

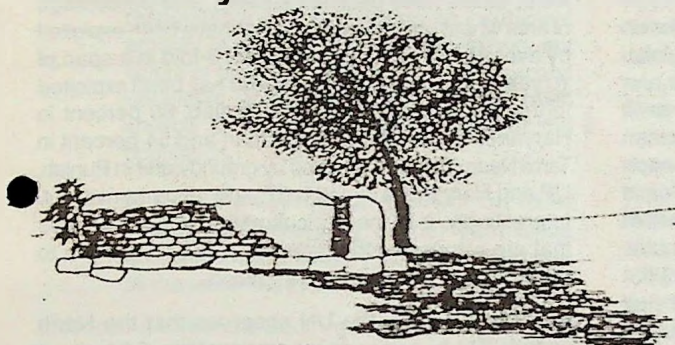
FACTS *against* MYTHS

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INFORMATION BULLETIN

Endangering Peoples' Right to a Natural Resource: The Myths behind Water and "Water Scarcity" – I



"And at what cost do we flush? Water companies spend millions on purifying water for us to use and much of that beautifully clean water goes into flushing the indoor toilet. If that is not a criminal waste, then I am indeed more ignorant than I thought I was."

– Jean Turner,
"East Anglian Privies" (1995)

COMMENT

Economic globalisation has transformed the contemporary world beyond imagination with market freedom – not democracy or ecological stewardship – as the defining discourse of this era. At the centre of this transformation is an all-out assault on virtually all aspects of life. Everything is commodified and up for sale, even those areas of life once considered sacred, such as genetic codes and seeds, and natural resources like water and air. Privatisation has become the new development mantra. Till recently water was one of the last goods and services unaffected by the wave of privatisations that has swept away nearly every public sector undertaking over the past two decades: from banks and insurance agencies, through gas, electricity and railways, to postal services, telecommunications and hospitals. The proponents of water privatisation would have us believe that the global water crisis the inefficiency and corruption of public sector undertakings has made it imperative to privatise and price water.



The Long Trek For Water!

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Accordingly massive public resources have been transferred to private hands with services and resources controlled by just a few corporate monopolies e.g. the mega-TNC Monsanto, which is attempting to exploit the crisis and monopolise and control India's water resources. It estimates that the Indian water market has risen to over \$300 m and hopes to earn a net income of \$63 m. by 2008 not only from the Indian but also from the Mexican market. Brisk trade in water has already been transacted by a few countries. Large-scale water exports from the South to the North have been undertaken. In such a situation the ability of governments in the South to safeguard public interest has considerably weakened. A new global royalty today centrally plans the market, destroying lives and nature in its wake and bringing about inequalities of all kinds that ultimately affects the poor's access to water.

According to the UN Economic and Social Commission on Sustainable Development, 26 percent of the global population are in the South experience severe water stress which by 2025 will rise to 47 per cent. Over 70 per cent of the world's population is without clean drinking water, an estimated 30,000 people die each day and over 5 m. people, mostly children, die each year from illnesses caused by contaminated water. In addition, there is enormous amount of wastage of water. A news report in the Free Press Journal (3/2/03) quoted the Planning Commission's "Vision 2020" that there is huge wastage from evapotranspiration, distribution losses and seepage. Moreover, agriculture accounts for 89% of the total water consumption with domestic consumption at 4.8 per cent but the subsidised supply of power and water has led to over-exploitation and inefficient use of water in agriculture, leading to problems like water logging and salinity on 5.76 m. hectares.

In India the water situation is also worsening. The average annual per capita fresh water availability has come down to 1869 cubic meters in the year 2000, from 5000 c metres in 1950¹ Overall, though India will not fall under the "water scarcity" category, it would definitely be water stressed by 2025 and though its availability looks comfortable till then, the water scarcity condition (availability less than 1000 cu meters per annum) already exists in 8 of the 20 major river basins in the country: Pennar, East flowing rivers between Pennar and Kanyakumari, Kaveri, West flowing rivers of Kutch and Saurashtra including Luni, Sabarmati, Tapi, Mahi and East flowing rivers between Mahanadi and Godavari. Some of these regions suffer absolute water scarcity, with availability below 500 cu meter.

