CHAPTER THREE

3. PRIVATIZATION OF ESSENTIAL SERVICES

3.1. INTRODUCTION

Control over arable land, the seas and rivers, drinking water, oil gas and other natural resources is being gradually taken away from democratically elected powers, through economic liberalisation and privatization.

International agreements and WTO, IMF and World Bank contracts are determining how we deal with natural resources. Transnational corporations and the economic major powers, especially the United States of America (USA), are opposing international rules, which have been made to protect the environment. There is no court of appeal where we can take our complaints about the exploitation, deterioration and destruction of natural resources and genetic diversity.

This research is aimed at advocating that clear steps must be taken quickly in order to reduce commercializing natural resources for profit at the expense of the poorest of the poor who are left without basic social services necessary for their livelihood.

- Clear steps be taken that the industrialized nations reduce greenhouse gas emissions so as to alleviate the dangerous course of climate change. This rigorous and pro- active policy on climate change belongs in the political domain, and that it cannot be left to voluntary initiatives by economic players.

These industrialized nations are determined to stick to economic growth and exploitation, rather than conversion of their industries, energy conservation, or promotion of renewable energies, because setting limits on carbon Dioxide (co2) emissions would curb economic development too much.

International agreements on reducing the ecological consequences of global economic activity are thus failing because of resistance by major industrial nations.

In this context, two facts are particularly disturbing:

- Ecological issues are playing only a secondary role in the current discussions criticizing globalization.
- The environment is becoming the object of negotiations, when it is supposed to be available at the lowest possible price, if not for free. The costs of measurers to protect the environment are not entering into the calculations of corporations.

3.2 DEFINING PRIVATIZATION

The concept "privatization" is rather a broad term to define. Most simply, privatization is the transfer of assets or service delivery from the government to the private sector. Hanke simply defines privatization as "the transfer of assets and service functions from public to private hands" (1987:4).

From the British perspective, "privatization is generally used to mean the formation of a Companies Act and the subsequent sale of at least 50 percent of the shares to private shareholders" (Beesley and Littlechild 1986:35).

The researcher understands privatization as a transfer of ownership and / or control of a company or an industry from the state sector to the market sector of the economy, often by selling government owned assets. Privatization therefore, runs a very broad range, sometimes leaving very little government involvement, or creating partnerships between government and private service providers where the government is still the dominant player.

Privatization is often assumed to entail commercialization and commodification, to the extent that the terms are, at times, used interchangeably. It requires change of ownership or handover of management, from the public to the private sector. Privatization is the accumulation of property and ownership of the right to exclude others from using it (Tanner 2005:34).

Furthermore, the term privatization could be interpreted as the process that involves the participation of private companies in the distribution and maintenance of public services, with the government infrastructure at various levels of agreement and not necessarily controlling the assets. There are ardent supporters and advocates of privatization as the norm and future of the world (Paul: December 1990).

This broader definition of privatization also includes a wide range of public-private partnerships, such as voucher systems. Creation of federal corporations, quasi government organizations and government-sponsored enterprises is also filed under the category of privatization, though it is often difficult to tell where government begins or ends.

Privatization comes in many forms. The government withdrawal from the industry can either be partial or complete. In some instances, privatization covers any action that involves exposing the government to pressures of the commercial market place including privatization of water resource.

This idea of privatizing in order to prevent conflict and preserve "scarce resources" is a key to capitalism, since it also creates the scarce condition to make it competitive. Inequality is a by-product of this process. The market is for those who have purchasing power and not the impoverished.

In South Africa, privatization of state-owned industries is seen as a key plank of its Growth, Employment and Reconstruction Strategy (GEAR). Privatization policy is also seen by governments as one way to promote black economic empowerment (BEE) as Buhlungu and his co-writers put it: "and just as the National Party (NP) used them to promote the development of Afrikaner Capital, so the ANC today view them as key instruments for Black Economic Empowerment (BEE)" (2007:201).

Against this background, state-owned services such as essential services like electricity, water transport, etc, are put into the hands of private investors. The example of the South African's Municipal

Infrastructure Investment Unit (MIIU) is given, where it is “revealed to have set up by Joint United Nations Programme on HIV/AIDS (UNAIDS) through a private consultancy PADCO. This MIIU has always been touted as a Section 21 by the South African government which aimed at helping municipalities find innovative solutions to critical problems regarding the financing and management of essential municipal services such as water supply, sanitation, waste, energy and transport” (Water privatization/water…. 2007/01/12).

Today, water privatization is a big issue in many African countries and other developing countries such as Asia, Latin America, etc. As already indicated in chapter two of this dissertation, investors say privatization brings efficiency, while opponents say it hurts the poor who are left with no say in the matter.

