Topic A: Water Privatization

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“Many of the wars of the 20th century were about oil, but wars of the 21st century will be over water.”
-World Bank Vice President, Ismail Serageldin

Overview

An Introduction to Water Privatization

Water privatization refers to when water resources, which are traditionally owned by the public sector, are controlled and owned by the private sector. The practice of the supply and sanitation of water being controlled by these corporations is extremely controversial as water is viewed as a fundamental human right, and important to the realization of all human rights.

Yet, even now, nearly 800 million people lack access to clean drinking water, and 3.4 million die of waterborne diseases. More people die from unclean drinking water each year than from the total number of deaths from all the war and violence in the world. Water privatization is considered to be a partial solution to physical and economic water scarcity, with private corporations proposing themselves as being more efficient at creating infrastructure and improving water quality, in comparison to the public sector which is seen as inefficient due to extensive bureaucracy or corruption. On the other hand, corporations are profit driven, and may try to lower their overhead costs when it comes to infrastructure and radically inflate water prices thus creating a variety of social, economic and environmental problems.

The Value of Water

Water is essential to all life, but it is a commodity that humans don’t have quite enough of. 70% of the Earth may be covered in water, but only 2.5% is fresh and drinkable, and of this 2.5%, 1% is easily accessible.

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1. [http://www.wisegeek.com/what-is-water-privatization.htm](http://www.wisegeek.com/what-is-water-privatization.htm)
3. Ibid
5. Ibid
scarcity and necessity of water has made it a force that can easily be used for manipulative purposes through the manner in which it is controlled.

**Timeline**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>19th century</td>
<td>Private water facilities are common throughout Europe, the United States and Latin America.</td>
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<td>Early-mid 20th century</td>
<td>Publicly owned water resources regain popularity, in the UK the Labour Party sees to the expansion of state ownership.</td>
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<td>1989</td>
<td>Water becomes privatized in Great Britain as part of the Thatcher privatization policies, the repercussions of this are felt around the world as many other nations begin to mimic the policies.</td>
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<td>1997</td>
<td>The World Bank refuses to renew $600 million dollars worth of foreign debt relief unless Bolivia privatizes its water services - the Bolivian government puts their municipal water agency Servicio Municipal de Agua Potable y Alcantarillado (SEMAPA) up for auction.</td>
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<td>Sept. 3rd 1999</td>
<td>The Bolivian government signs a lucrative contract with a subsidiary body of the Bechtel corporation, Aguas del Tunari, for SEMAPA, making the corporation responsible for providing water for all the residents of Cochabamba.</td>
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<td>Oct. 29th 1999</td>
<td>The Bolivian government passes law 2029 with regulations for drinking water and sewage disposal, but also that water in agricultural areas for farming, etc. would be provided privately by Aguas del Tunari.</td>
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<td>January-April 2000</td>
<td>Protests erupt throughout Bolivia, in particular in Cochabamba, organized by the Coordinadora de Defensa del Agua y de la Vida (The Coalition Defense of Water and Life). In March, the Coordinadora holds an unofficial referendum in which 96% of voters demand the government to end the private contract. In April, government officials end the contract with Aguas del Tunari.</td>
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<td>Nov. 2002</td>
<td>The Committee on Economic, Social and Cultural Rights adopts General Comment No. 15 on the right to water, stating that: “The human right to water is indispensable for leading a life in human dignity. It is a prerequisite for the realization of other human rights.”</td>
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<td>Jan. 2003</td>
<td>Residents of Atlanta, USA complain of brown water and poor service following the privatization of water contract between the city and United Water Resources Inc.</td>
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<td>28 July 2010</td>
<td>In Resolution 64/292 the United Nations General Assembly recognizes the human right to water and sanitation. The Resolution calls upon States and international organization to provide assistance in ensuring this right for all.</td>
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<td>2014</td>
<td>In Detroit, USA, public officials are indicted for illegally steering public water contracts to private companies who have come into question for their billing practices. Since March, the Detroit water and sewage...</td>
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6 [http://www.telegraph.co.uk/finance/comment/alistair-osborne/9980292/Margaret-Thatcher-one-policy-that-led-to-more-than-50-companies-being-sold-or-privatised.html](http://www.telegraph.co.uk/finance/comment/alistair-osborne/9980292/Margaret-Thatcher-one-policy-that-led-to-more-than-50-companies-being-sold-or-privatised.html)
8 [Ibid](#)
9 [Ibid](#)
12 [http://scholarship.law.wm.edu/cgi/viewcontent.cgi?article=1027&context=wmelpr](http://scholarship.law.wm.edu/cgi/viewcontent.cgi?article=1027&context=wmelpr)
Department has been cutting off water to account holders who are 60 days late on bills or who do not pay bills totaling more than $150.14

Historical Analysis

Thatcher’s Privatization: The Beginning of the Privatization Boom

In 1979 Margaret Thatcher followed a number of governments who had extended state ownership, by nationalizing the steel, aerospace and shipbuilding industries. However, the repercussions of nationalizing these industries were unfavorable to the government. Lord Sterling, a senior adviser at the Department of Trade and Industry during the privatization programme described it as “By the late 1970s, people thought we were becoming a bunch of losers, with strikes and managers who were unable to manage.”15

In essence, the privatization programme that Prime Minister Thatcher put in place thereafter, allowed managers to manage their business without the pressures and the constraints that state ownership gave. The industries that were privatized were extensive and varied, from telecommunications to electricity, and, of course, water. Thatcher explained in her memoirs that she saw privatization as “fundamental to improving Britain's economic performance.”16 This was the beginning of the privatization boom, with water being privatized both nationally and municipally in the Philippines, Morocco, Colombia, Senegal, the Cote d’Ivoire, Argentina, etc.17

The Bolivian Water Wars

From 1997 to 2000 the Bolivian government dealt with pressure to privatize its water services. Water privatization began in Bolivia as a result of the World Bank refusing to renew $600 million in foreign debt relief unless Bolivia privatized its water services18. Bolivia began the privatization process by auctioning off the municipal water services in Cochabamba to Aguas del Tunari, a branch of the Bechtel Corporation (a multinational corporation specializing in engineering, construction and project management) (ibid). The privatization was followed by protests against this privatization from the Bolivian people. This time has been called “The Bolivian Water Wars” and is the predominant example anti-privatizationists refer to when arguing against water privatization.

