

Reflection

Water: An Economic or Social Good?

(Public-Private Controversy)

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“Food and water are basic rights. But we pay for food why should we not pay for water?”

“The wars of the 21st century will be about water”

Ismail Sergeldin.

(Vice President for ESSD of WB (1992-1998))

Of all the substances that are necessary to life, water is by far the most important, the most familiar, and the most wonderful one. Water is one of the principal sources of life. One can live without oil but it is not possible to separate life and water on this planet. Our world is what water has made it. Water is the major cause of life on the surface of planet earth. A land devoid of water is devoid of life. Nearly three-fourth of the content of earth's surface and that of our body is scientifically proved to be water. Water is the home of vast majority of living things. Water in the air shield us from the intense radiation of the sun by day and blankets us against the chill of outer space at night. Water gave man his first and so far his greatest means of developing power such as electricity.

Although there is by and large enough water on this planet, it is unevenly distributed. This led to shortage and scarcity problem in some areas of the world. The shortage of water can be explained mainly through its uneven distribution. The fact is, if water had been evenly distributed it

would have been abundant everywhere. According to Ohlson, “If water resource were evenly distributed over the earth's surface, the total volume would cover a globe. Unfortunately, more than 97% is sea water. The remaining 3%, if again evenly distributed, it would still cover a globe; but 2/3 is locked in ice caps and glaciers” (1995:5).

In addition to being scarce, the water we need for drinking and household activities has faced different problems and it even reached to the level of crisis. Even though there is no clear cut answer for the cause of the crisis, some of them are mentioned by Petrella in his book *The Water Manifesto*. He mentions that this is an enormous waste in the use and management of water; pollution/contamination of surface and ground water, rapid and chaotic growth of population and cities, excessive use of the resource due to inefficient systems of production, distribution and consumption, thoughtless multiplication of larger dams (currently more than 40,000 around the world), long term effects of

major natural catastrophes resulted from human selfishly ill-motivated actions (drought, floods, landslides, burst dams etc), the profit logic or the consumptions needs of the ruling classes instead of investment in basic infrastructures to improve the water supply situations, lack of world bodies with sufficient powers to provide a clear sense of direction and to monitor the implication of existing convention on water (Petrella, 2001:8688).

Most governments, non governmental organizations, intergovernmental organizations, experts and other concerned organs agree on these problems that caused the water crisis with some addition and/or subtraction. The big discourse and debate lies on the question of what should be done?

The provision of water to individuals, families, and communities has long been considered as an essential public good and hence a core governmental responsibility. In many countries, people expect safe drinking water to be distributed to everyone at lower or subsidized

prices. Yet, despite intensive efforts in the 1980s and early 1990s, more than 1.4 billion of the then six billion, now about seven billion, people on earth still lack access to clean drinking water. Nearly 2.5 billion do not have adequate sanitation services (WHO 2000: 1). This failure is one factor leading governments, companies, NGO's, etc to rethink their attitudes and approaches to water management worldwide.

At one end, there are development economists and analysts who say that all the water problems and the crisis is related to the fact that water is not valued as an economic good. They say that providing it at a subsidized price or for free in many situations led to financial burden on the society and it encouraged wasteful use of water. They also add that even though the popular political assumption says subsidized water makes water available to even the poorest segments of the society, the perverse result is that many of the poor do not have access to clean water because those who have access use more than they need. In order to solve this crisis, they say that people must get away from the notion that water is a free good and realize the economic value of water. Their firm stand that treated water as an economic good for competitive use led to the notion of privatization. (Wolff, 2005:2)

In addition to the experts' idea, some intergovernmental organizations like WB and IMF, and multinational corporations like Nestle and Unilever – the world's first and third largest food corporations respectively – became very interested in the issues and started to force states to directly or indirectly change their policies and programs with respect to water. They even started to argue publicly that water should be treated as a private good, subject to corporate control, financial rules, market

forces, and competitive pricing. For example in the year 2000, the Second World Water Forum gave special emphasis on the need to mobilize the new financial resources to solve water problem and called for greater involvement for the private sector. This forum was held by the private think-tank known as World Water Council which was established in 1966. This organization is better known as the World Water Vision. The founding members are Egypt's Ministry of Public Works and Water Resources, the Canadian International Development Agency and the French Transnational Water Corporation Suez Lyonnaise des Eaux. Besides these, the supporting organizations are UNICEF, UNDP, UNESCO, FAO, WB, and WHO (WWC, 2005: 1).