3.3 DIFFERENT METHODS OF PRIVATIZATION

Following are variety of alternative service delivery techniques that are employed to maximize efficiency and increase service quality. Some methods are more appropriate than others depending on the service.

- **Contracting out** (also called “outsourcing”). The government competitively contracts with a private organization, for-profit or non-profit, to provide a service or part of a service.

- **Management contracts.** The operation of a facility is contracted out to a private company. Facilities where the management is frequently contracted out include airports, wastewater plants, arenas and convention centers.

Public-private competition (also called "managed competition", or market testing). When public services are opened up to competition, in-house public organisations are allowed to participate in the bidding process.

- **Franchise.** A private firm is given the exclusive right to provide a service within a certain geographical area.

- **Internal markets.** Departments are allowed to purchase support services such as printing, maintenance, computer repair and training from in-house providers or outside suppliers. In-house providers of support services are required to operate as independent business units competing against outside contractors for departments' business. Under such a system, market forces are brought to bear within an organisation. Internal customers can reject the offerings of internal service providers if they don't like their quality or if they cost too much.

- **Vouchers.** Government pays for the service; however, individuals are given redeemable certificates to purchase the service on the open market. These subsidize the consumer of the service, but services are provided by the private sector. In addition to providing greater freedom of choice, vouchers bring consumer pressure to bear, creating incentives for consumers to shop around for services and for service providers to supply high-quality, low-cost services.

- **Commercialisation** (also known as "service shedding"). Government stops providing a service and lets the private sector assume the function.

- **Self-help** (also referred to as "transfer to non-profit organisation). Community groups and neighborhood organisations take over a service or government asset such as a local park. The new providers of the service are also directly benefiting from the service. Governments are increasingly discovering that by turning some non-core services such as zoos, museums, fairs, remote parks and some recreational programs over to non-profit organisations, they are able to ensure that these institutions don't drain the budget.

- **Volunteers.** Volunteers are used to provide all or part of a government service. Volunteer activities are conducted through a government volunteer program or through a non-profit organisation.

- **Corporatization.** Government organisations are reorganised along business lines. Typically, they are required to pay taxes, raise capital on the market (with no government backing – explicit or implicit), and operate according to commercial principles. Government corporations focus on maximizing profits and achieving a favourable return on investment. They are freed from government procurement, personnel and budget systems.

- **Assets sale or long-term leave**. Government sells or enters into long-term leases for assets such as airports, gas utilities or real estate to private firms, thus turning physical capital into financial capital. In a sale-leaseback arrangement, government sells the asset to a private sector entity and then leases it back. Another asset sale technique is the employee buyout. Existing public managers and employees take the public unit private, typically purchasing the company through an Employee Stock Ownership Plan (ESOP).

- **Private infrastructure development and operation.** The private sector builds, finances and operates public infrastructure such as roads and airports, recovering costs through user charges such as tollgates fees etc. Several techniques are commonly used for privately building and operating infrastructure.

3.4 ARGUMENTS PRO-PRIVATIZATION

Proponents of privatization believe that private market actors can more efficiently deliver any good or service than government can provide. The controlling ethical issue in the pro-privatization perspective is the need for responsible stewardship of tax money.

Privatization proponents' faith in the market is philosophically based in an economic principle of competition: that where there is a profit to be made, competition will inevitably arise, and that competition will inevitably draw prices down while increasing efficiency and quality. By the same principle, privatization proponents feel that government lends itself to waste because it has no competition. A related argument for privatization says that it is preferable to maximize the number of social arenas open to entrepreneurship.

- **Performance**. State-run industries tend to be bureaucratic. A political government may only be motivated to improve a function when its poor performance becomes politically sensitive, and such an improvement is easily reversed by another regime.

  Private utilities are likely to work under greater scrutiny than public systems because of the controversy surrounding privatization. The government is more likely to criticize and act against a private operator than a government corporation.

- **Improvements**. Conversely, the government may put off improvements due to political sensitivity and special interests – even in cases of companies that are run well and better serve their customers' needs.
  A private utility has a greater incentive to reduce losses because lost water means lost profit.
- **Corruption**. A monopolized function is prone to corruption. Decisions are made primarily for political reasons, personal gain of the decision-maker, rather than economic ones.

- **Accountability**. Managers of privately owned companies are accountable to their owners / shareholders and to the consumer, and can only exist and thrive where needs are met.

- **Civil Liberty concerns**. A company controlled by the State may have access to information or assets which may be used against dissidents or any individuals who disagree with their policies.

- **Goals**. A political government tends to run an industry or company for political goals rather than economic ones.

- **Capital**. Privately held companies can more easily raise investment capital in the financial markets, investments decisions are governed by market interest rates. State-owned industries have to compete with demands from other government departments and special interests.

