

# *Neo-Liberal Water Policy and Socio-Environmental Harm*

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## **Introduction**

In recent years, green criminologists have become increasingly attuned to the complexities of environmental problems and to the myriad social, economic and political processes that underpin them (see for example White 2003; Elliot 1998; Martell 1994; Schnaiberg & Gould 2000). Perhaps more than ever, global processes and ideologies such as capitalism and neo-liberalism are impacting more and more tangibly on our own localities and more often than not, with harmful results. It is therefore significant when examining and situating socio-environmental harm that we ask at what point does the 'global' become the 'local'?

This paper examines the impact of socio-environmental harm by connecting the global and its macro socio-economic structures (such as nation-state policies relating to trade liberalisation and privatisation) with local micro practices (such as environmental deregulation and water and sanitation programs). It will focus on drinking water as an issue through which to explore the critical role of neo-liberalism in shaping environmental policy and regulation at a national and local level (see Randeria 2003). The paper examines the processes of water privatisation in developing nations in order to demonstrate how global neo-liberal market policies can interfere with the human right to fresh drinking water.

## **Environmental Harm and the Human Right to Fresh Water**

An inclusive criminological inquiry into socio-environmental harm and its increasing localisation must firstly appreciate the importance of situating environmental harm as 'socially and historically located and created' (White 2004:275). The cause and effect of environmental harm is defined, constructed and contested dependent upon the social, legal and cultural arenas in which it transpires. As White (2004:276) points out 'the emergence of environmental or green criminology in recent years has been marked by efforts to reconceptualise the nature of "harm" in a more inclusive manner'. This process is also supported by Ziemer (2004:1). Ziemer argues that in a world of increasingly severe and widespread environmental mismanagement, new tools are needed to respond to the social and human costs of environmental harm. For example:

Traditional international environmental law, that addresses the rights and obligations between nation-states, has little to offer individuals harmed by environmental damage. People whose health or livelihood is threatened by exposure to hazardous waste or the pollution of streams and rivers, for example, often have no recourse under international environmental laws (Ziemer 2004:1).

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Significantly, environmental harm is often related to violation and denial of human rights. Take for example the fact that access to safe drinking water is presently enshrined in the right to life and dignity as set forth by the United Nations Committee on Social, Economic and Cultural Rights. At least 145 countries, including Australia, have now ratified water as a human right and have agreed to ensure fair and non-discriminatory access to safe drinking water (Social Justice Committee 2004). Despite this, fresh drinking water, which is essential to human survival, is being denied to the 25 million people who die annually from drinking contaminated water (see Barlow & Clarke 2003; Rajepaske 2003). As Olmstead (2003) in her report on water supply and poor communities asserts:

It is hard to imagine a more pressing environmental health problem or one that more strongly diminishes the length and quality of life and human productivity in the developing world.

Many commentators thus point to the link between the destruction of the natural environment and the violation of human rights (see Elliot 1998; McNeill 2000). The United Nations Committee on Economic, Social and Cultural Rights, for instance, argues that the widespread denial of the right to drinking water is exacerbated by the continuing contamination, depletion and unequal distribution of fresh water across the globe (Rajepaske 2003). Significantly, the harmful effect of environmental problems such as unsafe drinking water is endured most by those in 'lesser developed' nations. Elliot (1998:2) observes that:

The local impacts of global environmental decline will be felt first, and disproportionately, in those countries and among those people's who have contributed less to the causes. Inequities between rich and poor countries, unequal trade and international capital transactions, the paucity of international development assistance in pursuit of basic human needs, and the ever growing burden of developing country debt entwined with environmental degradation are complex cause and effect relationships

Arguably, in developing nations the human right to water is neither concrete nor actualised by law, but rather is in many cases inextricably linked to the global neo-liberal economic order (Elliot 1998; Harper 2004; Victor 1979; Theophanous 1993; Martell 1994). For example, Beltran (2004:45) a community activist in Bolivia, argues that 'the organising dominance of neo-liberalism as a discourse at the global level has important consequences for the distribution of drinking water at lower scales'. Thus, when examining the effect of capitalist neo-liberal water policy on the human right to water in developing nations, it seems the links between individuals and transnational elites are becoming more concrete and that 'the world is now truly and perhaps fatally tied together through transnational economies and policy' (Schnaiberg & Gould 2000:viii).