Bolivia is the poorest nation in South America, therefore when Bechtel increased the price of water by 35-50% and families who earned an average of $100/month were suddenly paying $20/month in water bills19. On top of household water charges, Law 2029 privatized irrigation waters (that had historically been free), and is used for agricultural purposes - comprising nearly 10% of the Bolivian economy.20 In 2000, government officials ended

14 http://scholarship.law.wm.edu/cgi/viewcontent.cgi?article=1027&context=wmelpr
15 http://www.telegraph.co.uk/finance/comment/alistair-osborne/9980292/Margaret-
Thatcher-one-policy-that-led-to-more-than-50-companies-being-sold-or-privatised.html
16 http://www.telegraph.co.uk/finance/comment/alistair-osborne/9980292/Margaret-
Thatcher-one-policy-that-led-to-more-than-50-companies-being-sold-or-privatised.html
17 http://en.wikipedia.org/wiki/Water_privatization
18 http://www.stwr.org/land-energy-water/water-wars-cochabama-and-the-movement-
battling-water-privatization.html
19 http://www.stwr.org/land-energy-water/water-wars-cochabama-and-the-movement-
battling-water-privatization.html
the privatization contract less than a year after it had been signed\textsuperscript{21}, as a result of protests against water privatization that began due to the exorbitant fees on all types of water that were necessary to sustain life and the economy (ibid).

Nonetheless, had Bechtel taken a different approach in the privatization of water, such as providing subsidies for poorer residents of Cochabamba, ensuring more affordable prices overall with household water costs, or providing affordable or free access to irrigation waters (although this also concerned the Bolivian government and law 2029) it is possible Bechtel could have maintained the privatization contract. Bolivia has a history of corruption, as an independent entity Bechtel could have been successful in bringing expertise and efficiency in the expansion of water infrastructure to rural communities, to their benefit as they would have expanded their fee-payers. Furthermore increased access to clean water would reduce the risk of illness as a result of unclean water.

**Water Privatization in South Africa**

It is stated in the South African constitution that all essential services, these being shelter, heat, electricity and water are to be guaranteed to each citizen.\textsuperscript{22} Nelson Mandela, who became president in 1994 following the apartheid, embraced privatization, calling it a fundamental policy of his government, even naming himself a “Thatcherite.” \textsuperscript{23} South Africa established a “Growth, Employment and Redistribution Strategy” \textsuperscript{24} in 1996 in conjunction with and consultation from the USA, the UK, the World Bank and the International Monetary Fund (IMF) (ibid). The policies in this strategy, including one on full cost recovery, were extremely popular with corporations as it ensured that an organization would recover the full cost of delivering a service or project, and that a profit could be made.\textsuperscript{25}

In the case of South Africa, a nation that is polarized between the affluent and the poor as a result of the Apartheid, the poor are being denied access to clean water as they cannot pay for it. As a result of privatization, water meters, which have been outlawed in several countries, were installed on taps and pumps throughout South Africa \textsuperscript{26} These required people to use a prepaid water card in order to extract water. Upwards of 2 million people have been forced out of their homes as a result of not being able to pay their water (and electric) bills due to the exorbitant rates, much like in Bolivia \textsuperscript{27}. Thus, people are walking several miles to contaminated, free water sources. This caused cholera and gastrointestinal diseases to spread rapidly, with more than 140,000 cases of cholera having appeared since 2000 causing the worst outbreak of cholera in South Africa’s history \textsuperscript{28}. This gap in water accessibility not only highlights the issue within South Africa regarding water privatization but also reinforces a distinction between the privileged and disadvantaged\textsuperscript{29}.

\textsuperscript{21} \url{http://www.stwr.org/land-energy-water/water-wars-cochabamba-and-the-movement-battling-water-privatization.html}
\textsuperscript{22} \url{http://www.herinst.org/BusinessManagedDemocracy/government/privatisation/SAfrica.html}
\textsuperscript{23} Ibid
\textsuperscript{24} Ibid
\textsuperscript{25} Ibid
\textsuperscript{26} Ibid
\textsuperscript{27} Ibid
\textsuperscript{28} \url{http://www.herinst.org/BusinessManagedDemocracy/government/privatisation/SAfrica.html}
\textsuperscript{29} \url{http://www.solidarity-us.org/site/node/469}
As a result of privatization in South Africa, opposition arose, protesting that “[they] did not fight for liberation so [they] could sell everything [they] won to the highest bidder.” Therefore, in order to tackle some of the issues that have resulted from the privatization, not of water, but of electricity, in 2004 South Africa introduced subsidies for poor households so that they received 50 kWh / month for free\(^{30}\). Similar measures that could have been implemented, but were not, with regards to water, include either lowering the rate of inflation or providing a certain quantity of water a day for free (at least enough to drink). Additionally, the water meters on communal taps should not have been implemented, as these communal sources had previously been free of charge and are heavily used by the less privileged (these water meters are also illegal in most first world states). \(^{31}\)

**Water as a Weapon of War**

Historically wars have not only been fought for water, but using water as a weapon. When water is used as a weapon, a vulnerable region is created that is susceptible to the whims of outside influences such as corporations, charity organizations or other states who are providing water. Currently, in Mosul, Iraq, the Islamic State in Iraq and Syria (ISIS) a terrorist organization, that has been described as “too extreme” by Al-Qaeda\(^{32}\), has taken control of Iraq’s largest dam, the Mosul Dam, also known as the “Saddam Dam.”\(^{33}\) The dam supplies millions with drinking water and power in the region, and control of the dam is a strategic move in ISIS’s campaign as the Mosul Dam is definitely a resource that is necessary to life in the region and is therefore becomes a bargaining chip between ISIS and its opposition. The dam could also be a great source of revenue should ISIS decide to operate the dam privately to fund their campaign. Yet the nature of the organization would deem any private operation unreliable in the delivery of water to civilians as. Currently in Iraq, water is now being supplied via US humanitarian aid to internally displaced persons, but the feasibility of this in the long-term is questionable. The USA has already begun air-strikes in the region surrounding the Mosul Dam in part to begin destroying ISIS’s weapons, vehicles and presence,\(^{34}\) but also partially in hopes that they will be able to free the dam, thus reducing the strain on them to supply water.