Surprisingly, the World Bank has adopted a policy of water privatization and full cost water pricing. It believed that making water available at no cost, or low price, does not provide the right incentive to consumers. Its research and experience indicated that when water services are reliable, the poor are willing to pay for them, and that when services are not reliable, the poor pay more for less. Fee schedules can be structured so that consumers receive a limited amount of water at low cost and pay a higher fee for additional water (Nexus, 2001:5).

The water supply debate on its being an economic or social good was also supported by the debate on the efficiency and effectiveness of the private sector. So, in addition to debating that water should be an economic good, concerned people debate that it should also be privatized.

What is meant by economic good? According to Gleick, economic good is any good or service that has value to more than one person. This includes nearly all goods, including social goods. A

good that is not economic is either without value or has value to no one but only to its owner. Economic value is the maximum a person is willing to pay for something they do not have and the minimum a person must receive to feel fully compensated for the loss of something. By definition, what a person is willing to pay can not be higher than what they are able to pay. Recognition of water as an economic good means that water has value in competing uses. Managing water will be allocated across competing uses in a way that maximize the net benefit from that amount of water (2002:7).

Distributing water by the private sector is not a new idea. For example in the 19th century, in USA 94% of the water was supplied by the private water companies. What made it new and controversial now when it comes to shifting the service of water supply to private sectors? These are some of the justifications:

- The extent of the privatization efforts,
- The failure of the public water agencies in fulfilling the needs of their people,
- The extreme need and rush of multinational corporations and inter governmental organizations to take over and privatize fresh water,
- Moreover, most policy makers and economists started to suggest that the private sector is more efficient and effective than the public sector and countries started to transfer the sector to the private hand in different forms.

On the other end, most public interest groups, civic organizations and clubs, non governmental organizations and individual experts suggest that market will be more efficient and effective if social goods (like water) are regulated to some degree by

governments, and in some instances supplied directly by them as well. They also add that water should not be treated as a commodity and remain as a social good of fundamental right to every living thing on this planet. These groups are against the notion of privatization of fresh water or treating water as an economic good. So they believe that water should be protected, developed, shared and utilized as a common good, and that priority should therefore be given to ensuring that every one should have access to it. They also added that the private sector does not have more inherent efficiency than the public sector performance depends on effective staffing, planning and managing. According to these groups for the water crisis they blame the bad governance rather than the public sector.

Even though, there is no single and universally accepted definition of social goods and services, the widely used definition is that social goods are those that are significant "spillover" benefits or costs (Gleick, 2002:5). Wide spread availability of clean and affordable water is a social good under this definition because such availability improves both individual and social well-being.

Resistance to the new trend in water supply continued strongly. Many of the proponents of water as a social good are public interest organizations like Sierra Club, the Jubilee 2000 Club, the Bleu Planet Projects, the Global Committee for the Water Contract and different concerned individuals that call themselves as 'Concerned Citizens' (Gleick, 2002:7). The common share of belief of these groups is that the failure of meeting the basic needs in providing safe and drinking water to 1.4 billion people is going to increase if the current trend in the privatization of fresh water continues like this. For

example, the global committee for the water contract met in Brussels in 1998 said that they "gathered together with no legitimacy or representation than that of being citizens concerned by the fact that 1.4 billion inhabitants do not have access to drinking water which is the fundamental source of life" (waterobservatory.org). They also declared that they are going to prevent the unacceptable becoming possible. The unacceptable for them is the risk of having 3 billion people without access to water by the year 2020.