- **Security**. Governments have had the tendency to "bail out" poorly run businesses when, economically, it may be better to let the business fold, often due to the sensitivity of job losses.

- **Lack of market discipline**. Poorly managed state companies are insulated from the same discipline as private companies, which could go bankrupt, have their management removed, or be taken over by competitors.

- **Concentration of wealth**. Ownership of and profits from successful enterprises tend to be dispersed and diversified. The availability of more investment vehicles stimulates to capital markets and promotes job creation.

- **Political influence**. Nationalized industries are prone to interference from politicians for political or populist reasons. Examples include making an industry buy supplies from local producers (when that may be more expensive than buying from abroad), forcing an industry to freeze its prices / fares to satisfy the electorate or control inflation, increasing its staffing to reduce unemployment, or moving its operations to marginal constituencies.

- **Profits**. Private companies make a profit by enticing consumers to buy their products in preference to their competitors'. Private corporations exist to serve exactly the needs of their clients' propensity to pay, which is usually correlated, with how well they serve the needs. Corporations of different sizes may target different market niches in order to focus on marginal groups and satisfy their demand.

The basic economic argument given for privatization is that governments have few incentives to ensure that the enterprises they own are well run. Governments have *de facto* monopoly to raise money by taxation should revenues be insufficient. As governments may borrow money cheaply from the debt markets than private enterprises. They will squeeze out more efficient private companies through this misallocation of resources. The high costs of tax subsidies are not readily seen.

Where governments lacks, it is said that private owners do have a profit motive. The theory holds that, not only will the enterprise's clients see benefits, but as the privatized enterprise becomes more efficient, the whole economy will benefit. Ideally, privatization propels the establishment of social, organisational and legal infrastructures and institutions that are essential for an effective market economy.

Privatising a non-profitable (or sever loss-making) company, which was state-owned, would shift the burden of financing off taxpayers, as well as freeing some national budget resources, which may be subsequently used for something else. Especially, proponents of the laissez-faire capitalism will argue, that it is both unethical and inefficient for the state to force taxpayers to fund the functions or industries that they oppose or do not require.

They also hold that the privatized entity would have to adapt to market forces or be penalised if it fails to adapt to the market reality by offering goods and / or services, which are preferred by the customers. They are therefore, likely to draw upon international experience and know-how than are government utilities.

The main political argument for privatization is that of civil liberties and privacy. A very substantial benefit to share or asset sale privatisations is that bidders compete to offer the state the highest price, creating revenues for the state to redistribute in addition to new tax revenue.

Voucher privatisations, on the other hand, would be a genuine return of the assets into the hands of the general population, and create a real sense of participation and inclusion. Vouchers, like all other private property, could then be sold on if preferred.

3.5 ARGUMENTS AGAINST PRIVATIZATION

In South Africa, privatization has encountered strong resistance from the Congress of South African Trade Unions (COSATU) and e.g., given the failure of GEAR to promote envisaged inflows of foreign capital, job creation and growth, the ANC has moved away from brazenly pro-market policies towards the pursuit of a developmental state (Buhlungu et al 2007:201).

Opponents of privatization believe that certain parts of the social terrain should remain closed to market exploitation in order to protect them from the unpredictability and ruthlessness of the market. These are essential social services such as private prisons, water supply, etc.

The controlling ethical issue in the anti-privatization perspective is the need for responsible stewardship of social support missions. Market interactions are all guided by self-interest, and successful actors in a healthy market must be committed to charging the maximum price that the market will bear.

Privatization opponents believe that this model is not compatible with government missions for social support, whose primary aim is delivering affordability and quality of service to society. In privatization, profit is always put ahead of social and environmental concerns. Opponents would also claim that many of the utilities which government provides benefit society at large and are indirect and difficult to measure. As a result, many functions which government provides, such as defense, have been historically identified as being unproductive and unable to produce a profit. In such functions, the incentives of profits would be negated.

Many privatization opponents also warn against the practice's inherent tendency toward corruption. As many areas, which the government could provide, are essentially profitless, the only way private companies could, to any degree, operate them would be through contracts or block payments. In these cases, the private firm's performance in a particular project would be removed from their performance, and embezzlement and dangerous cost cutting measures might be taken to maximum profits.

Some would also point out that privatising certain functions of government might hamper coordination, and charge firms with specialized and limited capabilities to perform functions, which they are not suited for. In rebuilding a war torn nation's infrastructure, for example, a private firm would, in order to provide security, either have to hire security, which would be both necessarily limited and complicate their functions, or coordinate with government, which, due to a lack of command structure shared between firm and government, might be difficult. A government agency, on the other hand, would have the entire military of a nation to draw upon for security, whose chain of command is clearly defined.