A major ground water crisis is also unfolding. In around 15 States, underground water levels have been falling at the rate of about 5 per cent per year. According to the above study¹ it would take just 2,600 additional tube wells, running at an average of 10 hours per day, to exhaust the entire reserve of underground water in

Delhi. According to the TATA Energy Research Institute, about 91 per cent of the available freshwater is consumed by the agriculture sector, while the share of industry and domestic sectors is a small 4 per cent and 5 per cent respt.

Moreover, the imposition in the 70s of the Green Revolution model of agricultural development with its water-intensive system has also exacerbated the critical state of the country's water resources. The expansion of areas under cultivation has also led to the digging of more and more private wells for groundwater. At the national level, only 8 per cent of the groundwater sources have been utilised out of 85 per cent of their potential. However, this does not reflect the disparities that exist between regions. Punjab, Haryana, Tamil Nadu and Gujarat are the states where water tables have declined steeply. The percentage of area where groundwater sources have been exploited by over 85 per cent has increased 3-fold in a span of 10 years. Additionally, groundwater has been exploited to the extent of 98 percent in Punjab, 80 percent in Haryana, 62 per cent in Rajasthan and 54 percent in Tamil Nadu. The area irrigated by groundwater in Punjab, UP and Haryana is over 61, 57, and 48 percent respt. Interestingly, it is the agriculturally important states that are witnessing the falling of water tables due to their heavy dependence on irrigation.

At the same time, the UN observes that the North spends \$11 b. a year on ice cream alone, \$ 2 b. more than the estimated total money needed to provide clean water and safe sanitation for the world's population! While billions go without fresh water, the North consumes 1,300 gallons of water per person. But water inequality exists not only within societies in the North but in the South as well. For instance,

- ✧ In cities like Mumbai water-sport amusement-parks e.g. Essel World, Water Kingdom, plus 5-Star Tourist Hotels and golf courses are consuming prodigious amounts of water. The municipality also supplies 2,540 m. litres each day — un-equally — between the elite and the poor. In case of shortage, tanker water supplies 25 m. litres every day to the urban elite. Tankers come from place like Nala Sopara, resulting in local residents having to bear the brunt of acute scarcity. The elite also have access to bottled water with privateers like Kinley (owned by Coca Cola) using up fresh water from Vaitarna Lake equivalent to the daily requirement of 75,000 villagers.² Bottled water has become big business as corporates have capitalised on water scarcity, providing bottled water to the urban elite. The All-India market is Rs.8 b. and 10 b. and growing at the rate of nearly 40 per cent per annum. The Indian corporate, Parle, has the largest share (Rs.2.5 b) of the market led by Bisleri.

Whilst the elite can afford bottled water, for millions of families in the South water has become an extremely precious and scarce need. Little wonder, then, long distance treks to search for water is very common. Most affected are women who are the major water carriers with even young girls as young as 10 forced to provide the family with water, walking 4 to 5 km to collect it. There are cases where these girls have experienced damage of the neck and spine. Many stay out of school to carry out this and other household chores.

- ✖ In Mumbai, according to the above survey² the average distance to a tap in an average slum settlement is about 70 metres and 1.5 hours on an average were spent on queuing at the tap. Consequently, 82% of the respondents reported getting an insufficient amount of water and 65% reported frequent failure of even this amount. This tenuous and unreliable public tap is however, the main source of drinking water for 77% of the population.
- ✖ In 1998 the Cypress government cut water supply to farmers by 50 per cent while guaranteeing the country's 2 m. tourists a year all the water they needed.