In addition to this there was a declaration that asked the change of attitude of those organizations like the World Bank towards privatization of fresh water in the third world water forum in March 2003. This declaration was made by the group of people who call themselves "indigenous people" and they set 39 points with regard to the relationship to water, conditions of water, right to water and self determination, etc...

Two of their points are as follows:

We demand that the World Bank, the IMF, regional banks like the Asian Development Bank, African Development Bank, Inter American Development Bank, to stop the imposition of water privatization or "full cost recovery" as a condition for new loans and renewal of loans of developing countries. (<http://www.waterculture.org/uplodes/IPKyotowaterdeclarationFINAL.pdf>)

The other declaration goes on like the following:

We ask the European Union to stop championing the liberalization of water services in the General Agreement on Service (GATS) of the World Trade Organization (WTO). This is not consistent with the European Commission's policy on indigenous peoples and development. We will

not support any policy or proposal coming from the WTO or regional trade agreements like the NAFTA (North American Free Trade Agreement), Free Trade Area of the American (FTAA), on water privatization and liberalization and we commit ourselves to fight against such agreements and proposal (<http://www.waterculture.org/uplodes/IPKyotowaterdeclarationFINAL.pdf>)

Regardless of the controversy, frustration over the failure to meet basic needs for water for all people in the last century has led to a rethinking of national and international water priorities and policies. And states and different organizations started treating water as an economic good and privatizing the system. So beyond the doubts and debates, water started to be privatized partially or completely based on the assumption that the private sector is "obviously" more efficient than the public sector. For many countries and institutions (such as IMF and WB), achieving private sector operation is an objective in itself, and has always desirable results.

This certainty of the institutions on the private sector was only one sided. It failed to address some of the most important issues and concerns about water. Due to the fact that water has vital social, cultural and ecological roles to play, it couldn't be protected by purely market forces. And trading water as a commodity is difficult because of the nature and importance of water itself. This phenomenon was the issue of concern for these institutions. But these facts of water started to have some repercussions on the process of privatization. For example, British under Prime Minister Margaret Thatcher sold state owned water operations to private investors. Some of those newly privatized companies have become multinational players in privatization market. Since the privatization of water services in

Britain during the Thatcher government, prices skyrocketed up to 450%, on average, an increase of 67%. Thousands of people, unable to pay their bill, made their water service stopped. As a result, dysentery increased six fold, leading the British medical association to condemn privatization of water because of health risks. There was an instance even when the water company began billing rural resident who was getting the service from a well. The company argued that the rain falling on the resident's property was making its way into the storm drainage system and therefore the resident should pay fee (Nexus, 2001:9). In Bolivia in 1998 the World Bank refused to guarantee 25 million US dollars loan to refinance water services in Cochabamba, Bolivia's third-largest city, unless the government sold the public water system to the private sector and passed on the costs to consumers. Only one bid was considered, and the utility was turned over to subsidiary of a conglomerate led by Bechtel- the giant engineering company implicated in the infamous Three Gorges Dam in China, which has caused the forced relocation of 1.3 million people. "In January 1999, before it had even hung up its shingle, the company announced the doubling of water prices. For most Bolivian's this meant that water would now cost more than food, for those on a minimum wage or unemployed, water bills suddenly accounted for close to half their monthly budgets. The World Bank granted monopolies to private water concessionaires, announced its support for full-cost water pricing, pegged the cost of water to the US dollar, and declared that none of its loan could be used to subsidize the poor for water services. All water, even from community wells, required permits to access, and peasants and small farmers even had to buy

permits together rainwater on their property." On 10 April 2000, hundreds of thousands marched to Cochabamba in an anti-government protest. During the protest, the Bolivian army killed many people, injured hundreds, and arrested several local activists and leaders. The water supply to the city was cut off by the government. But in late April 2000 the government backed down, ordered Bechtel out of Bolivia, and revoked its water privatization legislation (Gleick, 2002:32).