Opponents of privatization dispute the claims concerning the alleged lack of incentive for governments to ensure that the enterprises they own are well run, on the basis of the idea that governments are proxy owners answerable to the people. It is argued that a government which runs nationalized enterprises poorly will lose public support and votes, while government which runs those enterprises well will gain public support and votes. Thus, democratic governments do have an incentive to maximize efficiently in nationalized companies, due to the pressure of future elections.

Furthermore, opponents of privatization argue that it is undesirable to transfer state-owned assets into private hands for the following reasons:

- **Performance**. A democratically elected government is accountable to the people through parliament, and is motivated to safeguarding the assets of the nation. The profit motive may be subordinated to social objectives. It is the government's mandate to deliver social services such as water to the population.

- **Improvements**. The government is motivated to performance improvements as well run businesses that contribute to the state's revenues.

- **Corruption**. Government ministers and civil servants are bound to uphold the highest ethical standards. Standards of probity are guaranteed through codes of conduct and declarations of interest. However, the selling process could lack transparency, allowing the purchaser and civil servants controlling the sale to gain personally.
- **Accountability**. The public does not have any control or oversight of private companies.

- **Civil Liberty concerns**. A democratically elected government is accountable to the people through parliament, and can intervene when civil liberties are threatened.

- **Goals**. The government may seek to use state companies as instruments to further social goals for the benefit of the nation as a whole.

- **Capital**. Governments can raise money in the financial markets most cheaply to re-lend to state-owned enterprises.
- **Lack of market discipline**. Governments have chosen to keep certain companies / industries under public

ownership because of their strategic importance or sensitive nature.

- **Cuts in essential services**. If a government-owned company providing an essential service (such as water supply) to all citizens is privatized, its new owner(s) could lead to the abandoning of the social obligation to those who are less able to pay, or to regions where this service is unprofitable.

- **Lack of transparency.** Privatization policies are frequently introduced on the basis of consultant reports that were intended to remain secret. This practice hinders democratic debates, lead to bad quality reports and bad advice. Flawed assumptions remain unchallenged, inadequate evidence is critically evaluated, incompetent work is not exposed, and alternative policy options are submerged.
- **Natural monopolies**. Privatization will not result in true competition if a natural monopoly exists.

- **Concentration of wealth**. Profits from successful enterprises end up in private, often foreign, hands instead of being available for the common good.

- **Political influence**. Governments may more easily exert pressure on state-owned firms to help implementing government policy.

- **Downsizing**. Private companies often face a conflict between profitability and service levels, and could over-react to short-term events. A state-owned company would have a longer-term view, and be less likely to cut back on maintenance or staff costs, training etc, to stem short-term losses.

- **Profiteering**. Private companies do not have any goal other than to maximize profits. A private company will serve the needs of those who are most willing (and able) to pay, as opposed to the needs of the majority, and are thus anti-democratic.

3.6 PRIVATIZATION OF STATE MONOPOLY

In recent years, many governments, particularly those of developing countries, are privatizing many of the state monopoly. These include transportation, steel, post and telecommunications, electricity and water and sanitation etc. (Vorclies & Grand 1990:145).

The following reasons are cited to be the benefits for government and consumers respectively:

- Increased government revenue and lower taxes.
- Increased economic efficiency
- Widespread share ownership and economic stability.
- Depoliticized managerial decision-making
- Better catering for consumer needs.

The major reasons for the government, both liberal and socialist, that are privatizing services is to raise revenue for the state so that it is able to service debt. It is for this reason that commodities such as electricity, education, Health care, transport, water, etc, which are essential for life are privatized, and becoming subjects to this liberalized economy. Following are four (4) ways the state makes money from privatization:

- **One-off sale**

  Here the state sells the service and collect a one time proceeds which she can use to pay off debt. The stake can alternatively use the proceeds to spend on developmental projects or the proceeds can be used to lower taxes.

- **Reduction of subsidies**

  In some of its service deliveries, the state provides subsidies to its citizens. When the service is privatized and be controlled by private sector, the government does not subsidize a private sector, but collect revenue. In South Africa this certainly occur as a result of privatizing services such as transportation and post and telecommunication.

- **Tax on future profits**

  Supporters of privatization argue that privatization brings about more efficient use of resources and thus promotes economic growth and development.

  This is clearly put by McPherson in one of his articles when he summarizes the development benefit of privatization:

"Many countries have found that state-owned enterprises have failed to generate high rates of growth that are critical to development. Privatization increases the quality of goods and services available in the market while keeping it responsive to consumer needs and demand. Through the free market's allocation of resources, privatization over the long term creates jobs and opportunities for all. Privatization leads to open, competitive economies that produce higher incomes and more permanent jobs. In short, privatization can be the right step at the right time to liberate the economies of developing countries from the slow growth and stagnation that has plagued so many of them for so long" (McPherson 1987:18).

