

J JOSSEY-BASS

THIRST

FIGHTING THE
CORPORATE
THEFT
OF OUR WATER

Alan Snitow
Deborah Kaufman
with Michael Fox



John Wiley & Sons, Inc.

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Preface

The event that started us on the journey to our 2004 documentary film—also called *Thirst*—and later to this book took place not far from where we live in the San Francisco Bay Area. A bearded Alaskan named Ric Davidge arrived one day in Northern California with a seemingly ingenious plan to reduce what he called “the waste” of river water that flows unused into the sea. Why not lay some pipe up the river bottoms, tap the flow into giant water bags moored off the coast, and drag the bags off to sell the water in drier climes? Because fresh water is lighter than salt water, the bags float near the surface, so a person can stand on top and appear to walk on water. The inventor of the technology, Terry Spragg, does just that in a promotional photo, dancing joyfully on the waves off the Pacific coast. Californians have fought water wars for 150 years, so at first they greeted Davidge’s idea with amused disbelief, especially after the eight hundred-foot-long water bags were referred to as “bladders” or even “giant condoms.”¹

For us, the visual possibilities of a film about this effort seemed almost too good to be true. Walking on water, giant condoms . . . what a wealth of imagery! But it was not to be. Because Northern California’s rivers already supply much of arid Southern California’s water, people in the north are rabid about protecting the water that remains. So when Davidge applied for permits to carry out his scheme, amusement quickly turned to outrage. “Not here. Not

ever.” The water-bag plan was scuttled before we could even point our cameras.

Many people look back at the incident with laughter, but Davidge was by no means some isolated crackpot. He had been water adviser to Interior Secretary James Watt in the Reagan administration, and his company had powerful backers: the multi-billion-dollar empire of a Saudi prince and Japan’s NYK Lines, one of the world’s largest shipping companies. It suddenly became clear to us that the once-staid world of pipes and pumps was changing. Water was becoming a global business, with entrepreneurs and multinationals competing to take over water sources and services.

As we began to focus on water as a subject for a film, another event swept the headlines. Enron and other energy companies had taken advantage of California’s disastrous deregulation of electricity to “game” the system, driving up prices and reaping windfall profits. At the end of 2001, Enron went bankrupt, its employees lost their jobs and pensions, its top officials were forced to make “perp walks” like common criminals, and it had to sell its assets, even its crooked “E” logo. One of those assets was Azurix, a subsidiary that had become one of the world’s largest water corporations. It turned out that Enron had planned to do with water what it had done with electricity—sell the resource to the highest bidder and the public be damned.² Soon, we were noticing efforts to privatize and commodify water everywhere we looked, and we started asking questions. How come a six-pack of bottled water costs more than a gallon of gasoline? Why doesn’t anybody fix the broken water fountains in our public high schools? What’s this about shipping water out of the Great Lakes to Asia? Why is the Bechtel Corporation managing water in occupied Iraq?

Our curiosity was growing, but, in the end, we were driven to make our documentary film because of our amazement at how intensely people responded to perceived threats to their water. We eventually focused on three stories that captured the spirit of this

grassroots rebellion. In Cochabamba, Bolivia, the citizens carried out a full-scale insurrection against privatization of their water by a global consortium led by Bechtel. In Rajasthan, India, rural women took on the World Bank and their own government to stop companies like Coca-Cola from taking control of precious water sources. In Stockton, California, a citizens' coalition fought the mayor's proposal to hand over the public water system to a multinational consortium led by Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft (RWE), hardly a household name, but one of the hundred largest corporations in the world.³

The 3rd World Water Forum, Kyoto

We continued to film as activists from each of our stories traveled to Kyoto for the 3rd World Water Forum in 2003. The Forum was sponsored by the World Water Council, a group whose goal is to improve water management worldwide but whose political agenda often seems to be to promote privatization as the best means to achieve that goal.⁴ The World Bank played a major role in driving that agenda. Before the Forum, the World Bank had been widely criticized for its controversial practice of requiring the privatization of public services, including water, as a condition for providing loans to developing countries.⁵ At the Forum, the World Bank and the private water industry generally dismissed their critics and claimed “a consensus” for privatization.