Indeed, the elite in the South get 10 times more water than slumdweller. Because the poor lack access to publicly subsidised utilities, they often end up paying more for their water than to the elite because they must get it from private vendors or even illegally;

- ✖ Finally, in 1999 under World Bank and IMF pressure Bolivia (South America) privatised water services to a major MNC Aguas who raised water tariffs by 30 to 300 percent. Immediately, this led to mass protests lasting months and also accompanied by immense police brutality. The government however had to eventually give in, in the face of mass public protest including global protests. It was forced to cancel its contract with the MNC who filed a compensation claim in response. In October 2000, it demanded \$ 25 m. as compensation from the Bolivian government. But as of today the MNC is in search for a negotiated settlement realising that it is also involved in a \$1.5 b. gas project in the country.
- ✖ In Dhaka (Bangladesh) slumdweller pay water rates that are 12 times higher than what the local utility charges.

The distribution of water is also very unequal, both within countries and among different states. Around 40 per cent of the world's population depend on water that flows from a neighboring country. There are 214 transboundary river systems where two or more states

share their water. This is a potential source of conflict. Already in several parts of the world conflicts have arisen as between Palestinians and Zionist Israelis, between India and Bangladesh. However, even within national boundaries, the sharing of water resources has led to disputes – between states, agriculturists of different regions, between agriculture and industry, and between rural and urban areas.

For instance, sharing of the water of the River Kaveri between Karnataka and Tamilnadu has flared up into a major political issue disrupting social and community life. At another level, deforestation upstream may also cause floods or water shortage downstream, while a country's hydroelectric, irrigation and public water projects may cut off its neighbor's supply.

Apart from this, freshwater resources are overstrained. Industrial wastes, sewage and agricultural runoff overload these water bodies with chemicals, wastes and nutrients, consequently poisoning water supplies. Sediments from eroded land silt up dams, rivers and hydroelectric projects. From the US to India, ill-conceived irrigation schemes are over-exploiting irreplaceable groundwater reserves dry. In the South there are also difficulty in coping with fecal contamination of drinking water. Many cities seem unable to control and reduce the dumping of raw sewage and garbage into rivers and drainage canals, or stop the growth of synthetic wastes from households and industries.

Side-by-side there is increasing demand for monopoly control of the natural resources like water as in the case of Monsanto with the demand to declare these as commodities and not as social assets. Global trade agreements are means by which environmental resources are valued and disputes settled. At same time the IMF has since prescribed water privatisation as one of the conditionalities for its loans especially at a time when the South has already been forced to restructure their economies to pay their debts and export their way to so-called prosperity. Plans have been launched for large-scale exports of water from the South to the North so that the North does not face a water crisis. In Canada a Canadian company, Global Water Corporation, has signed an agreement with SITLA-Alaska to export 18 m.gallons per year of glacier water to China where it will be bottled and re-exported to the US to save on labour costs. At the other extreme is the case of an Indian corporate, Radius Water Ltd., in an agreement with the Chattisgarh government purchased 23.6 km of River Sheonath for a 22-year renewal lease, covering 400 acres of land. Similarly, a number of water-intensive industries like LNG Bhilwara, Khoday Distilleries and Food Park have established privatised water units in the State.

Evidently, globalisation's unlimited growth has made it impossible for participating countries to pursue development goals and making preservation and water

conservation an urgent priority. It has in the process led to the destruction of both natural eco-systems and environmental regulations. The massive abuse and pollution of the internal water bodies and waterways of the South has been the price of belonging to the global economy. Intrusive technologies, including the massive transportation systems needed to carry out global trade have been planned, threatening to impact water systems everywhere. There is thus the urgent task to not only struggle and campaign against such predatory maneuvers of global financial and corporate institutions but to also expose their false claims on natural resources like water.

MYTH: The earth is a boundless and an inexhaustible body of water and as a renewal resource is not constrained by human activities.