**Current Situation, Problems & Controversies**

1. **Unaffordability and Waterborne Diseases: The Consequences of Privatized Water**

Water privatization can sometimes cause drastic increases in the price for water; thus, citizens are compelled to use other sources of contaminated water which ultimately, puts the public health at risk. Additionally, corporations do not always deliver efficient and clean water. In the United States, cities such as Atlanta and Detroit who have privatized their water systems have brown coloured water flowing out of their taps. Thus, it is evident that regulations, both as an international standard and at the national level need to be created to ensure that water quality is not compromised by privatization, and that the necessary water is being delivered appropriately to people in both urban and rural areas.


\(^{31}\) Ibid


2. Climate Change

Climate change is a concerning factor when dealing with any resource based issue, but is of particular concern when it comes to water due to the increased water scarcity and the potential economic strains it may bring with migrating populations. Currently, around 1.2 billion people live in areas of “physical” water scarcity, but populations are quickly rising. In the last century, the world population has tripled, and by 2050 the projected population on Earth is 8.9 billion. In fact, the amount of water consumed on a daily basis has multiplied by 6 times in the past century.

Furthermore, water is “a push and pull factor” when it comes to migration – it “pushes” people from one region to another when there is not enough of it, and it “pulls” people to another region when there is plenty of it. Rural populations, especially in developing countries tend to have the worst access to clean water due to a lack of infrastructure, and there is a global trend in increasing urbanization, or people moving to cities, where there are economic opportunities and usually water. Thus, greater quantities of water need to be provided to highly concentrated populations in ever-growing cities, which without the infrastructure to support the demand for water of these increasing populations may create an economic water shortage – wherein the water needed to supply the population exists, but the infrastructure to deliver it does not.

Climate change affects fresh water sources in two ways that are highly important. Firstly, climate change has been melting the Arctic which is actually composed largely of glaciers and ice, also known as fresh water sources, thus a large portion of the drinkable water sources on this planet are melting and mixing in with the salt water of our oceans. Secondly, climate change works not by warming our planet but to exponentially reinforce current conditions. This means that dry places with little precipitation, such as sub-Saharan Africa will become even drier, and places that receive plenty of precipitation, such as Canada, will receive even more.

3. Disadvantages of Water Privatization

The reason why international water corporations are still buying and running municipal water systems is because it is believed that these private companies can increase efficiency and the quality of water due to not having the constraints of going through governmental bureaucracy. Additionally, with their extensive monetary resources, they can expand water services to those with no or poor access to safe and clean water.

Currently the biggest player when it comes to pushing for water privatization is the World Bank, proposing it as a solution to the water crises many developing countries face. The World Bank is the largest funder of water management, with loans and financing being delivered through a branch of the World Bank called the International Finance Corporation. They further their agenda with regards to privatization through leveraging debts, a need for loans and enacting austerity measures over countries.

35 http://www.climate.org/topics/water.html
36 Ibid
37 Ibid
38 http://online.wsj.com/news/articles/SB10000872396390443816804578002280926253750
39 Ibid
40 http://www.asadismi.ws/africaworldbank.html
Water, however, requires huge and ongoing infrastructural investments - it is estimated that 75% of the costs of a water service are a result of the infrastructure. Corporations however, find it more profitable and efficient to dramatically increase prices for customers and to reduce the quality of infrastructure as to avoid investing the required amounts of money. Despite the fact that the World Bank continues to support water privatization, it reports a 34% failure rate for private water and sewage contracts, compared to 7-3% failure rates when it comes to private energy, telecommunications and transport.

4. Advantages of Water Privatization

Although there are many disadvantages, there are also several reasons in favor of privatizing water services: shrinking public revenue, the cost of capital improvements, and increased investment. First, private corporations are seen as by some as more capable to delivering water service than the government due to the greater funds available to them, and the fact that they do not experience the same pressures a government may be facing. Water, or at least maintaining their privatization contracts will be one of the corporation's main focus and thus they should be motivated to deliver results that a government may not have been able to due to a lack of public revenue – or tax money to create the infrastructure and maintain the quality that is necessary. An example of a country where water privatization has been successful is in England, who privatized it's water services nearly 25 years ago, with complaints having only arisen recently through a campaign claiming that private water corporations have increased pollution in rivers. However a further analysis of the situation will prove that corporations have actually managed to reduce the pollution in rivers.

More importantly however, is the investment that private water corporations bring with them. “Broadly speaking,” writes Richard G. Little, an infrastructure policy consultant from the University of Southern California Price School of Public Policy, “a privatized utility can be expected to charge rates that not only cover costs but also encourage investment [in infrastructure], innovation and technological advancement. With privatized water, there is a new emphasis on fiscal responsibility – and measurable efficiency gains.” This serves to justify some of the exorbitant inflation seen in Bolivia and South Africa, after years of neglect and little investment a corporation takes over water sources, but needs money to update and create infrastructure. Thus, an increase in the consumers water bill in order to provide the quality and efficiency that is inherently provided in the idea of water privatization. Public interests cannot be properly served by keeping prices low for all (including the affluent who can afford the increase in prices). While state owned services may have been able to keep prices low, this comes at the cost of insufficient revenue for routine maintenance and renovation. This investment in infrastructure may also be an appealing option when there are economic water shortages, for any of the reasons described in the climate change section.