Water activists from dozens of countries came to Kyoto to shatter that consensus. In their view, making water a private commodity to be bought and sold in the marketplace was morally wrong, unjust to the poor, and environmentally dangerous. The “water warriors,” as they called themselves, hoped to overturn resolutions from the previous World Water Forum in The Hague (2000), which had defined water as a “basic need” and “economic good.” Instead, the activists called for formal recognition that access to water is a basic “human right.”⁶

The Kyoto Forum, attended by almost twenty thousand people from around the world, displayed a startling clash of cultures—dark-suited industrialists and bankers on the dais challenged at panel after panel by colorful international activists who pummeled them with pointed questions and personal case histories of corporate abuse. After days of increasing acrimony, the conference was disrupted at the final plenary when activists stormed the stage in a demonstration that was confrontational in spirit and surprisingly minimalist in message: they chanted a slogan and held banners that simply proclaimed, “There is no consensus.”

Filming a Movement

Our documentaries take shape slowly as we film and edit our material. This process allows for many changes of direction and new insights at any stage. In the case of *Thirst*, while filming in Stockton we suddenly encountered a new theme in that town’s ongoing water battle. In his annual State of the City address before a crowd of almost a thousand people, the mayor called on the City Council to approve privatization of city water services. “It’s time that Stockton enter the 21st Century in its delivery of services,” he said, “and think of our citizens as customers.”⁷

The comment struck us as a remarkable one-sentence summary of an entire worldview about the role of the citizen in the new millennium. That once-proud, self-conscious, entitled participant in the life of the community had now become a mere consumer. The mayor also argued that public participation in decision making should be limited to quadrennial elections, when voters choose the leaders who will make decisions on their behalf.⁸ But as we worked on the film, time and again we were amazed to see multinational water companies and their allies in government try to prevent citizens from voting on, or even knowing about, decisions that would affect their lives.

Two million people saw *Thirst* when it was nationally broadcast on PBS in 2004 as part of the documentary series *P.O.V.* As we traveled to film festivals and community screenings in the United States and Canada, people we met told us about local water battles where they lived and asked us to tell their stories.

Inspired by those encounters, *Thirst*, the book, is a chronicle of an exciting new movement that is challenging old political alignments and new economic hierarchies in the United States. In fighting for their water, people are relearning old strategies and developing new ones. They are experiencing victories and defeats. They are reasserting democratic values in a world where citizens are being reduced to customers.

Often, it's not until the end of writing or film editing that we can see the shape of the story, what our film or book is really about. With *Thirst* we came to see that the conflicts over water are really about fundamental questions of democracy itself: Who will make the decisions that affect our future, and who will be excluded? And if citizens no longer control their most basic resource, their water, do they really control anything at all?

Berkeley, California
January 2007

Alan Snitow
Deborah Kaufman

Acknowledgments

Our friend, co-writer Michael Fox, joined us as we developed the stories for this book. Together, we followed the backroom deals, the public debates, and some inspiring new leaders who have emerged in the cities, towns, and rural communities that have become ground zero for the new politics of water. A longtime film critic, Michael has now joined the growing number of “water people” as we spread across our blue planet. Thank you, Michael, for joining us on this journey.

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agreement with the views expressed in this book. For those, we bear sole responsibility.

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Many international leaders and institutions are fighting to protect public access to water. In particular, we continue to be inspired by the brilliant work of water advocates Maude Barlow and Tony Clarke in Canada, Oscar Olivera in Bolivia, and Rajendra Singh and V. Suresh in India. We have been honored to meet them and see them in action in the course of our research.

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—A. S. and D. K.

*Let justice well up like waters, and righteousness
as a mighty stream.*

—Amos 5:24

Water: Commodity or Human Right?

A new kind of citizens' revolt has broken out in towns and cities across the United States. It's not made up of "the usual suspects," it has no focused ideology, and it's not the stuff of major headlines. The revolt often starts as a "not-in-my-backyard" movement to defend the character of a community or to assert a desire for local control. But quickly, almost spontaneously, the revolt expands its horizon to encompass issues of global economic justice, and its constituency grows to include people across party, class, and racial lines.

A number of issues have sparked local activism—the arrival of big-box stores like Wal-Mart, factory shutdowns, unwanted real estate development—but the new movement against the corporate takeover of water is shaped uniquely by its subject. Water is a necessity of life that touches everyone in their own homes. Because each community has only one supplier, the transformation of water from public asset to private commodity raises unavoidable questions about affordability, environmental impact, and local control. When a multinational water company comes to town, citizens are forced to recognize the arrival of globalization on their doorsteps.