To a certain extent, the researcher agrees with McPherson, but only if such a privatization excludes essential services such as water which should be left affordable to everybody particularly the poor.

Another reason given for water to be treated as an economic good is due to the increase of the ratio of the overall use of the availability of water that increases the effort in terms of human ingenuity and financial outlays. This increase needs the construction of new water infrastructure that requires greater investment for every additional unit of water supply **(reference)**.

The author takes the above reasons into cognisance but still believe that government should come out with strategies to recover the cost from those big companies and the rich who earn huge sums of money, but to exclude the poor who cannot afford.

3.7 WATER NOT AN ECONOMIC ENTITY TO BE PRIVATIZED, BUT TO BE TREATED AS A COMMON GOOD

The world is waking up to the reality of the precious nature of water. Some of the facts about water are startling. In this context the attitude to water has changed. The increase of the ratio of the overall use of the availability of water increases the efforts in terms of human ingenuity and financial outlays. This increase requires the construction of new water infrastructure that requires greater investment for every additional unit of water supply. (Lundqvist et al 1997: 25)

Today, water is seen as an economic entity. This important step in recognizing the economic value was taken in Berlin, Germany. As the statement says:

"Water has an economic value in all its competing uses and should be recognized as an economic good. Within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price. Past failure to recognize the economic value of water has led to wasteful and environmentally damaging use of the resource. Managing water as an economic good is an important way of achieving efficient and equitable use and of encouraging conservation and protection of water resources". (Budds et al 1992:9)

This attitude towards water as an economic entity has led the private sector to cash in on the need for safe drinking water. The community that has the economic potential makes use of this privilege and the low-income category is left to the mercy of governments.

The recent trend of governments to entrust to private companies the responsibility for securing water resources and for distributing water is an issue of great concern. Apart from paying a fee to the government, private companies would earn a huge profit by selling water to the public. There were efforts to enhance the government policy to accommodate this process.

Considering the fact that governments lacked funds and expertise, private companies, which were on the high following the neoliberal market economic boom, jumped in to provide the service, exploiting the "inability" of the public sector infrastructure. This is true of many developing countries. Within a neoliberal setting it is believed that governments should play the role of a facilitator by allowing the market to carry out the social functions. It is too attractive a proposal for governments to refuse.

When it comes to water, the issue becomes rather complicated due to the very attitude of people towards water. It is an essential part of human life. In the words of the World Council of Churches, which probably summarizes the people's view, "Water is a symbol of life. It is a basic condition for all life on Earth and is to be preserved and shared for the benefit of all creatures and the wider creation". (http/www.oikoumene.org/)

Water has a special place in the spiritual life of many world religions. It is an accepted notion that all human beings, irrespective of their economic background, have a right to use water. The UN states that, “The human right to water entitles everyone to sufficient, affordable, physically accessible, safe and acceptable water for personal and domestic uses.” (2002:89)

But with the definition of water as an economic entity, water has shifted from a “human right” to a “commodity” that needs to be bought. It is very obvious that the poor become the victims of this effort to privatize water distribution by the private sector as they cannot afford to pay for and buy it. Although this privatization argument is furthered from the stance that it would enable better efficiency in the preservation and distribution of water, and would serve the poor better, very little evidence comes in support of this. An Indian journalist once described this situation as follows:
“Developing country governments that are under the charmed spell of the pro –privatization World Bank, Asian Development Bank and other multilateral organizations have come around to a consensus that water is a commodity. On the other hand, civil society groups firmly believe that water is a natural resource that belongs equally to all people and should stay a public utility. World Bank sponsored studies indicate that the urban poor already pay five times the municipal rate for water in Abidjan, Cote d’Ivoire, 25 times more in Dhaka, Bangladesh, and 40 times more in Cairo, Egypt” (Ninan 2003, 16 April).

Although the organized private sector does not yet have a monopoly on water, the distribution and sale of “bottled/packaged mineral water" within the context of the lack of a proper drinkable water supply by the municipal system assumes an importance that cannot be ignored. Maude Barlow and Tony Clarke, severely critiquing this process, comment:

"The commodification of water is ethically, environmentally and socially wrong. It insures that decisions regarding the allocation of water would centre 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. Corporations are dependent on increased consumption to generate profits in the use of chemical technology, desalination, marketing and water trading than conservation." (http:/www.thenation.com/docPrint.mhtm?i=20020902&s=Barlow p.5)

This destructive developmental process has to be countered in order to save the earth and the human community, which demands strict measures and policies protecting the natural resources and upholding human rights. It can be achieved only when governments take the responsibility and provide legal frameworks for safeguarding the interests of the whole of creation and not just private individuals and corporations.