FACT: This quantity of water is highly misleading and refers to the planet's greatest reservoir – the World Ocean. Part of this mis-impression emanates from pictures by photographers of our planet taken by earth satellites and cosmonauts. These images demonstrate a highly startling blue planet, seemingly a water-world spinning in space! In reality, this impression of water wealth is as deceptive as a desert mirage. For all the apparent abundance, the supply of freshwater is limited. About 99 per cent of earth's water is either saline or frozen. Of the remaining 1 per cent, most is groundwater and soil moisture. Thus, the net availability of freshwater for all human uses is 100th of that 1 per cent. And not even all of that can actually be used. For example, two thirds of the annual rainfall evaporates into the atmosphere. Over half of the rest of the water flows back into seas without being used. The annual renewal freshwater supply on land – that made available year after year by the solar-powered hydrologic cycle in the form of precipitation – totals some 110,000 cubic kilometers, a mere 0.000008 of all the water on earth. (A cubic kilometer equals a billion cubic meters).

Each year, nearly 2/3rds of this renewable supply returns to the atmosphere through evaporation or transpiration, the uptake and release of moisture by plants. This evapotranspiration (it is difficult to distinguish the 2 processes over large areas; hence, the joint term) represents the water supply for forests, grasslands, rain-fed croplands, and all other non-irrigated vegetation. Just over 1/3rd of the renewable supply – about 40,000 cubic kilometers per years – is runoff, the flow of fresh water from land to sea through rivers, streams, and underground aquifers. Runoff is the source for all human diversions or withdrawals of water – what is typically called water “demand” or water “use”.

In the past the World Ocean was considered boundless, inexhaustible. Today, however, it is powerless vis-à-vis human activities. It is powerless not only against the exhaustion of food resources of

this eternal storehouse, which the ocean seemed to be, not only against the disappearance of valuable species of fish and animal, but also against the ocean's loss of its usual role in the regulation of natural processes. Oil tankers transporting oil are a major danger to the ocean. The “normal” annual loss of oil during transportation is above 2 m. tons. This quantity of oil can cover a huge area of 50 m. square kilometers with an iridescent film. Add to this unforeseen leakage – shipping accidents (like the oil still spilling from the recent accident of the oil tanker, the Prestige, off the coast of Spain).

Oil in the ocean seems harmless in comparison with pesticides, mercury, etc., but this “harmlessness” is completely relative. The iridescent film on top of the water conceals a whole spectrum of dangers. This mono-molecular cover becomes an impenetrable barrier between the atmosphere and the hydrosphere. As a result, one of the main “purifiers” of the atmosphere ceases to operate and this results in noticeable changes in the atmosphere. About 15,000 tons of carbon dioxide are produced on the earth each year. The spectre of the green-house effect is the result of an increase in the amount of carbon dioxide in the atmosphere. The main devourers of this gas are the greenery covering the earth and the World Ocean – carbon dioxide dissolves easily in water. Oil spreading over enormous expanses of water cuts them off from the ocean-atmosphere system. But this is not the only reason that clean air is becoming a rare resource. The green cover and the expanses of water are no longer able to restore the atmosphere as efficiently as they once did.

Thus, although fresh water is renewable it is also finite: the land receives roughly same amount of water today as when the first civilization emerged ages ago.

MYTH: The alarming fall in the amount of water worldwide is one of the reasons for the water shortage.

FACT: First and foremost, the notion of “water shortage” is a contradiction. It is contradicted by elementary facts of nature. Among water's amiable natural characteristics is its extraordinary chemical stability. It differs from minerals like coal or vegetables or other commodities in that the use of it does not consume or destroy it. When water is used domestically in an industry or agriculture it evaporates and is therefore not available for reuse. Most of the “used” water, however, returns in some way to supply and is available for re-use. Even the dirtiest water can be made clean albeit at a cost.