Meanwhile, different research works have started to come out regarding the efficiency and effectiveness of the private sector than the public one. The assumption that the private sector is much more efficient and effective than the public sector is just the pretext that some MNCs with the help of WB and IMF used to get their hand on the water sector of states.

After poisoning poor countries' system and leading them in to the 'mouth of lions', the assumption that private sector is efficient and effective than the public sector started to be proven otherwise by those institutions which had been number one supporter of the issue. Surprisingly, the IMF made the clearest assertion that the evidence they have gathered does not support a general assumption of superior private sector efficiency. They even stated that "it can not be taken for granted that the private sectors are more efficient than public investment and government supply of services" (Hall, 2005:5). This declaration by the IMF followed earlier statements from the World Bank stating a neutral position on public or private operators. In July 2003, one of the World Bank officials for the reappraisal of their policies on privatization said that: 'There is currently a lot of soul searching going on' and after two years the World Bank official

decided that it does not matter so much whether infrastructures are in public or private hands. The World Bank paper in 2005 has summarized the econometric evidence on water efficiency as, 'probably the most important lesson is that the econometric evidence on the relevance of ownership suggests that in general, there is no statistically significant scores between public and private providers' (Hall, 2005:15).

So, different research endeavors conclude that a 'change of ownership from public to private is not necessarily a cure for an under performing organization.' Performance of efficiency and effectiveness does not depend on whether the organization is public or private. Based on this understanding, in the last few years, growth of privatization of fresh water has slowed down or at least changed course as some high profile contracts have been canceled (e.g., the water contract in Atlanta) and multinational corporation have sold some of the assets they previously purchased for the water business (Wolff, 2005:91).

In Ethiopia, on contrary to the experience of the rest of the world, the government believes that the private sector is inefficient and ineffective than the public sector. Even though this attitude is proven wrong by many researchers, Ethiopia has suitable legislation, there are interested private investors, there is a master plan that designs the participation of the private sector and mainly there is abundant water that could even be sold outside the country. This shows that Ethiopia is somehow opening the door to privatization of fresh water. Transferring the sector to the unsettled, unrealistic and much challenged privatization might create other complicated and irreversible problems. Even if Ethiopia transfers the sector to the

private sector, it should not be based on the IMF/WB preaching which advocates that the private sector is much more efficient and effective than the public one. It is impossible to say that institutions are efficient or effective because they are public or privately owned. Efficiency and effectiveness are in the main related to various variable such as good governance/management, devotion, and integrity of personality.

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ከገጽ 64 የዞረ

አንድ ሕግ አለ። በዚህ ሕግ ላይ እንደተመለከተው አንድ በማዕረግ ዲቂና ሲያገለግል የነበረ ሰው የቅስና ሥልጣን መቀበል ከፈለገ አንደኛ ዕድሜው 30 ዓመት መሙላት አለበት፤ ሁለተኛ ሚስት ማግባት አለዚያም መመንኮስ ይኖርበታል። እንዲመነኩስ የሚገደደው ግን ሚስት ሳያገባ እቅድሳለሁ ካለ ነው። ብዙዎቹን የዘመናችንን ዓለማዊ መምህራን ሕይወት በማጤን ብዙ ማለት እንችላለን። በዕድሜ አንጻር ጥቂት የማይባሉት ኩታራ ናቸው - በአካልም፣ በምግባርም፣ በአለባበስና በፀጉር አቆራረጥ ፋሽንም፣ በአስተሳሰብም፣ በዕውቀትም፣ ባጭሩ በብዙ ነገሮች ከተማሪዎቻቸው ብዙም አይለዩም። ትዳርን የተመለከትን እንደሆነ ብዙዎቹ ጥደ ዘለሎች እንጂ በትዳር የተረጋጋ ሕይወት ያላቸው አይመስሉም። በማስተማር ሕይወት ዕድሜና ትዳር እንግዲህ ዓይነተኛ መሥሪያ መሆናቸውን ልብ ይሏል። እርግጥ ነው ትዳር የያዘ ሁሉ አይማግጥም ወይም ዕድሜው ጠና ያ ሁሉ ጨዋና ለጎሊናው ተገዢ ነው ማለት አይቻልም፤ እንዲያ እንዳንል በሁለቱም ረገድ የተሟላ ሁኔታ ውስጥ ይገኝ የነበረው ከፍ ሲል የተጠቀሰው መምህር እንደልቡ ያሳየን ብልሹ ምግባር ራሱ (በሕግ አምላክ) ይለናል። ነገር ግን መምህራን በዕድሜና በትዳር አንጻር የተወሰነ ግዴታ እንዲያሟሉ ቢደረግ የሠከነ የመማር ማስተማር ሂደት ከመፍጠር አኳያ የተወሰነ ጠቃሚ ጎን ይኖረዋል ብዬ እገምታለሁ።