Additionally, when water is privatized it becomes a market like any other, and in all markets there is competition. Thus competition becomes a factor affecting the quality of service, and perhaps more importantly the rates corporations will charge. Corporations generally speaking wish to have the widest reach or consumer base, and as consumers tend to take the least expensive deal, corporations will lower their rates in order to

43 Ibid
46 http://online.wsj.com/news/articles/SB10000872396390443816804578002280926253750
become the most appealing option. However when privatization occurs, it is important that it is not a single corporation that takes control of all the water, as Bechtel did in Cochabamba, Bolivia as no competition will be created to provide the most affordable and highest quality water for consumers.

UN Involvement

1. Resolution 64/292

As mentioned on the timeline, on July 28th, 2010 the UN General Assembly recognized the human right to water and sanitation. Specifically, the Resolution calls upon nation-states and appropriate international organizations to provide financial resources, help capacity-building and technology transfers to assist countries, in particular those who are developing to provide safe, clean, accessible, and perhaps most importantly in the face of privatization, affordable drinking water to all.

2. The CEO Water Mandate

Launched in 2007 was the CEO Water Mandate - the United Nation's public-private initiative “designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices.” The Mandate has 6 core principles: Direct Operations; Supply Chain and Watershed Management; Collective Action; Public Policy; Community Engagement; and Transparency. On the CEO Water Mandate it is stated that “The CEO Water Mandate seeks to make a positive impact with respect to the emerging global water crisis by mobilizing a critical mass of business leaders to advance water sustainability solutions – in partnership with the United Nations, civil society organizations, governments, and other stakeholders.”


In this report it was noted that “there is enough water for everyone” and “water insufficiency is often due to mismanagement, corruption, lack of appropriate institutions, bureaucratic inertia and a shortage of investment in both human capacity and physical infrastructure”. These factors are the exact reason for privatization and for the success of private water services. Private corporations bring expertise, establish themselves as an institution, do not deal with governmental corruption, although some may argue that the corporations themselves are corrupt, and bring investment in infrastructure and to communities to create the water services that are successful.

The World Bank works closely with the UN with regards to water. With regards to water, the World Bank “is the largest external source of financing for water projects. In the fiscal year of 2013 (FY13), the World Bank Group committed US $3 billion for the water sector. In the last three years, the World Bank's commitment for water projects totaled US$17 billion, comprising 56% for water supply and sanitation, 16% for hydropower, 15%

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48 Ibid
49 Ibid
50 http://ceowatermandate.org/about/
51 http://thewaterproject.org/water_scarcity_and_privitization
for irrigation and drainage, and 13% for flood protection. In FY13, IFC lent US$214 million for water infrastructure projects.”

Potential Solutions

It is evident that water privatization can help to solve problems, but also has a history of creating social problems when it comes to health, and economic problems when it comes to paying inflated rates. A big question when it comes to dealing with privatized water services is regulation and responsibility - when it comes to rates, dealing with different demographics of people, and the standards of service. Some of the issues and factors that come into play when creating regulations are: ensuring access, demographics such as wealth, uses of water for household purposes versus irrigation, the amount and type of involvement of the government in privatized water services and the fact that multinational private water services which are subject to different laws and standards internationally.

When looking at potential solutions it is important to address previous problems and how the situation could have been handled differently. In both South Africa and Bolivia, water corporations did not set up their models according to the differing demographics they were dealing with, thus creating a negative public opinion around privatization.

Another option that has come to light in recent years is the option of public-public partnerships (PUPs) in water as an alternative to private-public partnerships (PPPs). A PUP is between a government body or other applicable authority and another body such as a non-profit organization to either provide a service or to provide skills and expertise within international development projects. Partners in this can include: other local, regional, state, provincial, first nations or aboriginal governments, national or federal governments, school boards, parks boards, non-governmental organizations, unions, pension funds, professional organizations, and governments, labor, non-governmental organizations and community groups in developing countries. PUPs serve as a way to deal with some of the issues that PPPs address, such as investment and funding to maintain, renovate or create infrastructure.

Bloc Positions

North America / Europe

The privatization movement largely began in Europe, starting in the United Kingdom of Great Britain and Northern Ireland, and continues to be a popular trend in the political realm. The European Commission, the executive branch of the EU has even admitted to promoting water privatization in several states such as Greece and Portugal, both of which rely on the bailout plan, as a condition of continuing to receive aid funds. However this support from the Commission comes in violation of the EU Treaty that clearly states that the EU should be neutral when it comes to water ownership. Furthermore, in the last few years several cities throughout Europe such as Paris, Berlin and Budapest have recently re-municipalized (or de-privatized) their water services.

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53 http://en.wikipedia.org/wiki/Public%E2%80%93public_partnership
54 http://www.neurope.eu/article/commission-favor-water-privatisation-countries-receiving-bailout
55 Ibid
Water services in Canada are considered to be an essential public service and are largely maintained by the government, although they have faced much neglect under the National Water Policy, according to the Council of Canadians.\(^{56}\) It is recognized in Canada that there is a federal push towards allowing the private sector to operate new facilities in the form of PPPs\(^{57}\).

In the 19th century private ownership of water in the United States was quite common although it became integrated into municipal services during the second half of the 19th century. The majority of municipal water services are currently provided by public employees, although there is a shifting interest towards privatization on a municipal level and has been done so in the cities of Atlanta, Detroit, Emmaus (Pennsylvania) and Indianapolis.