The poor are the hardest hit by this process. International experience tells us that they pay more than anyone, since water has become a commodity controlled by multinational companies and soon will no longer be a "natural free source" (http:/www.boell.de/downloads/global/cancun water.pdf.p.9.)

The Bible and many other cultural and religious traditions remind us that water is sacred, a gift of the Creator and the source of life, and not just a resource for human consumption. Justice in relation to water from this perspective requires recognition of its value for all life and not just for us (justice-not just us). Water is a common good, not a commodity.

According to these traditions, water should not be traded or sold because it is essential to life. Everybody, including the poor and the marginalized without money, must have access to a certain amount of water. This is a principle, which is expressed in our call for the right to water as human right. Opponents of privatization feel that because of its vitality, “governments should give water free, or greatly discounted for the poor. Furthermore, they see an inherent contradiction between the idea that water is a fundamental human right and social good and that it could potentially be allocated like any other commodity. Only to those who can afford it (Figueres et al 2003:47).

If water is the common heritage to many religions and cultures, why then do we arrive at a situation where powers, such as a International Monetary Fund (IMF), the World Bank, the World Trade Organisation (WTO), and a number of transnational corporations want to convince us that water is better treated as a commodity up for sale? Do we treat water as a sacred gift of life and public good, or as a resource and commodity?

These preceding points on the significance of water demand an answer in the light of water being privatized. Can there be a theological justification or explanation of this development? What is the rationale behind privatizing the basis and source of life, which sustains and nurtures life, and moreover comes to present God's presence in creation? Ultimately, how do we treat God's gift to humanity? What are the experiences of the early Christians on the issue of private possession? Does privatizing water amount to privatizing God?

Acts 4.32-35 holds the key to the early Christians' understanding of this issue. In very clear terms it is mentioned that they shared everything and had everything in common. Importantly, there was not a needy person in their midst. Ulrich Duchrow interprets that it was not an accident that the early Christians had this practice; it is an outcome of their experience with their master Jesus Christ, who prophetically condemned the attitude of accumulation and insisted on sharing and gaining "abundant life".

They continued it because, through this fellowship of a sharing and caring community, Jesus Christ became alive in their midst. The early Christians represented a community without need, a counter community of sharing. (The Ecumenical Review: October 2002).

Throughout the centuries this idea of a shared common life occupied the heart of the Christian message. In the understanding of the early church fathers, private ownership is rather sinful and the common use of goods manifested the fellowship in Christ, which is God's will for humanity. Joan L. O'Donovan substantiates this: "Within the practice of the church, the original use was more closely approximated. By the communal ownership and distribution of goods throughout the clerical and monastic estates, but was also reflected in the giving away of superfluous property to the poor by all estates of the church. As much as the fathers, the medieval viewed the private amassing of wealth, retained and preserved by property right for exclusive use, as a violation of the divine owner's indentation that the earth's abundance be shared in charity and distributed justly for the sustenance of all, love and justice being bound together. They concurred in their predecessors' indictment of avaricious accumulation as "robbery" of the needy, taking from the poor what belongs to them by divine and natural right. (2004:104 -105)

Property and economic exchange, human industry and market trade have to be fairly and righteously dealt with, Luther claimed. It is important to pick up these treads from Christian theological history i.e. that there is no Christian justification for privatization or claim for exclusive use of resources; rather we are expected to share and live in a community. Exclusive ownership and accumulation are even considered to be against God's will. (2004:117)

Common good is the norm, since Christian theology makes it very clear that we do not own anything but God, and all the earth's resources need to be justly shared among all in other words; this is the Christian ethical basis. Furthering Calvin's idea of our resources as God's gift and we as stewards, Kathrynt Tanner says that there should be a non-commodity exchange, putting the emphasis on giving rather than accumulating. One partakes in the community not for personal reasons but to be part of a selfsustaining society, which stands in opposition to the commodity contract of capitalist transaction.

This ushers in the idea of common sharing and possession as against private accumulation. It is not the individual but the community that is at the heart of God's gift. The necessity of non-competitive relations is crucial in sustaining this community, self-sharing for the good of others (2005:48 -85). In other words, the significance of the ethic of common good and stewardship, since ownership is defined in the light of love for the neighbour, an essential "mandate for Christian" because it is the necessity of all of us to promote justice and protect the common good by working together with neighbourly love. (Martin – Schramm et al 2003:178).