What lies ahead, then, is not a water shortage but a rising curve of water-treatment costs. As an expanding population uses a non-expanding water supply, more and more wastes and contaminants will have to be removed from water either before discharge into streams or afterward. Whether the de-pollution is done

Water & Forests

Another very important factor affecting clean drinking water are forests, one of the main means of purifying water and the atmosphere and restoring the soil. Living wood has amazing qualities. For instance, one hectare of birch forest exhales 47,000 litres of water a day. This is water purification, and moisture for the air and future saving rain – a type of water distillation. To transpire such a volume of moisture, the forests must possess the ability to retain it for a long time. The forest is a truly unique reservoir. One kilogram of ordinary moss covering tree roots, takes in 4 litres of water after rain and, when needed, sends it into the atmosphere through the foliage. If there is no forest, this water flows immediately into streams and rivers, causing floods. If there is no forests, the fast flow of this water tears up the soil, carries off humus into rivers and blocks the river-beds. This problem is particularly serious because, in the last 100 years, man has managed to “harness” many rivers with hydro-electric plants and the greater part of the soil which is carried away ends up in reservoirs. If the upper reaches of the river are deforested, then the days of hydro-electric stations are numbered.⁵ In the USA, for example, the silting up of reservoirs has become so rapid that some have lost 80 per cent of their volume in 30 years; 39 per cent of them apparently will go out of use in less the 50 years, and 25 per cent in less than a 100 years. There have been cases when the dam has only been able to operate for 10 to 15 years, after which it ceased to exist.

Parisians got their drinking water direct from the River Seine without any processing. Today, there is no fish either in the Thames or the Seine; their waters no longer fit for human consumption. The growth of industry, the development of the production of synthetic material, requiring prodigious amount of water (the production of 1 ton of cotton cloth requires 6 to 30 cu.metres of water, while 1 ton of viscose requires 800 cu.meters and 1 ton of capron - 5,000 cu. metres⁵ far outstrip the construction of purification installations like de-salination plants and further research into water purification)

MYTH: The global water crisis is also due to population explosion.

FACT: The spectre of population growth is (again) being resurrected to explain the “new” global crisis!

To reiterate, however, this false claim largely overlooks the huge inequality of consumption between people in the North and also those in the South. For, as the UNDP Human Development Report (1998) showed, the richest 5th of the world's population (slightly less than a billion people) account for 86 per cent of the world's consumption. A new born child in the West (or a rich one in the South) consumes a voracious average between 40 and 70 times more water than one in the South who has no access to water. Lest we forget: it takes 400,000 liters of water to make one car, and that most of the 50 m. cars produced each year are bought and used by people in the North (and increasingly today by the rich in the South).

In recent years, however, other relevant factors have precipitated the “crisis” viz., economic interests and power politics that manifest nationalist geo-political and geo-economic designs with a view to gaining regional or global hegemony. In general, however, it is still considered — albeit erroneously — that such strategies and conflicts stem from water scarcity rather than being one of its causes. Consider the dispute over the waters of the Kaveri between Karnataka and Tamil Nadu. For almost two centuries these states have been in dispute over the sharing of the river sometimes resulting in riots and violence. In many ways the dispute is really quite simple. Karnataka wants to use the water in the river to irrigate its water-starved areas. Dams have been built on the river for this purpose. This diversion of water affects Tamil Nadu, downstream from Karnakata on the river. Today, Karnataka effectively controls the flow of water in the river, particularly as it winds through Tamil Nadu. Thus, while one state wishes to find an escape from drought, the other is fearful that drought will descend on it as a result.