Between Canada and the United States there is another issue concerning water, and that is the sharing of interconnected water systems and thus bulk water exports. In the last two years detailed proposals have illustrated the potential for exporting water from Manitoba and Quebec in Canada to the United States - projects that are costly, and pose an environmental threat.\(^{58}\)

South America

Water privatization is widespread in South America, in spite of the events that have historically occurred in Bolivia. Chile is the only country to have entirely privatized its urban water supply and sanitation sector, although corporate control is common throughout most of South and Central America.\(^{59}\) However, as a result of anti-water privatization movements in South America, there have been constitution reforms to prevent water privatization and ensure public control of water resources in Bolivia, Ecuador and Colombia as well as a successful constitutional plebiscite in Uruguay.\(^{60}\)

Asia

In Asia, policies on water privatization and actual work towards privatizing water are somewhat incongruent. The Association of Southeast Asian Nations (ASEAN) states, with the exception of Brunei are all pro-privatization.\(^{61}\) Throughout Asia, the privatization of water is seen as a solution to both physical and economic water shortages, in particular the Chinese government’s strategy is that “the solution to the shortage of fresh water supply is to commercialize and privatize water supply.”\(^{62}\) Large transnational companies such as Suez, Veolia and Thames Water are pouring investments into China, and Asia as a whole.\(^{63}\)

Africa / The Middle East

\(^{56}\)http://www.canadians.org/waterpolicy

\(^{57}\)http://www.polarisinstitute.org/canadas_push_to_privatize_water_services

\(^{58}\)http://www.canadians.org/waterpolicy-info


\(^{60}\)Ibid

\(^{61}\)http://kumlai.free.fr/RESEARCH/THESE/TEXTE/INEQUALITY/Thailande/The%20politics%20privatisation%20in%20the%20Asean.pdf


\(^{63}\)Ibid
Sokar Ekine, a writer for the New Internationalist, has described Africa as being “trapped” in water privatization, and that “The continent’s re-colonization in the form of land grab and privatization is compromising autonomous and sustainable community development. The new colonizers [include] Saudi Arabia, Korea, Kuwait, Japan or corporations - Goldman Sachs and Morgan Stanley…” Privatization is widespread throughout Africa, although it has often resulted in what is seen as exploitation - exorbitant fees yet the water infrastructure that has been promised has not been delivered, and this combined with drought results in undesirable conditions (ibid). Similarly water privatization is growing in prevalence throughout the Middle East, with Saudi Arabia having nationalized it’s privatization of water in 2002.

Discussion Questions

1. What are the economic benefits of water privatization as opposed to water nationalization?
2. How can the international community help regulate privatized corporations - or multi-national ones?
3. Is it ethical to privatize a resource that is so necessary to life?
4. Are corporations or governments more capable and efficient at running water services?
5. What type of influence do major players and pushers for water privatization, such as IMF and the World Bank, use to further the expansion of water privatization?
6. How should domestic demographics alter the focus or model of private water operations?
7. What are the advantages and disadvantages of PuP’s (public-public partnerships)?

Delegate Resources

1. A breakdown of current situation including some historic examples not discussed in the backgrounder: http://www.globalresearch.ca/privatization-of-water-as-an-owned-commodity-rather-than-a-universal-human-right/5378483

2. A basic breakdown of water privatization with for and against arguments: http://www.wisegeek.com/what-is-water-privatization.htm

3. A deeper breakdown of Margaret Thatcher’s privatization policies as Britain de-industrialized and the effects that were felt as a result of privatization: http://www.globalresearch.ca/britains-de-industralization-and-privatization-the-economic-and-social-legacy-of-margaret-thatcher-the-iron-lady/5329683


5. On the World Bank’s obsession with privatizing water: https://www.globalpolicy.org/component/content/article/209/43398.html

6. A discussion of the CEO Water Mandate and the problems that have arisen in conjunction with corporate manipulation: http://www.alternet.org/story/151367/the_un_is_aiding_a_corporate_takeover_of_drinking_water

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64 http://newint.org/blog/majority/2011/06/20/africa-water-privatization/
Works Cited


**Topic B: Protecting Migrant Workers**

**Overview**

A guest or migrant worker program allows a foreign worker to enter a certain country for a specified period of time and fill a specific job. A guest worker program will often be implemented when certain industries, traditionally agriculture or tourism face an increased, often seasonal, demand for laborers and there are not enough citizens or residents willing or available to fill these positions. Thus, these programs allow companies to hire non-citizen's to fill the available positions. Following the term for which the worker has been hired and their visa has expired, the worker must return to his or her country of origin.

A guest worker program can be a useful tool in ensuring that industry demands are met, and have been used in their current form dating back to the mid-20th century. However, these programs are controversial as a result of a continued history of worker abuse and abuse of these programs by employers. ECOSOC works closely with the International Labour Organization and the UN General Assembly to combat the consequences of guest worker programs.

**Historical Analysis**

**The Bracero Program**

Between 1942 and 1964 the United States implemented the Bracero Program to allow Mexican nationals to take temporary agricultural work in the USA. During this time over 4.5 million Mexicans were legally contracted to work in American fields. Poor Mexicans who were desperate for money were willing to take jobs at wages most Americans would not have. The workers who were brought in were also extremely important to ensure industry survival during WWII as there were huge labour shortages. The availability of the Bracero Program had a significant effect on the business of within the United States, although several groups, such as The Fund for the Republic, were concerned about the exploitation of workers contracted under the Bracero program and tried to have it repealed.

The Bracero Program fed the circular migration patterns between the USA and Mexico which continues today. Because the program was poorly run and regulated, workers were often exploited and forced to live in sub-standard conditions. Therefore, many workers decided to leave the program and immerse themselves into urban areas. This migration as a result of the Bracero Program is seen as part of the first-wave of illegal

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2. Ibid
3. [http://amhistory.si.edu/onthemove/themes/story_51_5.html](http://amhistory.si.edu/onthemove/themes/story_51_5.html)
4. Ibid
immigration in the USA, and is considered to have had significant effects on the spreading of Hispanic culture within the USA. 71

Germany’s Recruitment of Foreign Workers

In 1960, Germany opened its doors to foreign workers. Germany’s booming economy required hundreds of thousands of more workers than its population could supply. 72 A number of factors contributed to this, including: a reduction of working hours, low birth rates, as well as the construction of the Berlin Wall later continuing to add to the labour shortage. 73 At the time Germany introduced a Guest Workers program approximately 200,000 Italian workers were already living in Germany. 74