ምሁራን፣ ሃይማኖተኛም ባይሆኑ (አያሱስ ክርስቶስ) በመባል በክርስቲያኖች ዘንድ በፍቅር የሚመወሰውን የሃይማኖቱን የማዕዘን ራስ ምድራዊ ሕይወት በአርአያነት ቢከተሉ ሕዝባቸውን ይበልጥ በቀናነት እንዲያገለግሉ ይረዳቸዋል - (ከፍን በከፍ አትቃወሙ፤

የሚወዷችሁን ብትወዱ ይህን ከፋዎችም ሳይቀሩ ያደርጉታልና ይልቁንስ የሚጠሏችሁን ውደዱ፤ እርስ በርስ ተፋቀሩ፤ ቂም በቀልን ተው ...።)። የሚልን ምክር ከሃይማኖታዊ ድብብ አውጥተን ለዓለማዊ ጉዳዮችን ብንጠቀምበት ከፋት ያለው አይመስለኝም። በትምህርት መግፋት ሰውን ይበልጥ ያሠለጥነዋል በማሳበራዊ እንስሳነቱም የበኩሉን አወንታዊ ድርሻ እንዲወጣ ይገራዋል እንጂ ወደ አውሬነትና ወዳልሆነ የወረደ ስብዕና ሊቀላብሰው አይገባም፤ እንዲያ ከሆነ ደግሞ ከመነሻው ባይማር ይሻለዋል።

ከመሰናበቱ በፊት ከአንድ ድረ ገፅ ያገኘሁትን የመጥፎ መምህር መመዘኛ ነጥቦች ማስቀመጥ እወዳለሁ።

ከሚከተሉት አንዳቸውንም የሚያሳይ ሰው መምህር እንዳይሆን ይመከራል።

- 1. ለመምህርነት ሙያው ግዴላሸና ፍቅርም የሌለው ሰው
- 2. ልባዊ የሙያ ጥሪ ሳይኖረው ለዕለት ጉርስ ሲል ብቻ መምህር መሆን የሚፈልግ ሰው፤
- 3. ተሳታፊ፣ አሸሟጣጭና አሽመረኛ እንዲሁም በሰው ላይ እምነት የሌለው ተጠራጣሪ ሰው፤
- 4. በሆነ ምክንያት ትምህርቱን ሳይጨርስ አቋርጦ ሌላው ሳይሳካለት ይቀርና በአቋራጭ ሥራ ለመያዝ ሲል ወደ መምህርነት ሙያ የሚሸገጥ ሰው
- 5. ሁሉን ዐዋቂ ከኔ በላይ ላሣር) የሚል ተመዳዳቂ ሰው
- 6. በተማሪዎቹ የአሁንና የወደፊት አካዳሚያዊ ስኬት የሚቀናና በ(አበለጥ ይሆናል) የምቀኝነት ስሜት በመናወዝ አእምሮው የመከነ

(እነዚህን ነጥቦች ከምንጫቸው በዝርዝር ለማየት በዚህ መጽሔት የጀርባ ሽፋን ውስጠኛውን ገጽ ይመልከቱ)

የጸሐፊው ዘመነኛ አድራሻ፡-

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“Vengeance is a fire; the more it devours, the hungrier it becomes.”
John Maxwell Coetsee