the global right to water requires a closer examination of the ethical rights and justices surrounding water.

The Ethics of Water

When discussing the ethical implications of water, it must first be determined if water is a basic human right. According to the Magna Carta, “The things which are everybody’s are air, flowing water, the sea, and the seashore.” This view is similarly reflected in Medieval French and Spanish customary law, and Shari’a law states water as a common good that all people are freely entitled to (Hughes 529). The United Methodist Church views water as one of God’s creations that should not be denied to humans (“The Natural World” n. pag.). Similarly, Pope John Paul II declared water as God’s gift that is therefore a “right to all” (“Water Is a Right of All” n. pag.). On a political level, the Netherlands, Uruguay, Bolivia, and South Africa have amended their constitutions to establish water as a human right; some have gone as far as to ban the privatization of water (Baer 141). Overall, drinking water and sanitation are essential criteria for human life. Therefore, they should not be denied to any human being (Hauter 165). Some even go as far to say that water is a natural right, or that it is not dependent on laws, customs, or

beliefs (Shiva 20). It is important to note that the right to water includes sufficient, continuous, discrimination-free availability to high quality water. The Universal Bill of Human Rights does not specifically grant the right to water, but does declare that withholding the resource takes away human dignity, which is a human right (Hughes 532). For the purposes of this paper, water will be considered a human right because of the overwhelming cultural and spiritual sources that tout water as a human right.

If water is a basic human right, then it is assumed it should be justly and freely available to all. The conditions are two-fold: water specifically requires restorative and distributive justice. Restorative justice can be defined as returning to people and all living systems that which has been taken from them unjustly. In this case, water is a commodity that has been unfairly withheld from millions of people, often in developing countries. Distributive justice refers to the equitable sharing of a common good (Hughes 527). Together, these two principles of justice call for water to be shared globally, with an emphasis on supplying or returning water to areas and people that have been without the precious commodity. Aside from justice, more ethical lingo can be applied to the right to water. There exists both a narrow right to water and a broad right to water. The narrow right to water requires access, safety, and affordability of water. Missing from this definition is citizen participation in water management decisions. This facet of water rights is protected by the broad definition to water, which not only provides safe, affordable water, but also involves citizens in the management of water resources and distribution (Baer 143). The right to water should not be confined to such a narrow definition. Instead, the right to water should follow the broad definition of the term, as this enables citizen participation in one of the world's most valuable and life-sustaining resources.

In recent decades, the proposal of privatizing water distribution and resources has led many to wonder if their right to water would diminish. The privatization of water involves transferring operations of a government-run, public water system to a private company. Such a transfer of responsibility may include system ownership, operation of water treatment and delivery, the sale of public water rights, or any combination of these (Geick 1). Interestingly, the international water industry defines water as a private good that can be extracted and traded on free markets (Hughes 525). When water is privatized, corporations hold the power to determine that water is no longer a human right, but rather a human need that will result in paying customers. Water, then, becomes fixed at a crossroads of ethics, public policy, nature, and values. There are no substitutes for water, which is important to remember when discussing the potential trading of water (Macdonald 33). Moreover, water should be about more than just politics: it should be about the values of controlling a resource billions of people need.

Debating the Privatization of Water

Privatizing water is not inherently rooted in profit or evil. Instead, it was conceived on the idea that private companies could repair existing water distribution systems and provide a solution to the global crisis affecting billions of people without water. Many municipal city waterworks are quite old and in disrepair. The cost of repairing this infrastructure would be high, at an estimated \$151 billion needed over the next twenty years to upgrade the pipes, storage tanks, and filters. In the developing world, on the other hand, water infrastructure—if it exists at all—often dates to colonial times and cannot withstand the rapid increase of populations, especially in urban areas (Luoma 37). In the United States, 85% of people get water from public utilities, compared to 97% in poor countries (Seegerfeldt 159). Water infrastructure is a necessary factor in providing clean, safe water around the globe. Public works, however often lack the

financial ability to make such repairs or to initiate water distribution to regions currently without. The solution to such a problem may lie in privatizing water and allowing free functioning markets that are regulated by the government (Macdonald 33). Private companies would have the funds to get people hooked up to water mains, reverse the disrepair to the water infrastructure, and effectively deliver and manage the water sector (Hughes 525). The larger issue at hand is ultimately concerned with the distribution of water; private companies would have the power to get water to those who truly need it.

The privatization of water would inherently result in changes to the way individuals currently receive water. The biggest of these is the likely price increase, which could prove beneficial. A price increase would encourage conservation of water, especially in developed nations where water is cheap, plentiful, and easy to unconsciously waste (Macdonald 33). Pricing should be competitive, as if multiple companies were competing to provide a household with water service. This would prevent the price from skyrocketing to unaffordable levels (Macdonald 32). Another benefit, assuming privatization successfully provides water to the poor, would be fostering sustainable development among developing regions. Not providing water could arguably be supporting a form of “predictable, perpetual poverty and subsistence living” (Priscoli 27). Perhaps what is best for developing nations is to foster growth and economic development, which starts at the level of providing individuals with water, a basic material needed for survival. Privatization has the means to get individuals connected to water and potentially bring them out of the cycle of perpetual poverty. With proper supervision, water privatization is highly plausible, and is already saving lives in Argentina, Cambodia, Philippines, Guinea, and Gabon (Segerfeldt 161).