In the light of the foregoing discussion, the WCC statement makes a clear point on the issue of privatization of water system that:
"The centrality of water to life, and the experience of water as a gift are two sources of the affirmation of water as a basic human right. Just as the biblical jubilee declared that land belonged, in the final analysis, to God and not to any particular individual, so water should be part of the global commons and a social good. To treat water as a gift of God and human right implies that clean fresh water should be available to meet the basic needs of all living beings, rather than be treated as a private commodity to be bought and sold" (WCC. Consultation at mission 21, Basle 9 – 13 May 2005).

We can conclude that any privatization that excludes and denies the rightful use of resources is against God's will and more so with the water which God uses to create, nurture, sustain and heal the whole of creation. The multinational companies that are trying to privatize life itself, thereby excluding and denying to a large section of humanity their right to livelihood through the unjust structures of society. This process requires serious consideration within the ecclesial community.

Our position in the present debates depends on our response to this question, but one thing certain is that "considering water as an economic good leads to the commodification of the world's water supply. Driven by economic globalization, that will lead us to greater inequities and to water that flows only to the highest bidder (2003:47).

Lake Geneva in Switzerland is home to two leading companies in the marketing of bottled water: Nestle in Vevey on one side of the lake, and Evian on the opposite side in France. One would not be surprised to find either Nestle or Evian water on the table when dining in Switzerland. There might be other alternatives – probably not same quality water in big jugs, although it is of the same quality or even better than bottled water, since tap water comes from wells which bottled water might have been stored for many weeks. We may also use other bottled water sold by local outlets.

Water, which used to be a common good, has become a commodity – not only bottled table water, but also tap water, consumed daily by families and factories. The water market is worth billions and billions of dollars worldwide, and continues to grow. While several companies compete for market shares in bottled water, companies from the United States of America and

Europe fight for control over supplies and distribution in other countries of the world. One would be surprised to see, for example, the activities of the German (RWE), which bought the British Thames Water Utilities, a number of US waterworks, and also tried to monopolize water sources in India.

These companies seek help from the IMF and the World Bank, which suggest privatization of water system supplies and distribution as a condition for availing their loans. A review of IMF policies in forty countries found that during 2000, IMF loan agreements in twelve countries included conditions imposing water privatization or full-cost recovery. When the IMF presses for privatization of water system it is difficult for countries from the global south to withstand the pressure.

In addition, compliance with IMF conditions is frequently a pre-requisite for access to other international creditors and investors, including the World Bank. Powerful countries are pushing for liberalization, deregulation, and privatization of public services, such as education, health, and water. All these efforts are meant to create a very profitable new world market for water.

It is the author’s view that commodification of water is ethically, environmentally and socially wrong, as it ensures that decisions regarding the allocation of water could centre on the commercial, not social or environmental justice consideration.

Privatization of water system means that the management of water resources is based on principles of scarcity and profit maximization rather than long-term sustainability. Corporations are dependent on increased consumption to generate profit and are much more likely to invest in the use of chemical technology, desalination, marketing and water trading than in conservation.

The author believes that for all time water must be understood to be a common property for all. In a world where everything is being privatized, citizens must establish clear perimeters around those areas that are sacred to life and necessary for the survival of the planet.

3.8 FREE WATER FEASIBLE FOR POOR COMMUNITIES IN SOUTH AFRICA

It is the author's view as Ronnie Kasrils, the then South Africa's Water and Forestry Minister once said that in South Africa, it is feasible to give free water to poor communities:

According to a report by the South African Press Association:

"A government committee has found that it would be feasible to provide water free of charge to poor communities, Water and Forestry Minister Ronnie Kasrils said on Friday *(October 2000)*. Kasrils said in a statement that the inter-ministerial group, comprising himself and the ministers of finance and provincial and local government was formed to investigate the provision of free basic water to the poor. A study by the committee found it would be "feasible and viable" to provide free water once schemes were established. Funding for free water would come from local government and by recovering costs from those who could pay. In many areas, particularly rural districts, the poor do not pay at present for water. "The problem is that when we try to implement cost recovery, many of the poor cannot pay." Kasrils said health problems, such as the current cholera outbreak in KwaZulu-Natal, arose when the poor excluded from water supplies. He said his visits to rural areas had highlighted the fact that many people were so desperately poor that they could not afford what might seem to ordinary people a very small price for water. He said rural women complained that should they have to pay a R10 per month for water, their families would have less to eat. They therefore chose to buy food instead and took their chances in searching for river or ground water, he said. "It is our moral duty to make a basic amount of safe water available to all South Africans, or at least to those who cannot afford to pay for it." Kasrils said the cholera outbreak in KwaZulu-Natal would not have happened if all South Africans had access to safe drinking water." (South African Press Association: 13th October 2000).

