Background: Water Privatization & Concessions

In DC, water is so plentiful that it is easy to forget how it arrives to us. Water goes through a long process from its origin source to our houses. Water, its extraction, and its delivery can be run by individuals, local governments, or private companies. Large scale water systems can be contracted out for hundreds of millions of dollars. Commercializing a natural resource with complex definitions of ownership, that individuals need to survive, is a major ethical issue though. This poster focuses on concessions. With a concession, the assets of a water supply and sewerage system remain under public ownership, but the company has exclusive rights to use and operate them. It is obligated to maintain the system during the contracted period (usually ~20 years). There is no clear consensus on whether concessions are good or bad. Thus, this poster identifies some of the tradeoffs surrounding who manages the water.

“Whisky is for drinking, water is for fighting over”

WATER AS AN ECONOMIC GOOD: Water services - the cost of infrastructure for pumping or delivery, and the water itself - aren’t properly valued, leading to the overconsumption of water by individuals and poor maintenance. Could privatization expand access to water while also incentivizing its conservation?

WATER IS THE PUBLIC INTEREST:: In 2010, the UNGA and the HRC recognized the right to clean water and sanitation,² which is also seen as a precursor to other human rights. Privatization enterprising to provide water and sanitation services - the cost of infrastructure for pumping or delivery, and the water itself - aren’t properly valued, leading to the overconsumption of water by individuals and poor maintenance. Could privatization expand access to water while also incentivizing its conservation?

Failure and Success on Both Sides

Privatization yields mixed results at best. In the US, many concession contracts have been terminated early due to local protest or failure to meet water supply targets. In Atlanta, GA, for example, citizens complained of dirty water, poor responsiveness, and water main breaks. However, between 2002 and 2007, after the push for privatization had faded, ~¼ of water supply and sewerage systems in the US were still privately managed.³

More success from publicly managed agencies. Publically managed systems don’t always work; what happened in Flint, MI is sadly not an isolated example of a public-owned system failing. But more commonly, towns like Stockton, CA (another failed privatization attempt) can’t afford to maintain their water infrastructure. On the other hand, public systems have worked for hundreds of years. Locally, DC Water is proof that leadership - and not whether a system is private or public - determines success. Since CEO George Hawkins has taken over, DC Water flipped from being known for its lead crisis in 2004, to being home to innovative projects like the largest DEMON filtrate treatment facility in the world. It has raised prices, but access to water and resident satisfaction remains.

Conclusion: Find the Best Fit

Asking what water management scheme works best everywhere is the wrong question. Instead, the better question is what is the most equitable and affordable way of providing access to water.

Privatization can work when there is
- a check on annual price increases or at least a guaranteed minimum water access amount
- a transparent bidding and negotiation process private companies so that citizens are aware of the concessional process
- a mechanism to hold private companies accountable for not meeting the terms of the contract or poor water services

Public systems can be equally successful. Jumping to privatization is the easy solution to a backlog of maintenance and city debt. As soon as the system is privatized, the ownership and control of water systems are outsourced. The government then isn’t a “check on the company’s ability to deliver the product.”

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References

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