With every list of potential benefits comes a list of potential drawbacks. The topic of water privatization is certainly no exception. Many implementations of water privatization have occurred throughout the world; as early as 2006 it became evident that privatization actually failed to deliver water to the poor, undermined the right to water, and created monopolies. In addition, the private companies made little effort to conserve water or protect ecological resources, as conservation does not yield profits (Hughes 535). The small handful of companies that globally control privatized water markets have a tendency to treat water irresponsibly, not as the invaluable asset it truly is (Macdonald 32). The World Bank, a United Nations financial institution, actually touts water privatization as central to its poverty reduction programs. Thus far, they have implemented privatization requirements on eight poor and debt-ridden countries. The result was citizens paying large fees and maintenance costs. In addition, the private water companies provided limited access to water, increased rates, and amplified the unemployment rate by disposing of public water sector jobs (Hughes 526). Some of these companies even installed pre-paid water meters, for which families purchase a pre-paid card with a specific amount of money on it. When the money runs out, families are effectively cut off from water (Hughes 526). Some activists claim that the World Bank is simply an instrument for corporate control over water (Shiva 87).

When studying the downsides of water privatization, several prominent risks become evident. First, it is often assumed that these private companies would put profits ahead of the people they are serving. A profit-driven company would likely implement rate hikes, leaving poorer families unable to afford water (Macdonald 33). Additionally, privatization could lead to the dangerous elimination of the government being responsible for overseeing that everyone has access to water. When private companies take over, they often hold all rights to water and its

distribution, leaving the local government completely out of the equation. The government, however, has a “fundamental duty to see that basic services, such as water...are provided to their people” (Gleick et al. 2-3). If the government has no role in overseeing aspects of the water sector, then the human right to water may be threatened. The privatization of water often has a negative impact on the environment. The water footprint in developed nations is extremely heavy and has the potential to damage ecosystems. As mentioned before, conservation yields no profits, so private companies put little to no effort into conservation efforts. One private water company in Milwaukee had a sewer tunnel that dumped raw sewage into local waterways and Lake Michigan, endangering multiple ecosystems (Luoma 38). Any sort of ecological hit to a developing nation—which is already struggling to survive—could have detrimental effects, as they often rely on agriculture for sustenance. Finally, private companies have a history of not properly treating water to prevent and control disease. In Guayaquil, Ecuador, a private water company was treating only five percent of the local water. The health department reported skin and respiratory issues, diarrhea and other gastric illnesses, and a hepatitis A outbreak, all linked to the untreated water. In developing nations where 1.8 million children die each year of diarrhea and other water-related diseases, clean, treated water is a necessity and should not be compromised by big corporations seeking profits (Hughes 522).

It is quite difficult to make a case for implementing water privatization in developed nations, where citizens already have access to cheap, high-quality water (Luoma 35). Any sort of water disruption in either service or quality yields a low percentage of loss. Poorer nations, however, lose less financially, but the loss as a percentage of their wealth is incredibly high (Priscoli 23). Any issues or disruptions in a private water system would be a drastic negative blow. In some respects, their ability to survive depends on water infrastructure, cleanliness, and

reliable distribution. Water privatization poses too great a threat to developed and developing countries alike to be implemented on a global scale because it endangers the human right to water.

Case Studies

Over the past several decades, numerous countries have implemented—both successfully and unsuccessfully—private water companies in lieu of public sectors. Atlanta, Georgia is one such example of failure. Implemented in the 1990s, Atlanta's new, privatized water system was supposed to be an international showcase to demonstrate the ease and benefits of water privatization (Luoma 35). While the private company was able to cut the city's own operating costs, the losses suffered by Atlanta citizens far outweighed the benefits. During the time the private company controlled the water, five boil order alerts were issued, chlorine levels rose to six times the allowable amount, manholes were left open, and water main leaks were left in disrepair for weeks on end. In addition, the company allowed collection rates to drop from 98% to 94%, costing the city millions of dollars (Luoma 36-37). After years of sub-par private water management, the city of Atlanta terminated the contract. Another example of privatization failure is in Cochabamba, Bolivia, where despite privatization, politics dictated who got service and when. Over half of the city lacked water service, and those that did have service would only get water for an average of two hours a day (Macdonald 32). Additionally, prices rose drastically to \$20 per month when the national minimum wage is less than \$100 per month (Shiva 102). After months of turmoil and protest, the private contract was terminated.