As the minister cited above, it is the researcher's view that in South Africa, with the right allocation of the country's resources, water can be supplied without the poor having to struggle to pay. The researcher will here give examples of how this can be done:

3.8.1 REGULATION OF CIVIL SERVANTS' SALARIES

Salaries of some of our civil servants including those of politicians, judiciary and the presidency are rather too high (Sunday Times: 17 June 2007). Given a fair distribution of this resource, part of this money can be used to subsidize the poor to get water free of charge. This can also reduce income inequality whereby the gap between the rich and the poor, which seem to be growing by the day can be reduced.

3.8.2 REDUCTION OF PROVINCIAL GOVERNMENTS

South Africa has nine provinces which administration is very costly to maintain. It is the researcher's view that these provinces be reduced by three (3), a lot of resources can be used to service essential services like water, and that way those who cannot afford (the poor) be subsidized.

3.8.3 REGULATION OF THE CHILD SUPPORT GRANT

The idea behind this grant is very good if granted to responsible citizens. This grant is however, abused to the extent that by this grant, the government ends up using a lot of resources where the young girls compete on how much grant they get per month, depending on the number of children. It is the researcher's view that if not properly managed, this grant encourages our young girls to give birth to children whom they will not afford to look after, adding to the number of those living in abject poverty in the country.

The researcher would suggest that the granting of this grant be regulated which will bring the expenditure down so that the rest of the money be used to provide essential services where the poor will be subsidized. Given free water people are able to start agricultural projects and grow food for themselves.

3.8.4 RDP HOUSES NOT NEEDED AT SOME AREAS

The idea of RDP houses is a good one at some other areas such as urban areas where housing is a problem, e.g. Gauteng, Cape Town, Durban and those areas where people live in shacks at the informal settlements. Housing is however not a problem in some rural areas, where people live in their traditional houses.

The author has experienced a situation where RDP houses are built as a village about six (6) kilometres away from the local village. Young unemployed boys and girls apply to stay in these houses. In order to survive, they turn into prostitution and criminals in order to get money for their survival. This, of course, results in the spread of HIV infection and death, leaving a lot of orphans who need care, food, clothing, health care and education.

It is the author's view that before these houses are built, a study be conducted so as to establish such a need. If not, the resource can be used to supply free essential services such as water to the poor.

3.9 PRELIMINARY CONCLUSION

The strongest theological critique of privatization particularly that of water is that it undermines the very nature of community and the place of God in it. As observed in this dissertation, privatization of water system breaks the bond of community and creates inequality through accumulation and exclusion, with the result that some have access to good drinking water and some have not.

In a Christian sense, “Community” is essentially sharing the resources and caring for one another. The church as a community of **faithful** should practice reciprocal commitment by ensuring the wellbeing of all the members.

Church members should not be committed to the church as an institution or organization, but that the church should also show its commitment for the betterment and wellbeing of its members, the community among whom it lives including caring of the environment.

This is the fundamental difference between privatization and the communitarian aspect. The church should promote a non-commodity exchange community, based on a sharing and caring principle, reflecting the economy of God’s grace.

Water is the basic source of life. It needs to be considered not in terms of its economic capabilities and potential, but as a necessity for human sustenance, hence the importance to its distribution to all, irrespective of their ability to pay for it.

Generally, privatization of water system can be summarized as having the following effects:

1. The price of privatized water involves the cost of purification, up gradation and distribution, which is unaffordable by the poor.

2. Unsustainable and uncontrolled water mining, with profit as the only motive, leads to an alarming fall in the ground water level, which is the primary source of fresh water.

3. Privatization of water system leads to the formation of water monopolies thereby eliminating public control over this resource.

4. In the absence of the legal implementation of quality control, individuals and companies driven by profit compromise on water quality, thereby causing a serious threat to public health.

5. In order to feed the growing urban need for water, villagers are robbed of their remaining water resources, driving them to abandon their villages and move to urban centers.

6. It is true that government agencies fail miserably due to deep-seated corruption and lack of transparency in their transactions, thus causing private companies to flourish. It is the poor who become the victims and are therefore excluded and driven to the edge of despair and death,

which is a gross violation of human rights. (http:/www.cceia.org/view media.php/prm template ID/5/prmid/850).

Maude Barlow summarizes this by saying: “Leaving water in the hands of private companies which are driven by commercial concerns and are not accountable to anyone is socially and environmentally immoral.” (http://www.cceeia.org/viewMedia.php/prmTemplateID/5/prm/ID/830)

In conclusion, private sector participation in the provision of water services is an issue that has and is still creating controversy. It is seen to be having negative consequences in terms of water distribution for the poor, who are unable to pay for adequate supply, as a result it yields poverty that impoverish the poor even more.

The next chapter will therefore, focus on the issue of privatization of water system in relation to poverty.