

# Information Alert: Liquid Assets or Water Rights

by Nicole Person



Canadian water company, Global Water Corp., puts it best: "Water has moved from being an endless commodity that may be taken for granted to a rationed necessity that may be taken by force." According a recent issue of Fortune Magazine, "water will be to the 21st century what oil was to the 20th."

In the past, the idea that access to basic human services such as water, healthcare and education could be included in trade agreements was inconceivable - these were the components of citizenship. The ratification of the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) began the process of eroding these basic human rights. Today, the Free Trade Area of the Americas (FTAA), the formal name given to the massive expansion of NAFTA, is poised to impose NAFTA's failed model of privatization and deregulation on 34 nations in North, Central and South America and the Caribbean. With a population of 800 million and a combined GDP of \$11 trillion this agreement creates the world's largest free-trade zone.

Under this new treaty, private corporations can more easily overrule government and environmental regulations because all public services - schools, hospitals, prisons - would be forced to open up for competition from foreign for-profit service corporations. FTAA would forbid any federal government or local government from giving preferential funding to domestic (or public) service providers, including sewer or water services.

Proponents of water privatization say that the market system is the best way to fairly allocate water. But experience shows that selling water on the open market does not address the needs of poor, underserved people. Across the Western Hemisphere, results of water privatization have been almost universal: increased prices and a simultaneous loss of access to water, failed promises of infrastructure improvement, loss of indigenous peoples' rights to water, worker layoffs, lack of information on

water quality and big profits for the privatizing corporations. Privatization will lead to a two-tiered world - those who can afford water and those who cannot. It will force millions to choose between necessities such as water and health care.

In India, some households pay a staggering 25 percent of their income for water. Poor residents of Lima, Peru, pay private vendors as much as \$3 per cubic meter for buckets of often-contaminated water while the affluent pay only 30 cents per cubic meter for treated municipal tap water. In England, high water rates force people to choose whether or not to wash their food, flush their toilets, or even bathe. As one New Mexican resident observed after his community's water was diverted for use by the high-tech industry: "Water flows uphill to money."

Over the past few decades, multinational corporations, profiting from the water provisions of the Structural Adjustment Programs (SAPs) of the World Bank and International Monetary Fund (IMF), have used these economic restructuring programs to acquire access to the water systems of developing countries, gaining ownership over the world's ever-dwindling water supplies in order to become the suppliers of last resort.

Global water consumption has doubled every 20 years - more than twice population growth rates. Fresh water accounts for less than 0.5 percent of the total water on the planet. More than one billion people, according to United Nations estimates, do not have access to fresh drinking water. Water reserves are disappearing in the Middle East, Northern China, Mexico, California and much of Africa. The US National Intelligence Council, a group that reports to the CIA, warns that water will become the main resource-scarcity problem by 2015 and that the instability created by water shortages "will increasingly affect the national security of the United States."

In this country, many water rights have already been purchased by foreign corporations, mostly French. Major U.S. players include Bechtel, T. Boone Pickens of Texas and Monsanto. (Monsanto estimates that water will become a multibillion-dollar market in the coming decades and projects revenues of \$420 million and a net income of \$63 million by 2008 from its water business in India and Mexico.) Currently, all or part of the water delivery systems

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systems in Atlanta, Chattanooga, Houston, Jacksonville, Jersey City, Lexington, Peoria and San Francisco have already been privatized. The International Monetary Fund and the World Bank are both actively promoting privatization.

"Today, Western Europe's water management is almost 40 percent privatized; in the US it's 15 percent," says Philip Rohmer, co-manager of a global water investment fund launched earlier this year by Swiss Pictet Funds. "By 2015, we think Europe will reach 75 percent privatization, and the US 65 percent," Mr. Rohmer told TheStreet.com recently. "So there's huge growth there."

Now, the White House and Congress are joining the privatization bandwagon through proposed legislation called the Water Investment Act of 2002 (S.1961), brought you by the lobbyists from the National Association of Water Companies. One buried section of this bill that would keep a city water project from getting federal financing unless the local government "has considered" privatizing your water system. Upgrading and expanding water systems is hugely expensive, federal support is necessary to get the job done – but this new bill would make access to funding conditional on whether cities consider turning over their water to private corporations.

There's a lot of on-line information about this topic. One site that provides links to many stories about the privatization fight is [www.foodfirst.org](http://www.foodfirst.org), (a member-supported, non-profit people's think tank and education for action center). Or go to your favorite search engine and search on *against water privatization*.



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