## **Neo-Liberalism and Water Privatisation**

The centrality of fresh water to human life has ensured that in recent times it has become increasingly prominent within the economic relations of the global marketplace. In a classic case of natural scarcity, fresh water is becoming more and more rare, and thereby valuable. Thus, for example, there is a current shortage of fresh water in 31 countries across the globe, with predictions that by 2025 the demand for fresh water will have increased over fifty percent beyond what is now naturally available (see Barlow & Clarke 2002). Private business has been swift in realising the 'value' of water as a precious commodity. There are clear socio-environmental harms associated with global fresh water shortages. Yet, these very natural limits have assured that it is increasingly prized for its 'exchange value' as opposed to its 'use value'. In fact at present, the private provision, management and control of water supplies to over 300 million people globally makes it a 500 billion dollar a year business, one third larger than global pharmaceuticals (see Centre for Public Integrity 2003:1).

Transnational corporations such as *Viola*, *Suez* and *United Water* (all of which rate among the top most profitable corporations in the world by *Fortune 500*), along with the World Bank, The World Trade Organisation and the International Monetary Fund, have become principal vectors of neo-liberal water policy. Promoting trade liberalisation, environmental de-regulation and fiscal austerity these institutions support privatisation and the consequent restructuring of national and local government run water supplies 'as a powerful environmental imperative for solutions to water scarcity' (Narain 2000; Postel 2000; Ward 1997). In practice, the privatisation of water can take many forms, ranging from technical assistance and management contracts to the full control and ownership of water resources and delivery systems (see Gleick et al. 2002). Advocates of privatisation processes argue that private control increases water management skills, expertise, technology and economic efficiency (Barlow & Clarke 2002). Despite such claims, privatisation frequently involves abrogation of democratic government water responsibilities and assets. This is an issue that has raised significant concerns among a number of commentators (see for example Beltran 2004; Elliot 1998; Johnston 2003; Narain 2000; Ward 1997; White 2003).

There are other issues of concern as well. For example, privatisation is based on the treatment of water as an economic and tradeable good, which in principle immediately ties its management and control to notions of economic efficiency and the pursuit of market profit. For example, the imposition of a 'user pays' approach to water management is frequently implemented by private water companies as part of a 'full cost recovery' program. This has critical repercussions for the equitable provision of water to communities, as the right to water becomes less of a social right and more of a consumer right (see Rothenberger, Truffer & Markard 2001). At the same time it also actively promotes the consumption rather than the preservation of water, thus favouring profitability over environmental sustainability. As the Social Justice Committee (2004:12) argues in its study into the impact of water privatisation on vulnerable communities:

The act of shifting control of water allocation to private companies means that the decision over allotment of water becomes subservient to the purely commercial considerations of the profit motive without regard to conservation and long run sustainability of supply.

This conceptualisation and privatisation of fresh water as an economic resource has led to access to safe drinking water being determined by the ability to pay rather than human and social need. The consequences of global neo-liberal water policy have had significant effects on life at the 'local' level. Often privatisation has undermined public health through de-regulation of water markets and the undermining of public decision-making at a local policy level, leading in many cases to increased levels of social and environmental harm, particularly in developing nations (see Elliot 1998; White 2004). For example, since the privatisation in 1999 of water in Cape Town, South Africa water cut-offs have increased seven fold, with over 100,000 households having their water cut off entirely. Such issues are of concern to non-government organisations such as the Social Justice Committee (2002:5), which make the more general point that:

Corporations and International Financial Institutions decrying government as inefficient, inept and costly insist that private ownership is the path to efficient, rational use of resources. In their drive to attract much needed foreign investment, governments the world over are shedding regulatory responsibilities, softening environmental laws and turning control of essential resources such as water over to transnational corporations.

It is people without money who are the biggest losers in this shift in priorities and policies.