What exacerbates this conflict is that water for irrigation from dams is traditionally used in a profligate, wasteful manner. As water wields enormous political clout and building dams is such a goldmine for so many of all those involved in the dam business (!) that water from dams is supplied to farmers virtually free of cost. As a

at outfalls or at intakes, the total public and private cost, will be extremely expensive. This prospect might be called a fresh-water shortage but it cannot in any objective sense be called simply a water shortage which is nothing but a frame of mind.⁴

Finally, the worldwide shortage of water is not because the amount has fallen. What has fallen, drastically, is the amount of clean, fresh water. The “turnover” of water resources has speeded up and increased to such an extent that nature does not have time to cleanse rivers, lakes, etc., from problems like pollution, etc. As a result, many rivers flowing through the most populated areas have become open cess pools e.g. the Mahim Lake in Mumbai. The author, Laptev,⁵ notes that at the beginning of the 20th c. Britishers used to fish in the River Thames with British MPs even fishing outside Westminster Palace. Until the end 18th century,

result, the farmers pour it into their fields extravagantly, even growing water-intensive crops like sugarcane, etc. This is why dams invariably encourage the waste of water. On the other hand, used prudently, wisely, etc., there is enough water in the Kaveri to supply the needs of both these States. Unfortunately, thousands of farmers use water thoughtlessly, thanks also to dams on the river like those at Mettur and Kabane. So, when water is released to Tamil Nadu, farmers in Karnataka feel threatened. When Karnataka holds on to that water, farmers in Tamil Nadu are deprived. Evidently, the real impediment to a solution is, ironically, the very existence of the dams on the Kaveri and the profligacy they foster.

MYTH: Because of rapid population growth India does not have enough water to meet the needs of its people.

FACT: India's water resources are capable of supporting the maximum number of people at which its population will stabilize.⁶

According to an FAO study, India will be able to support 1038 m. people against a projected population of 1036 m. provided low-levels of inputs – low-yielding varieties, no chemical fertilisers, long fallow-periods, high labour and low –energy intensity, subsistence production, etc., are adopted. The study highlights the fact that India's population problem, in terms of food needs, is not an insurmountable one. The real problem lies in the government and people's ability to manage two basic productive resources, viz., soil and water. In other words, India's water resources are capable of supporting the maximum number of people provided (again) these resources are used in a prudent and in a sustainable manner.

MYTH: Water privatisation is the solution to water access in that i) it is more efficient in terms of cost ii) it will overcome bureaucratic mis-management, inefficiency and corruption and iii) significantly improve public utility services as for instance in Manila in the Philippines.

FACT: Experiences in a number of countries, however, disprove this claim, in terms of direct cost comparisons between public and private water companies. The Swedish municipality, for instance, which delivers water at around a third of the cost, had operating costs of about half, and delivered nearly three times higher return on capital than British private companies. In Puerto Rico, Trinidad (Jamaica) and Budapest (Hungary), government authorities found serious deficiencies in maintenance, repairs, administration, operation and finance, plus significant increases in deficit, and unworkable business plans on the part of the private sector and MNCs.

On the supposed benefits of competition this is also non-existent! In the UK, a tough and resourceful Administrator tried to simulate competition since

privatization in 1989 by trying to outguess the companies' costs, and set price limits that would reward efficiency gains. Worldwide, however, there is at least as much evidence of collusion with just a few powerful TNCs dominating the global water market, often operating jointly and restricting works contracts to their own subsidiaries. In practice, privatisation and corruption have been interlinked. Some of the world's largest MNCs along with several of their subsidiaries have also been convicted in France of paying bribes to obtain water contracts to obtain contracts in the huge Lesotho High Lands Project in Africa.

In 1998, the MNCs THAMES WATER and LYONNAISE DES EAUX confessed that the concessions they had negotiated for Jakarta's water supply with the consortia involving friends of President Suharto were no longer defensible. But the revised contracts have also been bitterly criticised on grounds of that they were never properly advertised, prices to consumers were excessive and Suharto's son continued to hold a large equity stake.

Water privatisation has also adversely impacted environmental protection. In 1998, a major disaster occurred in Puerto Rico where the water system managed by VIVENDI burst during a hurricane. Its sister concern, GENERALE DES EAUX had been convicted in 1994 for supplying spurious water for over a year and a half, as it had excessive nitrates and pesticides. In England and Wales there were over 250 convictions between 1989 and 1997 for pollution related incidents.