Guest workers were initially recruited exclusively from the Mediterranean countries, however agreements to create Guest Worker Programs were later signed by Germany with Greece, Spain, Turkey, Morocco, Portugal, Tunisia, and Yugoslavia. 75 The jobs that were being recruited for were mainly in the construction, mining, auto and heavy industries. 76 Workers tended to come from less developed and rural regions of their home country, with poverty and unemployment being driving forces to come work in Germany. Workers typically received wages higher than they would have in their countries of origin, and were well compensated thus allowing the workers to live modestly and support their families at home. 77

The agreements or treaties between Germany and the other states focused purely on numbers in the workforce rather than on the process of relocating guest workers or integrating them into German society. 78 This was partially given little thought as the majority of workers, employers, unions and governments saw the migration as temporary. However by the late 1960’s there was a trend towards the subsequent immigration of family members into Germany. 79 Nonetheless, indecisiveness amongst workers as to whether they should stay in Germany despite losing employment opportunities amongst an oil crisis, or to stay in Germany affected migrant workers abilities to become effectively immersed into German society. 80

In the end however, many workers decided to stay with later generations becoming easily integrated into Germany. The German Federal Statistical Office recording that approximately 14 million guest workers and their families have come to Germany since 1955, with migrants as a whole making up nearly 20% of the German population. 81 The growth of Germany’s migrant population is seen as important to Germany’s survival as the population in Germany of Germanic descent is shrinking. 82 The increase in the permanent migrant

71 Ibid
72 http://www.germany.info/Vertretung/usa/en/04__W__t__G/02/03/Feature__3.html
73 Ibid
74 Ibid
75 Ibid
76 Ibid
77 Ibid
78 Ibid
79 Ibid
80 Ibid
81 Ibid
82 Ibid
population has also had what is viewed by many in Germany as a positive political effect, with nationality laws having been reformed in 2000, and an improved immigration act that was adopted in 2005.\textsuperscript{83}

**Problems & Controversies**

**Human Rights Abuses**

There are several predominant cases of the abuse of foreign workers, from the sub-standard living conditions of workers in the Bracero program, to the current controversies in Canada where employees are claiming to have been exploited by their employers.\textsuperscript{84} In some cases, employers have broken contracts when it comes to wages, and hours that employees work, in part that because these are guest workers, and thus, foreigners in the country they are working in, many corporations discriminate against them.\textsuperscript{85} These workers are also less likely to go to authorities to report the abuses made against them as their status is extremely insecure and they could easily be sent home.\textsuperscript{86}

However, another major concept of human rights abuse caused by guest workers is the idea of human trafficking. Human trafficking violations most often occur when workers are coerced into a labour contract, are physically prevented from leaving the premises of their work, their travel documentation and identification is taken away from them by their employer or experience dramatic wage deductions which create an environment of indentured servitude – this is considered by human rights groups to be common practice in the United States.\textsuperscript{87}

A guest worker is essentially bound to a single employer and does not enjoy the fundamental protection of a competitive labour market—which is the ability to change jobs if they are mistreated.\textsuperscript{88} By being bound to an employer and often without access to or likelihood of using legal resources, guest workers are subject to, according to humantrafficking.org: being cheated out of their wages, being forced to mortgage their futures to obtain low-wage and temporary jobs, held captive by employers who seize their documents, force to live in squalid conditions and denied medical benefits for emergency medical care or on-the-job injuries by their employers.\textsuperscript{89} These conditions are often seen as parallel to the old European idea of indentured servitude.\textsuperscript{90}

**Corporate Abuse**

A major controversy arises when corporations are viewed as abusing guest worker programs by employing large amounts of guest workers in regions where there is high unemployment and demand for the jobs that guest

\textsuperscript{83} Ibid
\textsuperscript{84} http://ccrweb.ca/en/migrant-workers
\textsuperscript{85} http://www.immigration.govt.nz/migrant/general/generalinformation/media/essential.htm
\textsuperscript{86} http://fusion.net/justice/story/guest-worker-programs-failed-past-15393
\textsuperscript{87} http://www.farmworkerjustice.org/content/international-labor-rights
\textsuperscript{88} http://www.humantrafficking.org/publications/538
\textsuperscript{89} Ibid
\textsuperscript{90} Ibid
workers are filling, or where guest workers are viewed as being favoured by the corporations by being given more hours or promoted quicker that citizen employees who are more expensive to employ. The use of guest worker programs to fill low-skilled jobs in particular, can anger those who are unemployed, yet many will view these low-skill jobs as beneath them. However, it is essential to recognize that the availability of guest worker programs is useful as it ensures that corporations have the workers they need in order to continue operating effectively. Nevertheless, it is also important to realize that the system typically lacks flexibility as the government does not increase or decrease the number of visas available based on market place changes.  

In a number of countries, including Canada, applications for low-skilled laborers will not be approved should the region suffer high levels of unemployment, as a government typically wishes to lower its rate of unemployment – however corporations are capable of avoiding this restriction by claiming that local workers are unwilling to fill open positions. The incentive for corporations to do this is a result of the fact that they are allowed to pay guest workers lower wages than local workers, and this is often supplemented by the fact that the fee for using guest workers is quite low, in Canada the fee per worker is currently $275.  

Case Study: Canada’s Temporary Foreign Workers Program

The Canadian equivalent of a guest worker program is called the Temporary Foreign Workers Program (TFWP), and is run by the Ministry of Employment and Social Development. The program has very specific restrictions about who can be hired, most prominently is the restriction that disallows low-skill jobs, such as working at a fast-food chain, to be given to a foreign worker should the unemployment rate surpass 6% in any given region. Furthermore the program utilizes a “wage system” that works in conjunction with median wages in each province/territory so as to ensure consistent wages between foreign and domestic workers, and all funding for the program is provided by the corporations, rather than by funneling a portion of taxpayers money into the program.  