This emerging citizens' movement coincides with the recognition that society faces the ticking clock of global warming. Scientists expect climate change to reduce available water supplies,

especially in areas dependent on winter snowpacks. The clean, reliable, and cheap water we have taken for granted for decades is now threatened. Water scarcity, already a crisis in much of the world, is a coming reality in the United States.

An environmental crisis cannot be dealt with ad hoc. It demands concerted action from citizens through government. But, over the years, national, state, and local governments have been weakened by those ideologically opposed to a strong public sector. They are against government intervention in economic affairs and against populist movements that aim to reassert values of environmental stewardship and public service.

This book describes how citizens and communities across the United States are fighting to defend their water and take back their government at the same time. These activists often have no idea what they are getting into when they start. But, ready or not, they are thrust into a battle that takes them far from their initial concerns about their personal water supply or their local government. They must confront an elaborate array of ideas that seductively meld the traditional utopian impulse of Manifest Destiny with a corporate project of global economic integration. They must grapple, first, with an almost religious belief in the marketplace as the route to a more perfect society and, second, with the unmatched financial and political power of multinational corporations.

Nevertheless, these people and communities have shown that when it comes to water, the ideologues and practitioners of globalization may have overreached. Water is what makes life possible on this planet. It is “of the body” and essential. Our reaction to it is visceral, and when we suddenly find we can no longer take it for granted, we react very rapidly. The unanswered question is whether the struggles for control of water described in this book are simply a last stand against a corporatized future—or the beginnings of a revolt that will redefine how people interact with the environment and how citizens define democracy.

A Limited and Defining Resource

More than food, guns, or energy, the control of water has defined the structure of civilizations. Ruling classes have always been water rulers, and cities and farms can exist only to the extent that they control their water resources. For thousands of years, the conflicts between towns and countries have been defined by the battle over who gets to use the stream. The words *rival* and *river* have the same root.

Water is not merely a medium of conflict, it is also a purifying, regenerative, and hallowed element. The essential nature of water is sanctified in Christian baptism, the Jewish *mikvah*, and Hindu submersion in the holy waters of the Ganges River. Muslims and Hopis have their sacred water rituals, as does virtually every spiritual group.

Water itself isn't just a substance, it's a flow—the hydrologic cycle—from cloud to rain to river to sea and back to cloud. Until recently, this marvelous circulation has blinded us to the very real limits of water. Whether we believe in a Creator or not, no one is making more water. We have only the amount that we've always had. We drink the tears of Leonardo da Vinci and wash in the saliva of dinosaurs. Fresh water is a finite resource that is quickly dwindling compared with the world's growing human population and the rate at which we are polluting the water we have.

Although the majority of the earth is covered by water, most of it is in the oceans—salty, undrinkable, and unusable for growing food. Much of the remainder is in polar ice caps and glaciers, leaving less than 1 percent for human use in rivers, lakes, streams, and aquifers. The plenty we imagine as we look at satellite photos of a blue planet dwindles quickly to those thin blue capillaries on the map.

Scarcity is the soul of profit—if profit can be said to have a soul. The water crisis is already here, and that means clean, fresh water can command ever higher prices. Eager investors are bidding up water-industry stocks and lining up at industry-sponsored forums to get into the “water business.” But because governments own most

water services, investors have few choices. “How do we take some of the market share away from the government?” asked the vice chair of Southwest Water at an investors’ conference. The water industry’s answer is to ally with the financial industry, which also wants to open up the market. “It sounds like an exciting opportunity,” an investment adviser told *Bloomberg News*, “but you have to have viable vehicles with which people can buy into the asset.”¹

Corporations hope to fill that void primarily by privatizing urban water systems, either by outright purchase or by operating them under long-term contracts euphemistically called “public-private partnerships.” The aim in both cases is to siphon profits from the flow.

Water is fast becoming a commodity to be bought and sold, rather than the medium through which a community maintains its identity and asserts its values. But for most people in the United States water is still just water—not the stuff of profit or politics. We don’t give it a second thought until the tap runs dry or brown or we flush and it doesn’t go away.

Public Water in the United States

In the past, most conflicts over control of water have been local, typically confined to a single watershed, the area drained by a stream or river. It’s difficult to see great national political trends or global corporate strategies at work when local politicians, technical consultants, and engineers personify the arcane power relations of our plumbing. Although hidden out of sight and scent, even sewers have a history. In the United States in the nineteenth century, water ownership and management were largely in private hands. River or well water was tapped for local needs by individuals and, as the country grew, by small private companies.