Additionally, private operators indulging in bulk water supply schemes with 'take or pay' contracts, guaranteeing profits by requiring consumption of water regardless of need.

MYTH: Pricing water is another effective solution that help will help in a big way in curbing wastage and over-consumption and this will in turn encourage conservation.

FACT: The heavy price of dealing with the decay through privatisation rather than through increased public investment has been a huge gap in who has access to water. In most parts of the South, water now costs 50 times more for the poor than for the elite sections of society, often because subsidies to the former have been withdrawn. Even in a country like Britain⁸ the Office of Water Supplies (the public sector body set upon privatisation to regulate prices) tariffs will double in real terms by 2005 to make up for years of underinvestment and to meet higher environmental standards. Yet pipes continue to leak while the burden of water users increases to pay shareholders dividends and large pay rises for CEOs. The average salary and perks per year of British water company executives was – £ 432,821, at least 5 times their level before privatisation. Still further, the number of British citizens disconnected from the water supply because they

were unable to pay the hike in water charges trebled between 1991 and 1992. The effects included serious health hazards: "The phrase used by a caretaker at a Birmingham tower block to describe conditions after 1 in 7 of its tenants had been disconnected was 'quite a stink'. Unable to flush the toilet, tenants were shitting in the stairwells and flung the shit out of the window." The culprit for the water hike was South Staffordshire Water company. It had disconnected 20 times more homes in 1992 than it did during the previous year. Since then, the increasing use of pre-payment meters has led to such a rise in disconnection that the British Medical Association has warned of health risks and called for a ban on disconnection.

In Ghana in West Africa the dismantling of the water sector has led to a situation where people have to pay high tariffs. Market rates after privatisation have risen tremendously. Little wonder then the government of Ghana is under pressure from the people to give up privatization of their water resources. In Britain too citizens – as the above illustrations show – have complained that privatisation has had a negative impact on their water supply. Prices have risen, supplies to poor users have been cut while local streams have dried up as a result of careless exploitation. Users who paid \$150 year for water supplies in 1989 had to pay \$250 and \$800 a year in 1990 for the same services. When two millions users were late in paying their bills 1,000 users are cut off every month. 20 rivers dried up after privatisations⁹ because "companies have no incentive to discourage waste and every incentive to extract water as cheaply as possible". Half of the new companies are owned by French TNCs while others are owned by new British companies.

In Argentina residents also have the same complaint. Their water bills add up to 24 pesos (\$24) a month, more than when the water supply was government managed.

Finally, the example of Manila, IMF's privatisation's flagship. A report in the Times of India (27/11/02) showed how the privatisation of water of City's 119-year-old Metropolitan Waterworks and Sewerage System – the world's first and largest – has since collapsed! The scheme benefited primarily the Filipino elite while the majority, the poor, have been bearing the brunt of the price-hike in water and water-related schemes. Prior to privatisation, the water rate in 1997 was 8.78 Filipino peso per cubic meter. Two leading Filipino industrial families, Ayla of Manila Water Co and Lopez of Maynilad Water Services in collaboration with MNCs had subsequently raised the tariffs on water. The latter's rate, for instance, rose from 5 pesos in 1997 to the current of 15.46 pesos – a 150 per cent rise over the price in its bid. If current negotiations succeed, there could be a further rise to 30 pesos per cubic metre, a 300 per cent rise over the promised price!!

MYTH: As it contributes to curbing wastage and profligate water-use pricing water does not adversely affect the environment.

FACT: On the contrary! Profit being the main driving force of water companies and corporations their main preoccupation is to abstract and consume water to the maximum. This eventually results in major major environmental disasters: For instance,

- ✗ In 1989 following water privatisation, in England and Wales, 20 water bodies dried up within a few years. (See also page 6)

MYTH: Fostering a partnership between public and private institutions is an effective strategy to tackle the water crisis.

FACT: On the contrary! But, first, the state and the market should serve society rather than society being the slave of either in resolving this crisis.