Additionally, as a result of a string of high-profile cases of worker and system abuse, the Canadian Federal Government is taking several measures to revise the current system to ensure that corporations are forced to abide by the program’s guidelines. In early 2014, the government created a confidential tip line for the use of workers or other parties to provide government officials with information regarding illegal employment, worker abuse or misrepresentation. This is a useful tool to assist the government in enacting criminal investigations regarding the TFWP. The Canadian government utilizes several legal bodies such as the Ministry of Citizenship and Immigration as well as the Canadian Border Protection Services to deal with these cases.  

As of the fall of 2014, the Ministry of Employment and Social Development has stated the corporations who are

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91 http://fusion.net/justice/story/guest-worker-programs-failed-past-15393
92 http://www.vancouversun.com/business/Guest+editorial+start+fixing+foreign+workers+program/9864355/story.html
93 Ibid
95 Ibid
96 Ibid
97 Ibid
98 Ibid
found within misconduct of the TFWP guidelines can be liable for a fine up to $100,000, a strong deterrent to stay within the parameters of the program.

UN Involvement

The International Labour Organization

The International Labour Organization (ILO) is the United Nations Specialized Agency that is responsible for establishing and overseeing international labour standards. These labour standards are written into conventions. These conventions are binding in states that ratify them. While few states have ratified the ILO's conventions, the majority of states recognize the standards set in ILO conventions and recommendations as general guidelines or a base to build national policies upon.

In 1990 the UN adopted the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. This Convention serves to protect several human rights principles for migrant workers and their families, including: fundamental human rights as outlined in the UNDHR, freedom from employment discrimination, the right to freely associate and collectively bargain, the right to receive emergency medical care, etc. Only 46 countries have ratified this Convention.

In 1998 the ILO found that its previous policies failed to adequately address the changed context of labour migration and its temporary nature. Thus, in 2005 the ILO introduced the ILO Multilateral Framework on Labour Migration: Non Binding Principles and Guidelines for a Rights-Based Approach to Labour Migration. The nonbinding Multilateral Framework “is intended to be a guide in the development, strengthening, implementation and evaluation of national, regional and international labour migration policies and practices for improving the governance, promotion and protection of migrant rights and promoting linkages between migration and development.” The framework incorporates several other ILO conventions, as well as the UN Migrant Workers Convention.

ECOSOC works closely with the ILO and the General Assembly when it comes to migrant workers. For instance, in 2012 ECOSOC recommended the resolution on Promoting efforts to eliminate violence against migrants, migrant workers and their families (A/C.3/67/L.4), which was adopted by the General Assembly in

99 Ibid
100 http://www.loc.gov/law/help/guestworker/internationallabourorganization.php
101 Ibid
102 Ibid
103 Ibid
104 Ibid
105 Ibid
106 Ibid
107 Ibid
108 Ibid
The resolution targets criminal activities that are related to migrant workers, and those which migrant workers are more vulnerable to due to their status, and aims to promote effective law enforcement to eliminate violence against migrant workers and their families.  

Possible Solutions and Controversies

There are many concerns and problems that arise when dealing with immigration, especially immigration that is intended for temporary employment purposes such as security, employee verification, ensure legal immigration, maintaining the temporary nature of guest workers, and how to create an effective guest worker visa.

Policy analyst for the CATO institute, Alex Nowrasteh, has emphasized that, on a practical and economic level creating a guest worker visa program, “should efficiently link foreign workers with…employers and function with a minimum [amount] of government interference. Market forces as well as security, criminal, and health concerns should be factors that determine which workers acquire visas. A successful guest worker visa would also divert most unauthorized immigration into the legal system, shrink the informal economy, be easily enforceable, support economic growth … and narrow the government’s role in immigration.”

Another major concern is that guest worker programs are often easily abused by corporations as they do not incorporate regulations or strategies that assist the government in maintaining what is generally the primary purpose, especially in developed nations, which is to allow for the immigration of skilled and specialized workers – rather than the hiring of fast food restaurant cashiers, as has been controversial recently with Canada’s Temporary Foreign Worker Program.

One strategy to hopefully reduce the ability or likelihood of corporations to cheat the system is to create a financial disincentive. To this end, ideas that are currently circulating with the Canadian Federal Government at the moment include: “implementing a higher wage floor for foreign workers that could theoretically make it to costly for employers such as fast-food restaurants to have easy access to the program, and increasing the fees businesses pay to use the program.”

In Canada, this would look like raising the $275 fee per job application to something similar to the charge in the United States per job application, which reaches up to $2,325. The C.D. Howe Institute, a non-profit policy research organization, commented on the Canadian fee saying that it “is hardly large enough to prove a strong incentive for employers to search for domestic workers to fill job vacancies, it is far lower for example, that the cost of relocating a domestic worker from another province.” By increasing the fee for employer’s to essentially import workers and use a guest worker program, for jobs that unemployed domestic citizens are

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110 Ibid
112http://www.vancouversun.com/business/Guest+editorial+start+fixing+foreign+workers+program/9864355/story.html
113 Ibid
114 Ibid
qualified for, employers will be encouraged to employ domestic citizens as the cost differential between the two actions will be reduced, especially when employers may be needing to recruit domestically from a different area due to new or rapidly increasing demand in a rural or less populated region. Furthermore, these increased fees can often be redistributed throughout guest worker programs and can be used to cover administrative costs, fraud prevention and even provide training or other necessary services for domestic workers where required – thus allowing a government to run the program more effectively.\textsuperscript{115}

Other concerns are often of a social nature dealing with the regulation and the standards by which guest workers should be treated. Several conventions set by the UN and ILO currently exist dealing with these issues, yet only a few countries have ratified them. This has lead to a number of human right's concerns, ranging from inhumane living conditions provided by the employer and even to a growing rate in human trafficking as a result of guest worker. Human trafficking can occur as a result of a guest worker program when there is a disconnect between a “contractor” and an “employer.”\textsuperscript{116} A contractor is sometimes used by an employer to reach out and find guest workers, while the employer is actually responsible for paying the guest worker once they have immigrated. This is the excuse that employers may use when they deny that they are the employer of any of their workers, and are therefore not liable for violations of labour rights, immigration and criminal laws.\textsuperscript{117} Several organizations such as Farmworker Justice have been promoting the idea of “joint employers”\textsuperscript{118} between corporations and contractors to ensure responsibility for the workers well being.

