

Water system privatization – partnering or profiteering?

Taking the notion a little further from the previous article, “Bottled water or – billion dollar bully,” I’d like to suggest that taxpayers should also be skeptical about losing control of local water and wastewater utilities. There hasn’t been much privatization in Kansas, but it’s a hot issue in some other states.

Like the ‘boot the bottle’ campaign, there is an emerging movement in America to adequately fund the needs of an aging system infrastructure and systems that need upgrades to actually make public water universal, affordable and clean.

For this to happen for the sheer number of systems in need, there has to be federal investment. The present administration’s EPA has cited a \$277 billion shortfall for the next 20 years to keep national water infrastructure safe and clean, and at the same time has cut water improvement budgets during the last six years. They’ve also backed legislation that would shift into reverse – promoting policy to force communities to look at privatization before getting a loan, rather than just adequately funding utilities.

The task in Washington by many in the new congress is to now create a federal trust fund for water. The idea is that the nation should have a clean water trust fund that would work the same as the national highway, or airport building funds do.

What’s the issue?

In framing the debate, privatization transforms citizen/taxpayers into customers. Or, saying it another way, it means

changing an open government, democratic process into a water world where customers angle for the hottest deal on water.

a public water supply. And that is exactly what they are doing, flush with cash, promises of a more economical and efficient system –

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But use of the public's crumbling infrastructure to "force a seat at the table" with a struggling community's elected officials is reprehensible. This is especially true if the big transnational corporations are in a position to influence political thinking in Washington – and be a cause of the funding slow down that is killing the nation's infrastructure to begin with!

It also entails taking our nation’s most basic, critical resource and anchors it to the gyrations of a global market that does not have any ties to what is best for the country, states or cities. But mostly it hurts taxpayers who could rapidly lose their say in how water systems serving them are run.

What is this private alternative?

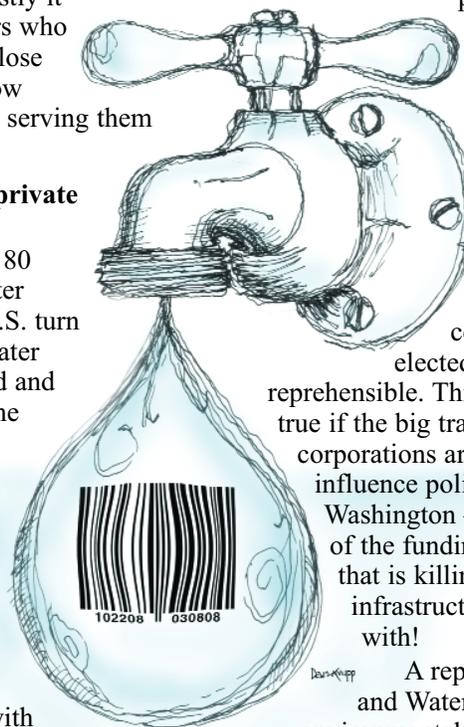
More than 80 percent of water users in the U.S. turn their tap on water utilities owned and managed by the public – a potential market that has corporate CEOs chomping at the bit to wine and dine any city commission with

if cities would just give them the control!

With so little help coming from the federal government, it’s no wonder mayors and city council members see salvation in

privatization or public-private partnerships. But use of the public’s crumbling infrastructure to “force a seat at the table” with a struggling community’s elected officials is reprehensible. This is especially true if the big transnational corporations are in a position to influence political thinking in Washington – and be a cause of the funding slow down that is killing the nation’s infrastructure to begin with!

Dan Knupp A report from Food and Water Watch, an environmental not-for-profit,



casts the argument like this. "Deteriorating utilities should not be used as a pretext to shift control of water resources and infrastructure from the public to private sector."

What's the track record?

Privatization has been a fiasco for many communities. It many times leads to skyrocketing water rates, a lack of accountability, a blind eye to public safety and the environment and poor service.

In 1998, citizens in Atlanta, Georgia decided that it was possible to have private water that would work. But what they found was that if taxpayers have problems with the city, a new administration can be voted in. If the problem is with a private water company with a long-term contract – it becomes an entirely different ball game. In 2003, Atlanta's relationship with a transnational water corporation ended after four years because of poor, unresponsive service, rife with extensive breakdowns such as water-main breaks, boil orders, brown water coming from their taps, water shortages and rate hikes.

In July 2007, several Stockton, California citizen groups ended a six-year legal battle with another transnational when a Superior Court judge ruled that the city illegally rushed the approval of a \$600 million, 20-year deal with the company. The ruling raised the bar for prospective water privateers because it states that a contract signed without conducting the environmental review required under the California Environmental Quality Act is illegal.

Many state regulators believe that some private companies may do a better job of upgrading infrastructure than cash-poor public entities. However, capital outlays by the privateers cause

especially higher rates, partly because utilities now no longer under the control of local ratepayers, are allowed to collect a profitable return on those capital improvements.

"The only way they make a profit is on investment," said Fred Curry of the California Public Utilities Commission, as reported in the *Guardian* newspaper. "What

scenarios described in Georgia and California.

International money lenders like the World Bank have made loans for a decade to third world countries with mandatory privatization contingencies. Many resulting privatizations have ended in disasters with many poor citizens cut off from basic water services because of price or lack

Lobbyists are pushing the same model for use here in the form of restrictions on federal loans that include a mandatory "look see" privatization contingency.

I am seeing is costs for private companies increasing faster than the cost of public ones."

The record for privatization that turns sour is that people affected tend to get emotional at a basic level when things do go south. They don't want the customer service call center located 1,000 miles away. They don't want water rates going up. They don't want to pay for successions of environmental disasters, as efforts to maximize profits by corner cutting, cuts service instead – like taking forever to fix a leak.

Comfort is control

Communities large and small across America are deciding that a far better answer is still publicly subsidizing critical water systems. This ensures service that answers to the system's owners and is not oblivious to a mere privatized customer.

As Washington lawmakers consider legislation about water infrastructure, transnational corporations are buying out public utilities. People need to be "vigilant" and "proactive" at the local level to protect community water systems from corporate

of corporate investment in transmission infrastructure. A big problem for transnationals in these countries is the ability of the poor economies to return a good profit.

Lobbyists are pushing the same model for use here in the form of restrictions on federal loans that include a mandatory "look see" privatization contingency. The same transnational companies have been looking to America for that brighter profit future – they see more money here for rate hikes that can lead to profit margins stockholders can live with.

Before a community makes a decision for privatization, it is imperative that the decision process includes the voice of the people – to ensure that the decision made is something they can live with as well.