## The Impact of Neo-Liberal Water Policy on the Poor

Neo-liberal water policy has had particularly negative consequences for people traditionally most vulnerable to environmental harm such as the poor, people of colour, indigenous groups and women (Julian 2004). Not surprisingly, the bulk of people who are especially vulnerable to environmental harms are predominantly those located in lesser developed nations. Many of these nations have likewise been targeted for water privatisation. The greatest need for improvement in water services often exists in those countries with the weakest public services; yet, the greatest risk of failed privatisation also exists where governments are weak and are more likely to implement environmental de-regulation (Gleick et al. 2002; Schnaiberg & Gould 2000; Barlow & Clarke 2003; Ravindran 2003).

It is often poorer nations, struggling with escalating national debt, that have been forced to relinquish public control over water, through pressures associated with the structural adjustment policies of international financial institutions such as the International Monetary Fund (IMF), the World Trade Organisation and the World Bank (Schnaiberg & Gould 2000; Van Rooyen 2002; Beltran 2004). Van Rooyen (2002:12) argues that in the majority of developing countries where this has occurred, global neo-liberal discourse and practice in water delivery has been 'forced' on them through lending conditionality. Most often this involves the requirement that governments privatise their waterworks under policies promoting 'full cost recovery'. For example, the Centre for Public Integrity in the United States (2003:1) observed that:

A review of IMF loans in 2000 found loan conditions in 12 out of 40 countries that included increased cost recovery and water privatisation. A review of World Bank Water and Sanitation Loans approved in 2001 found that 80.9% of loans contained cost recovery measures and 51% contained privatisation measures.

To take a specific example of the economic and social consequences of these kinds of dynamics we might consider the cases of Bolivia, South Africa and Argentina. In Bolivia in 1999, the government privatised the water supply of Cochabamba to one of the world's largest private water multinationals, *Bechtel*.

According to the Centre for Public Integrity (2004) and Beltran (2004), the Bolivian government came under heavy pressure from the World Bank to privatise Cochabamba's water, in that the World Bank threatened to withhold up to \$600 million in debt relief to Bolivia. But the privatisation itself was to lead to a series of interlocking events, at the centre of which were important social justice issues (see Centre for Public Integrity 2003):

- Following the privatisation deal, water rates increased immediately, in some cases by 100–200 percent.
- In Bolivia, the minimum wage is less than one hundred dollars per month. The poor were especially hard hit with the hike in water prices, with many unable to pay water bills.
- In 2000, a four day general strike organised by a coalition of community, labour and human rights leaders occurred after thousands of people were cut off from their water supply after non-payment.
- The Bolivian government sent an army 1000 strong to stop the ongoing protests, declared that the protests illegal, and imposed a military takeover of the city.
- During the ensuing further protests, strikes and marches, 175 people were injured, 2 young people blinded and a 17 year old killed.

- Finally, after continuing civil outrage and protracted social protests, the government cancelled the water contract.
- In 2001, *Bechtel* filed suit against the Bolivian government for breach of contract, demanding \$25 million in compensation for lost profits.

The harmful effect of neo-liberal water policy on poor communities can also be seen in cases from South Africa. For example, in 1998 the local government of Madlebe, in rural ZwaZulu Natal, commercialised their water supply to a private company. The region followed many other South African municipalities by initiating the principles of ‘full cost recovery’, whereby local residents were forced to pay the full costs of drinking water (see Ravindran 2003). The results were disastrous, and can be traced to a number of specific processes which have been identified by the Public Citizen Organisation’s (2003) ‘Water is a Human Right’ campaign as being:

- Full cost recovery involved a system where previously free communal taps were replaced with prepaid meters.
- Each household was forced to buy a plastic card for around \$9 (US) that provided ‘units’ of water that was then inserted into a water meter. The meter would release water from a tap until the card ran out.
- The majority of the ZwaZulu Natal population, already living in impoverished conditions, could not possibly afford the new water rates and were literally cut off at the tap from accessing clean drinking water.
- These widespread water cut-offs forced thousands of poor locals to seek water from polluted streams and lakes leading to South Africa’s worst ever outbreak of Cholera (see also Pauw 2003).
- The outbreak resulted in 259 deaths and infected more than 250,000 more people between 2000–2002, spreading as far as Johannesburg nearly 600 kilometres away.