In stark contrast to Atlanta and Bolivia's water privatization failure, Chile stands out as a privatization success story by providing high coverage of drinking water under a fully private

system (Baer 141). Water privatization was initiated as response to the corruption, inefficiency, and lack of funding among public water services (Baer 144). Under a private company, water rates increased 35%, and residents pay up to 20% of their income for water. Even though services are expensive, they fall within the range of affordability, and subsidy programs are in place for poorer households (Baer 150). Impressively, Chile's privatized system provides water to 99.8% of residents in urban areas (Baer 142). Chile is an interesting example of privatization success because it technically only meets the citizens' narrow right to water. Citizens do not have an opportunity for democratic participation when it comes to water. While a broad right to water is necessary, Chile maintains a narrow right to water because the local government has implemented tight regulations on the private water company. This prevents the company from raising prices exponentially and ensures that water quality and distribution meet standards set by the government. Despite Chile's success, it makes a strong case that a strong state role is necessary to fulfill the privatized water sector, protect the public's interest, and most importantly protect the human right to water (Baer 141). Chile is proof that the privatization of water does not necessarily reduce the state's power in water decisions. While Chileans do not yet have their broad right to water fulfilled, the country serves as an excellent example for privatizing public water sectors.

The developing nation of Ghana has privatized some public water sectors, but is still a work in progress. The Africa Water Vision for 2025 states that water needs to be "financed and priced to promote equity, efficiency, and sustainability" and further supports privatization (Agyeman 526). Many families in developing countries rely on private water vendors, which can cost five times as much as being connected to a water main. For this reason, the Water Vision has a goal of making water reliably affordable to the whole population of Ghana (Agyeman 529).

Water privatization financing in Ghana is largely provided by multinational corporations. Their activities are guided by the principle that water is a human right, the public sector represents public interest, and that citizens have the right to participate in water-related decisions as protected by their broad right to water (Agyeman 533-534). Despite privatization efforts, the existing water infrastructure only serves a small percentage of homes and public buildings. Low water pressure has led to poor water delivery and service interruptions (Agyeman 528).

Privatization in Ghana is still a work in progress, but is making strides and protecting people's broad right to water. One community in Ghana serves as a shining example for a modified version of privatized water. This community bought water in bulk from a private water company, and then sold and organized the distribution of water to the community. A system for rate collection, repairs, and maintenance was established. The community even created a sort of subsidy program in which families that couldn't afford the water at that time didn't have to pay. Interestingly, this community had the highest incidence of guinea worm disease in all of Ghana, which is spread through contaminated drinking water. After their community-based water distribution model was implemented, the reports of guinea worm disease decreased and now infection rate is virtually zero (Agyeman 534-535). This small community in Ghana is an excellent example in comparison to Chile of how citizens can have participation in water decisions so they are not limited to a narrow right to water.

Solution Proposal

The importance of water cannot be denied. Water plays social, economic, religious, and biological roles, and cannot be protected by purely market forces (Gleick et al. 1). Instead, there should remain some local control over water resources. Water reforms, including the potential privatization of water resources and infrastructures, should adopt a preference to the poor

(Priscoli 37). As mentioned earlier, developed nations typically have clean, reliable water available to them in contrast to the millions of individuals that go without in developing nations. Poor countries exhibit the greatest need for water, but also have the greatest risk of failed privatization because of weak government regulations (Gleick et al. 2). Water should be justly distributed, but restorative justice should take precedence to first restore water to the 1.1 billion people who are without. In addition, the broad right to water should be protected on a global scale. Although Chile has had privatization success by only protecting the narrow right to water, Ghana serves as an example for how public participation can amplify the successes of a privatized system that ensures the broad right to water. Assessing the failures and successes of these countries makes it possible to construct a proposal for the successful implementation and survival of privatized water.

The following proposal for implementing and maintaining a privatized water system strives to protect the fundamental right to water. Water privatization efforts should be focused on developing countries because of their high rate of disease and lack of water distribution. Like the Prophet Amos says, justice is both a right and a duty; therefore, private companies should make it their duty to restore water to those without. Only after privatization has been successfully implemented in developing nations should the companies be allowed to integrate into the developed nations' markets. In both developing and developed nations, private water sectors should be closely regulated by local governments to ensure they consistently provide quality water (Gleick et al. 4). The government should take on a strong role in monitoring water quality, setting water laws, and ensuring that a private company never has total domination of the water in a particular area. Moreover, the government is responsible for protecting the public's broad right to water and ensuring that the private company respects the public's rights. Transparency is

an important factor in maintaining successful privatization, as it aids in citizen and government participation (Gleick et al. 3). In addition to guaranteeing clean water to all, private companies need to have a subsidy program to reliably provide water to those who may not be able to afford access. The company should set its rates competitively to encourage effective and efficient use of water, but should not be unaffordable. Local ecosystems are a vital component of developing nations since many rely on agriculture as a means of survival. Private water companies should implement practices that protect local ecosystems and promote conservation. Finally, if private companies fail to meet standards on any level, they should be submitted to consequences and be held responsible for their actions. Under such conditions, private water companies have the life-saving potential to deliver developing nations with water.

Conclusion

Time and time again, water proves to be an intricate and vital part of our global lives. Privatizing water seeks to make water a part of our global economy. Privatization comes with many risks, but has also proved to be beneficial in countries like Ghana and Chile. The ethical debate over water is a serious one, but individuals cannot be denied their human right to water. When private companies are held to specific, regulated standards for distributing water to the poor and rich alike, water privatization becomes a feasible, sustainable method to provide safe water to billions of individuals around the globe

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