At any rate, such partnership between the public and private institutions expresses an unequal relationship whereby the role of the public is devalued (strategically, financially and operationally) and that of the private glorified. Analysis and proposals referring to the public domain all focus on its limitation and on the urgent need for deep reforms so that it can become an effective and credible partner. But when it comes to the private sector, the talk is mainly of the benefits to be gained from its involvement in hither to public areas, and of the most effective ways of encouraging and facilitating its partnership with the public sector. Private is taken to be synonymous with efficient, profitable, transparent, flexible, adaptable and innovative. However, public/private partnership in relation to water tends to cultivate and implement the visions and approaches of the private sector, so that water becomes one of the main sources of profit.

Further, this claim is nothing but an attempt – through a mix of state, the market and civil society – to return power and resources from the privileged few to the under-privileged majority. It also means the rejection of both statism and neo-liberalism so as to find an optimum balance of public and private. However, it is not just the extreme expressions of that dichotomy which is false! It is the dichotomy itself, not least in its neglect of society.⁸ It is characteristic of both outlooks that they either deny (as the former British Prime Minister, Margaret Thatcher did) the very existence of society or else subsume it into one or other of the categories they do recognise. For the neo-liberal, individuals make rational economic and social choices only through the market. For the statist, the state is the sole custodian of society's interests and its decisions their only reliable expression, with or without free elections. While the one ideology seeks to subordinate state to market, and the other the makert to the state, both subordinate society's will and the means of its expression.⁸

Instead, both state and market should be the servants of society rather than society being the slave of either.

MYTH: Water is an economic asset, not a social asset.

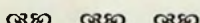
FACT: This is a highly simplistic formulation stemming from a purely ideological choice that highlights only one of the various dimensions intrinsic to water, emphasising economic value to the detriment of all other values. This ideological choice is in turn based upon an assertion that the market is the hairspring in the distribution of wealth. However, there are other vital sources of life (except air) comparable to water within the ecosystem Earth to which humans must have recourse so as to satisfy their basic individual and collective needs. Its unique nature depends, among other things, on the fact that nothing can replace it. Oil can substitute for coal, and nuclear energy for oil; one can substitute rice for wheat or take a local train to a car. One can practice a money economy as well as a non-cash or non-price economy (where things are free). But it is not possible to replace water and go on living. Yet, one of the distinctive principles for efficiently functioning market mechanisms is that it should be possible to replace certain goods (factors of production or products/services) with other goods – hence the function of relative prices in reflecting the comparative use value of such interchangeable goods and services.

It is thus an essential feature of the market that one should be able to choose among several goods of the same or a different nature using for the choice such criteria as price and quality. This is what constitutes consumer or producer freedom. To have access to

water, however, is not a matter of choice. Everyone needs it. Hence, it is also a right! (See also box on page 8 of Part II)

The fact that it cannot be replaced with anything else makes water a basic asset that cannot be subordinated to a single sectoral principle of regulation, legitimisation and valorisation; it comes under the principles of the functioning of society as a whole. This is precisely what is called a social asset, a common good basic to any human community. Further, the fact that a social asset is limited in quantity does not mean that its integrated management by society as a whole should consider nothing other than the value parameters of the globalised market economy, which imply the private appropriation, ownership or management of this non-substitutable common social asset. The transformation of water in line with oil is an aberration bound with the economism currently dominant among the global and national power elite – a way of thinking which reduces everything to a commercial good, to be bought and sold in the market — for profit.

It is one of the beliefs firmly held among business and corporate groups that money is everything. But no less important, in the same order of ideas, are the fantasies that economists entertain about the 'law of supply and demand', and their conviction that water does not escape the 'natural law' of optimisation represented and measured by the point at which two intersect.¹¹ In the end, this conception rests upon vague and ambiguous inferences from the shortage and growing scarcity of water. It views, erroneously, that this shortage and growing scarcity as an irreversible fact that can, at the most, be managed or moderated but no way be fundamentally altered.



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