The exclusion of poor people in lesser-developed nations from access to safe drinking water, and the ensuing social and environmental harm as a result of neo-liberal water policies, can also be demonstrated in regards to Argentina. In May 1993, Argentina’s public water authority was privatised to a consortium of the huge water multinational *Suez* and a Spanish company *Agua de Barcelona*. The consortium’s takeover, backed by the International Monetary Fund and the World Bank, involved supplying water to a region of Buenos Aires with over 10 million inhabitants. This has been described as ‘the biggest transfer of a water service and watershed into private control in the world’ (Hacher 2004:2). The impact of this transfer has been negative in several different ways (see Hacher 2004):

- Water rates increased nearly 90% between 1993 and 2002, despite the fact there was no relationship between the rate’s hike and inflation rates. It needs to be acknowledged as well that the majority of residents were already impoverished.
- The rate increase did not translate into higher quality or quantity of service.
- In 1997, the company was found to have failed to honour 45% of its contract commitments for improvement and expansion of services. One result was massive pollution of the water supply.

- The company draws its drinking water for the region from a source just 2.8 kilometres from the coast, where it also dumps the sewerage waste of 5,744,000 people into the Rio del Plata river.
- The private company has denied that this pollution of its water source is passed on to consumers. This is despite studies showing that the water in seven of the company's delivery localities is unfit for human consumption, as it contains among many other contaminants, nitrate levels that are three times too high.
- Several districts within Buenos Aires have still not been properly connected to the water network. Some of those which have been connected have experienced drinking water contaminations due to breaks in the sewerage lines.
- In 2003, the company was fined by the government for an unpredictable cut in water services, one that affected 6 million people.

The United Nations has urged international financial institutions to take into account 'the right to water' in their lending policies, credit agreements and structural adjustment programs, and to ensure that their policies 'be based on the principles of accountability and transparency' (Rajepaske 2003:2). As the above cases demonstrate, however, in places such as South Africa, Bolivia and Argentina, the socio-environmental harms encountered by local communities are directly linked to the privatisation of neo-liberal water policy. This tends to support Harper's (2004:51) contention that global corporations don't care about place, people, or geophysical environment — in our terms, the 'local' — except as a resource base.

## Conclusion

This paper has provided an introduction to how international financial institutions such as the World Bank and International Monetary Fund along with the large water multinationals are trying to establish global hegemony in regards to water policy and management strategies. Of particular concern is the observation that the pathway of commodification and privatisation of drinking water pursued by these institutions has appeared to be strongly linked to increased inequalities in basic human rights to water in the developing world (Van Rooyen 2002:24). As Elliot (1998:71) argues, commonly the three institutions of global economic interdependence, namely trade, aid and debt, seem to have worked systematically to the benefit of the north and the expense of the south. Along the way, basic human rights have been ignored or trampled, and environmental concerns bypassed by the lure of private profit.

The centrality of fresh water to human life places it at the heart of any controversy surrounding the merits of privatisation. But the issues are not only economic, social and environmental. As Beltran (2004:12) testifies through personal experiences in Bolivia, privatisation of this sort also ignores the traditional ways of administering and managing water by local people, and thereby diminishes the intrinsic way in which water and water distribution is ingrained in the culture and history of collective community life. The gaps left by corporations and governments in meeting social and environmental needs are not inconsiderable, thus spawning the growth of social movements and non-government organisations worldwide (Harper 2004:57).

Criminologists should be concerned with the social and environmental harms associated with the impact of global neo-liberal water policy on the local control and management of fresh drinking water. Analysis of such issues open the door to a range of matters directly pertinent to criminology as a field and criminal justice as a practice — whether these pertain

to violation of human rights, the role of states and corporations in fostering socio-environmental harms, the importance of linking social regulation to social justice, or to state repression associated with protests over natural resources. These are matters that may be especially highlighted in examination of lesser developed countries, as discussed above. But as research has also demonstrated, provision of clean drinking water is a serious concern in many of the advanced industrialised countries of the West as well (see Christensen 2002; White 2003). The issues are global, even if the consequences are not shared equally across the planet or within each community. They also illustrate the close linkage between environmental concerns and social wellbeing. These are matters we ignore at our collective peril.

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