Historian Norris Hundley, author of *The Great Thirst*, has written about a chaotic period in the late nineteenth century when “entrepreneurs promised clean, bountiful, reasonably priced water

supplies” in return for a chance to make a profit. “These dream deals soon became nightmares of diversion facilities ripped out by floods, wooden pipes leaking more water than they carried, mud holes pitting the streets, pollution exceeding anything witnessed in the past, and an escalating fire threat.”² Across the country the pattern was repeated: private water management often meant leaky pipes, pollution, and disease.

In New York City, Aaron Burr’s early-nineteenth-century Manhattan Company (later to become Chase Manhattan Bank) was one of the most corrupt, incompetent, and disastrous experiments in water privatization on record. As the city grew, access to clean drinking water was uncertain at best. People drank beer rather than risk disease and death from fetid waters. Some customers received no water at all, and many fire hydrants failed to work. It took the devastating cholera epidemic in 1832 and the Great Fire of 1835—so huge it was seen as far away as Philadelphia—to push the devastated commercial center of the United States into taking its water future into its own hands.³

The story was similar in cities across the United States and Canada. As populations grew, private water companies did not have the resources to meet the need. Citizens demanded and eventually won modern public water systems, financed through bonds, operated by reliable engineers and experts, and accountable to local governments.⁴ The nation built a dazzling system of community waterworks, which provide clean, reasonably priced water and sewer systems that still rank among the best in the world. Approximately 85 percent of Americans are presently served by the thousands of publicly owned and locally operated water systems. For several generations, water has been a public trust.⁵

But the country’s once dependable public water systems now face a worsening crisis. In a survey of water professionals released in 2006 by the American Water Works Association, many utility managers chose the adjective *failing* to describe their water infrastructure rather than choosing the word *aging* as they had in previous years.⁶

The growing crisis arises not just from scarcity but also from the failure of politicians at all levels of government to invest in water and sewage works. Federal cutbacks, in particular, have devastated city budgets, forcing elected officials to choose which programs to cut. Water services have been high on their lists. Wenonah Hauter of the national consumer-rights organization Food & Water Watch warned of this danger in a 2005 letter to the U.S. Conference of Mayors: “The more financially troubled a city’s water system, the more receptive city leaders will be to ceding control over that system to a private operator in a long-term monopoly contract or through an outright sale.” A 2005 survey indicated that the mayors of two hundred cities, large and small, would “consider” a privatization contract “if they could save money.”⁷ In addition, local politicians have often raided profitable public water systems to pay for other programs, stripping local water departments of resources needed for maintenance or new equipment. And many rural water companies, public and private, are too small to afford the large investments necessary to upgrade their systems to meet environmental regulations.

In spite of these problems, public utilities in the United States are considered a model in many parts of the world. Public operation ensures transparency and documentation. It provides the opportunity for communities to work for positive outcomes through public hearings, citizen action, and elections.

Nevertheless, there’s lots of work to do. Industry and government studies calculate that water utilities need to invest enormous sums over the coming years to fix the aging network of pipes under every street and the outdated plants that clean drinking water or treat sewage. A report issued by the Congressional Budget Office estimates the cost at \$500 to \$800 billion through the early-2020s.⁸ Much of that investment is necessary to meet new federal clean-water mandates handed down without the funding needed to fulfill them.

In the past, meeting such challenges was a sign of national pride and purpose, but those days now seem like distant history. U.S. gov-

ernment spending for water infrastructure is being reduced, even slashed, year after year. Everywhere, we hear instead the language of private markets. “In recent years, what we have seen is a kind of theft of the commons,” says Maude Barlow, chair of the Council of Canadians, an independent, nonpartisan citizens’ group. “The notion [is] that absolutely everything should be commodified and put on the open market, and it is happening very, very fast. Basically, we see this as an issue of human rights versus corporate rights.”⁹

The conservative agenda of small government, deregulation, and privatization has given big business an opening to create a private water market to replace a public service. Repeating promises made by nineteenth-century entrepreneurs, the private water lobby praises the efficiency of corporate enterprise and demands that water become like other industries that are run for profit. The potential market is huge and extends beyond municipal drinking water and sewage systems to include the bulk transport of water, bottled water, and new technologies like desalination.

