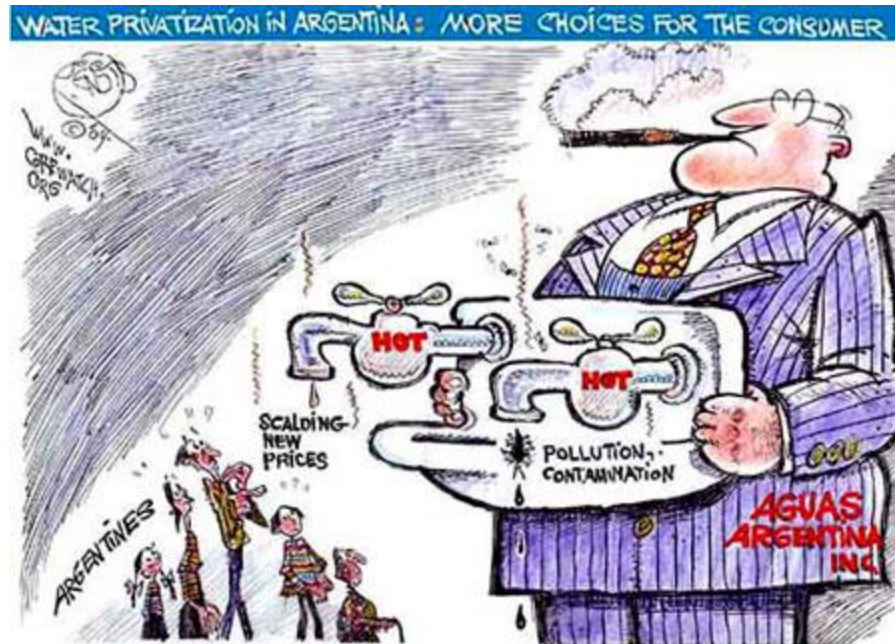


Globalization, Privatization and Water Scarcity



What is the phenomenon of Globalization?

- Closer integration of countries & peoples of the world that has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flow of goods, services, knowledge and people across borders
- Creation of new institutions working across borders
- Three main institutions govern globalization: IMF, World Bank and WTO

The Promise

Globalization has helped:

- Countries grow faster by opening up to international trade
- Reduce the sense of isolation
- Millions by bringing them foreign aid benefits

Then, why has globalization become so controversial?

Key Facts:

- For many people in the developing world, water is a luxury!
- For more than 1 billion people, safe water is scarce!
- As the demands for water increases, the problem of water scarcity will continue to grow!

- **"Water should not be privatized, commodified, traded or exported in bulk for commercial purposes."**
— *Maude Barlow, International Forum on Globalization*
- **"Food and water are basic rights. But we pay for food. Why should we not pay for water?"**
— *Ismail Serageldin at the Second World Water Forum, The Hague*

Future Prospects

- According to the UN estimates, in 50 years, an even higher number of people will be suffering from water shortage.
- According to the World Bank, two-thirds of the world's population will run short of fresh drinking water.
- Fortune magazine dubbed water “the oil of the 21st century.”

Water Privatization

- Service Contract
- Management Contract
- Lease Contract
- *Build-Operate-Transfer/BOT*
- *Concession*
- Divestiture

Public vs. Private goods

- Defining characteristics of private and public goods:
 - Rivalry in consumption – Rivalry means that what one person consumes cannot be consumed by anyone else.
 - Excludability in ownership and use – Excludability means that some particular person has exclusive control over the good.
- Private good: Rivalry + Excludability
- Public good: Non-rivalry + Non-excludability

Water as a public good

Widespread availability of clean and affordable water means that water is a public good.

Access to clean water is fundamental to survival and critical for reducing the prevalence of many water-related diseases.

Thus, ensuring that the public receives an adequate supply of public goods requires some level of government responsibilities and action, since purely private markets often do not find it profitable to provide public goods.

Water has often been provided at subsidized prices or for free in many situations. Thus it makes water available to even the poorest segments of society.

Water as a human right

- The right to water is an implicit part of the right to food, health, human well-being and life.

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing...

- Article 25 of the Universal Declaration of human rights (UDHR) -

→ Access to water can be inferred as a derivative right necessary to meet the explicit rights to health and an adequate standard of life.

Water as a human right (cont.)

- Explicit support for the human right to water in international statements

Article 24 of the 1989 Convention of the Rights of the Child (CRC) states that a child has the right to enjoy the highest attainable standard of health and among the measures States are to take to secure this right are measures to *combat disease and malnutrition... through, inter alia, ... the provision of adequate nutritious foods and clean drinking water.*

- A human right to water apply to 'basic needs' for drinking, cooking and fundamental domestic uses.
- The imperatives to meet basic human water needs are rooted in international law and agreement, which calls for government responsibility.

- Dari data penelitian Walhi, 125 juta (65 persen) penduduk Indonesia tinggal di Pulau Jawa yang kapasitas kandungan airnya hanya 4,5 persen saja. Kemudian, 60 dari 470 Daerah Aliran Sungai yang ada di Indonesia dalam kondisi krisis. Data lain dari Kompas, 85 persen sumur di Jakarta tercemar bakteri e-coli. Hanya 40 persen warga perkotaan dan 30 persen warga pedesaan yang tersambung jaringan PAM.

- Pasal 33 UUD 1945 maupun Pasal 2 UU No 5 Tahun 1960 tentang Pokok Agraria, pengakuan air sebagai barang publik semakin dipertegas oleh penafsiran Mahkamah Konstitusi terhadap UU No 7 Tahun 2004 tentang Sumber Daya Air yang menyatakan bahwa “Air merupakan *res commune* dan oleh karenanya harus tunduk pada ketentuan Pasal 33 UUD 1945

- The critical importance of water for sustainable development
- The need to include water and sanitation as priorities in national sustainable development and poverty reduction strategies.
- The importance of domestic and international capacity-building policies and cooperation to mitigate water-related disasters, the role of parliamentarians and local authorities in increasing sustainable access to water and sanitation services.

“If globalization continues to be conducted in the way it has been in the past, globalization will not only succeed in not promoting development but will continue to create poverty and instability. Without reforms, the backlash that has already started will mount and discontent with globalization would grow.”

~ Joseph Stiglitz, Globalization and its discontents