Bloc Positions

North America/Oceania

All of the western countries mentioned above are supporters of guest worker/temporary foreign worker programs. These countries have tiered systems of visas for various levels of skills and education or hard manual labour required for the jobs they have been employed for. In the case of the USA strict yearly limits have been set as to the number of guest workers that can be employed under each type of visa.\textsuperscript{119} Nonetheless, human rights and political controversies have arisen in each of these countries as a result of foreign worker programs.

Europe

“Immigration is a shared competence between the European Union (EU) and its twenty-seven Member States. The EU has enacted legislation in the areas of visas, residence permits, family reunification, and illegal immigration, among others, but EU Member States have the right to determine the number of admissions of third-country nationals in their territory for employment purposes, including temporary workers. The European Commission has adopted a proposal that would establish a fast-track procedure and a single residence/work permit for seasonal workers, including a multi-seasonal permit.”\textsuperscript{120}

\textsuperscript{115} Ibid
\textsuperscript{116} http://www.farmworkerjustice.org/content/international-labor-rights
\textsuperscript{117} Ibid
\textsuperscript{118} Ibid
\textsuperscript{120} http://www.loc.gov/law/help/guestworker/index.php
Russia is also a frequent user of foreign worker programs, and most recently, controversy arose over the treatment of migrant workers by Russian authorities in Sochi. Human rights advocates in Sochi told Human Rights Watch that authorities raided workplaces, homes and public places and then detained hundreds of migrant workers – who appeared to have been targeted due to their non-Slavic appearance. These migrant workers were said to have been held in arbitrary and inhuman detention conditions and denied access to lawyers.

**Latin America / South America**

Nationals from Latin America constitute a large part of the guest worker populations, in particular throughout the USA and Canada, with the majority of the USA's guest workers being of Mexican origin. In South America, Brazil is the primary employer of guest workers, with contracts primarily created between the worker and the company. Brazil does not have a guest worker program for low-skilled workers.

A well known scandal is that of the 2010 massacre of 72 migrant workers in Mexico, from Central and South America who were travelling to the United States and Canada for employment. The migrant workers were kidnapped by an organized crime cartel, and when the migrants resisted smuggling drugs into the USA, they were shot. The National Human Rights Commission estimates that 1,600 migrants are kidnapped in Mexico each month. One commenter from Canada's United Food and Commercial Workers Union commented that “People should not have to put their lives in jeopardy to work in another country. Many of our sisters and brothers across Latin America risk their lives, and in some cases perish, in order to find employment [...]. Rather than offering an environment where their workplace and human rights are respected, our governments further torment them by failing to enact legislation to adequately protect them, and those laws that are in place to protect them are rarely enforced.”

**Africa / Middle East / Asia**

Several states in the Middle East are heavy employers of foreign workers, in the UAE more than 80% of the country’s eight million people in 2010 were foreigners. Young African’s compose a large part of foreign workers in the Middle East, as do South Asians, whereas they had typically migrated to Western Europe. It is estimated that in the UAE alone, there are 40,000 Kenyan guest workers, working primarily in the construction, hotel and travel industries. South Korea and Japan are the predominant employers of guest workers in Asia.

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122 Ibid
123 Ibid
124 Ibid
126 Ibid
127 Ibid
128 Ibid
129 Ibid
Japan does not currently accept low-skill workers, although it has a trainee program for those who are low-skill workers.131

Several major controversies have arisen regarding worker treatment in the Middle East particularly, as the practice becomes more commonplace. For instance, Qatar is notorious for its modern day slavery, which is allowed by the country’s “kafala” sponsorship laws, which link an employee to a single employer who can treat his workforce with impunity,132 total control over workers so no worker will feel able to speak freely to a labour inspector.133 These laws have come back into question following the FIFA “World Cup Slaves” Scandal, wherein several hundred migrant workers died - 500 from India alone, in Qatar building the 2022 FIFA World Cup stadiums while living in squalid, overcrowded accommodation and working 12-hour days in sweltering heat.134 Without reform the International Trade Union Confederation (ITUC) has warned that more that 4,000 workers may die in Qatar before the World Cup.135

Discussion Questions

1. What types of industries are facing an increased demand for workers?
2. What circumstances can lead to workforce depletion within a country, thus creating a need to bring in foreign workers?
3. When is the temporary nature of guest workers beneficial? Should a more permanent nature be more preferable?
4. How does the use of guest workers affect the rest of the working class within a country?
5. What are acceptable standards of treatment for foreign workers? What rights should they and their families have?
6. What role can the international community have in regulating the treatment of workers?
7. How can accountability between contractors and employers be increased?
8. What are “push” and “pull” factors that cause workers to migrate?

Delegate Resources

1. Useful list of Guest Worker Programs in several countries: http://www.loc.gov/law/help/guestworker/index.php

2. A debate as to the pros and cons of Guest Worker Programs, focused in the USA: http://testimmigration.crf-usa.org/index.php/stuff/guest-worker-program/125-2-r-article.html

3. An article on how guest workers fill an important labour gap: http://business.financialpost.com/2013/04/30/the-case-for-foreign-workers-in-canada/

132 http://www.theguardian.com/world/2014/may/14/qatar-reform-labout-laws-outcry-world-cup-slaves
135 Ibid
4. An ECOSOC Publication: “Globalization and Labour Migration”


<http://www.germany.info/Vertretung/usa/en/04__W__t__G/02/03/Feature_3.html>.


<http://www.farmworkerjustice.org/content/international-labor-rights>.