The Players

If you’ve seen Roman Polanski’s *Chinatown*, the classic film about obsession and corruption in a mythical, drought-stricken Los Angeles, or if you’ve read Marc Reisner’s brilliant *Cadillac Desert*, a study of the savage billion-dollar battles over western water rights, you know there have always been ruthless and colorful players in the water business. However, today’s corporate water executives are hardly the Horatio Algiers, risk-taking moguls, and colorful scoundrels of the past. There’s an entitled seediness rather than unbridled optimism to their efforts. Their wealth typically comes from buying and selling businesses rather than building them.

The railroad moguls’ crude collusion with corrupt government bosses in the nineteenth century has become Halliburton and Bechtel’s polished “public-private partnership” of the twenty-first. Close ties to the George W. Bush administration won both companies big

contracts in occupied Iraq in 2003. Bechtel was awarded what the *New York Times* called an “unacceptable” deal to fix and run Iraq’s ruined water systems: “The award of a contract worth up to \$680 million to the Bechtel Group of San Francisco in a competition limited to a handful of American companies can only add to the impression that the United States seeks to profit from the war it waged.”¹⁰

Old notions of public service seem to evaporate when water becomes a business and profit becomes the motive. Seeking to consolidate market share, private water companies are merging or buying other companies, creating a volatile and unpredictable market—hardly the kind of stability required for a life-and-death resource like water. The turmoil continues as control of this most basic resource has become as volatile as ownership in a game of Monopoly.

Three corporate players have controlled the water game—Suez and Veolia, based in France, and the German utility corporation RWE, which in 2006 announced plans to sell its major water assets.¹¹ Few Americans have heard of them, but the Big Three have dominated the global water business and are among the world’s largest corporations. Together they control subsidiaries in more than one hundred countries. When the Center for Public Integrity issued a report on these powerful companies in 2003, their rapid growth had already triggered “concerns that a handful of private companies could soon control a large chunk of the world’s most vital resource.” The title of the report was *The Water Barons*.¹²

Each of the Big Three bought subsidiaries in the United States after a 1997 Bill Clinton administration decision to change an Internal Revenue Service regulation that limited the potential market.¹³ Previously, municipal utility contracts with private companies were limited to five years. Now, such public-private partnerships could extend for twenty years. The rule change unleashed a wave of industry euphoria with predictions that private companies would soon be running much of what is now a public service. With 85 percent of water services still in public hands, “there’s a tremendous market

out there,” said Peter Cook, head of the National Association of Water Companies, an industry trade group.¹⁴ Eager to get in on the predicted boom, Veolia purchased U.S. Filter in 1999, and Suez acquired United Water. Two years later, RWE subsidiary Thames Water purchased American Water Works, the largest U.S.-based private company, taking on \$3 billion in debt in the process.

The companies moved quickly to gain market share. Between 1997 and 2002, the number of municipal water contracts with private industry tripled. The companies avoid the red-flag term *privatization*, calling the contracts public-private partnerships (or PPPs) because the contracts leave cities as the owners of the underlying pipes and treatment plants. The distinction is real, but it is also academic. Once a city goes down this path, especially for a twenty-year period, it becomes increasingly difficult to reverse course because long-term contracts undermine local governments’ in-house capacity to reclaim public control should things go wrong. Such PPPs are still considered the industry’s growth area in the United States.

Despite the speed and pervasiveness of privatization, few citizens knew about the changes, even in their own cities. Local officials often presented the deals as mere technical changes to save money. As a result, it took several years for Americans to begin recognizing the names Suez, Veolia, and RWE. Sometimes, this recognition occurred when ratepayers called customer service and found themselves talking to someone in another state. In other cases, the understanding dawned when residents noticed increased rates, poor water quality, and slower service than in the past.

While Suez, Veolia, and RWE have dominated the water industry, a different Big Three dominate the retail side, the exploding bottled-water business, which rakes in more than \$10 billion a year in the United States alone. Swiss-based Nestlé is the top-selling water bottler in North America, followed by U.S. multinationals Coca-Cola and PepsiCo.¹⁵

Water scarcity has also created an opening for a cadre of smaller water entrepreneurs, who are reminiscent of old-time salesmen of

sure-fire remedies. They've proposed schemes to harvest glacier water, drag icebergs to deserts, store water in underground aquifers, float giant water bags across the seas, and convert old oil tankers for the water trade.

Public vs. Private

Two parallel debates are being conducted over whether water services should remain public or go private. One is concerned with practical issues of efficiency and economics, and the other is about principle. In the first case, both advocates and opponents of privatization point to successes and failures that allegedly prove their case. The debate over principle is more fundamental and involves questions of ethics and moral values.

Privatizing water in the United States has often been a hard sell on both counts. Opponents such as Barlow of the Council of Canadians and Tony Clarke of Canada's Polaris Institute are against privatization in principle. They believe private companies can reasonably be involved in limited areas of infrastructure development but not in the ownership, control, or delivery of the basic service. "The commodification of water is wrong—ethically, environmentally and socially," they write. "It insures that decisions regarding the allocation of water would center on commercial, not environmental or social justice considerations. Privatization means that the management of water resources is based on principles of scarcity and profit maximization rather than long-term sustainability."¹⁶

Peter Cook of the National Association of Water Companies believes that if market principles are sound for other products, why not for water? "There's certainly nothing unethical about making a profit because investors' money is being used to benefit customers and provide them with services," he told us in an interview. "I never remember seeing anything in the Ten Commandments that said making a profit is a sin. . . . It really comes down to a philosophical

difference between the municipal sector and the private sector. We believe utilities should be operated as enterprises.”¹⁷

The practical debate over who can provide water better focuses on the issues of transparency, efficiency, rates, and sustainability. In public systems, major decisions must go through a deliberative process that not only is conducted in public but also involves the public. Such transparency gives citizens’ groups and individuals access to the information they need to understand the workings of their utility and to follow the money. The same cannot be said for private water companies. Yes, wholly-owned water systems are regulated by state public utilities commissions and public-private partnerships are overseen by city councils, but getting information out of a giant corporation—even information required by contract—is often a difficult and contested process. In addition, it is nearly impossible to audit the money flows between a local subsidiary and its parent multinational based abroad.

More than money is at stake. Lack of transparency can endanger lives. In 2006, two top managers at a Suez/United Water plant in New Jersey were indicted for covering up high radium levels in the drinking water. Prolonged exposure to radium is linked to cancer, and the communities served by the plant had a history of unusually high rates of childhood cancers. The two United Water officials face up to thirteen years in prison, and the city is now trying to revoke the contract because of nonperformance.¹⁸

The industry responds to such incidents by pointing to the many mayors who express satisfaction with their contracts and the money they save. For example, a 2006 *Los Angeles Times* exposé of private water industry “ethics scandals, violations, and irate consumers” quotes Mayor Dean Mazzarella of Leominster, Massachusetts, who praises Veolia’s U.S. Filter subsidiary for solving water-leak problems. “We’ve got nothing but good things to say,” he told a reporter. “They’re such a big company, they have the ability to tap into a larger talent pool, to reach for people on the cutting edge of technology and understanding.”¹⁹

Such economies of scale are one of the industry's biggest selling points, but many of the suggested economies can and are being realized by the public sector as well. Some also question how significant size is for a local service like water. A study of England's private water industry did not find significant benefits from economies of scale.²⁰ Even RWE's CEO Henry Roels admitted, "It's a very local business," in which a global water giant "just doesn't have outstanding advantages."²¹

The frequently made case for marketplace competition also doesn't apply in the water sector because sewage and water services are by nature a monopoly. Competition occurs only at bidding time for a contract. After that, for up to twenty years, competition is over. There is only one set of pipes in town.

The major challenge for companies that do win contracts is providing good service while making sufficient profit to satisfy corporate headquarters and shareholders. Like any other enterprise, a private water company ultimately has two ways to do that: cut costs or raise prices. Private companies are under heavy pressure to do both. The industry cites these pressures as an advantage. The need to cut costs "incentivizes" efficiency, but all too often that efficiency is achieved through service cutbacks, staff layoffs, and failure to invest in the preventive maintenance necessary to avoid deterioration of the underlying infrastructure. In Stockton, California, a citizens' watchdog group reported that water leakage doubled in the first year after OMI/Thames took over system operations. In Indianapolis, customer complaints nearly tripled in the first year of Veolia's contract, and inadequate maintenance resulted in hundreds of fire hydrants freezing in the winter. In Milwaukee, Suez subsidiary United Water discharged more than a million gallons of untreated sewage into Lake Michigan because it had shut down pumps to reduce its electricity bills.²²

As for rates, private systems usually charge more than public systems right next door. In Lexington, Kentucky, a study found that the city's privatized water rates were higher than those in ten nearby