

The Commercialization of Common Pool Resources

Wednesday Room 4 – Globalization Land Rights 10:15am – 11:45am

In August 2008 *Scientific American* featured a six-point plan to avert the global water crisis and it was accompanied by the following headline on the front page: ‘Running out of Water’. In April 2010 *National Geographic* ran a special issue titled ‘Water Our Thirsty World’, which included several detailed maps of the world’s shrinking fresh water reserves. This was followed by a series of articles in the *New York Times* from September through to November 2010 that focused on India’s struggle for potable water. All commentators shared the following theme: As glaciers continue to retreat and lose mass, deserts expand, rivers run dry, meat consumption increases, and the global population grows, the existential conundrum of the 21st Century will sadly be: *To be, or not to be thirsty!*

In 2006, severe water shortages throughout wildlife reserves and parks in Rajasthan, India resulted in the deaths of monkeys, chinkaras and cheetal deer. And after channeling water over 1,500 miles for the past six million years the Colorado River is gradually drying up; now it sometimes no longer reaches the ocean. Groundwater withdrawal, polluted waterways, and water projects such as dams are contributing factors to species extinction and biodiversity loss.¹ Not to mention, that by 2025 the United Nations predicts two in three people will be living in conditions of water stress, and 1.8 billion people will be living in regions of absolute water scarcity.²

Thirst affects existence; it impacts what a body can do. Approximately one in eight people lack access to safe drinking water and 3.5 million people die annually from water related diseases.³ Our bodies consist of anywhere between 55 percent and 78 percent

¹ IUCN (International Union for Conservation of Nature), *Wildlife in a Changing World – an analysis of the 2008 IUCN Red List of Threatened Species*. <http://data.iucn.org/dbtw-wpd/edocs/RL-2009-001.pdf>.

² United Nations Environment Programme, *Global Environmental Outlook 4: Environment for Development* (Malta: UNEP, 2007).

³ *Water.org*, <http://water.org/learn-about-the-water-crisis/facts/>. Accessed December 7, 2010.

water. We need it to quench our thirst, for basic sanitation, for energy, to cook, and grow food along with other crops (such as cotton). A single person needs approximately 20 to 50 liters of clean freshwater to meet their basic survival needs (drinking, cooking, and cleaning).⁴ Therefore, with the current world population nearing 7 billion people and projections for population growth to peak at 9.22 billion in 2075, it is not surprising that freshwater shortages are projected to dramatically worsen.⁵ Thus, creating systems through which people can access clean freshwater will be one of the defining humanitarian issues of this Century and models of water governance vary: decreasing water wastage by increasing the cost of water; more state regulation of water supplies; and/or encouraging local communities to develop their own institutions of water governance.

Unsurprisingly, the water crisis is capturing the attention of social activists, journalists, and politicians. And it is being billed as a problem of far greater magnitude than the looming oil crisis. The reason is almost too obvious to state: A person might be able to live without food for several weeks but they cannot survive without water for more than a few days. As a result, there is a lively discussion over how to most effectively avert the crisis by restructuring systems of water management. This has spurred on a blossoming water market that has facilitated the privatization of water infrastructure, resources and technologies.

Private Governance

The argument used in support of privatizing water governance goes as follows: First: as the global population increases potable water supplies will be placed under more stress. Second: water supplies are stressed because the real 'value' of water is not reflected by the cost. Third: Accurately pricing the cost of water would provide consumers with an

⁴ UN Water, 'Statistics, Graphs, and Maps'. <http://www.unwater.org/statistics.html>, Accessed on September 1, 2010.

⁵ It is predicted that the peak in population will be followed by a slight decline that sees the global population level off at 8.97 billion by 2300. See *World Population to 2300*. United Nations Department of Economic and Social Affairs/Population Division. <http://www.un.org/esa/population/publications/longrange2/WorldPop2300final.pdf>. Accessed May 4, 2010.

incentive to use scarce water resources more efficiently and sparingly. Hence, the old model of water governance – the management of water resources and services by the government, regional officials, and/or local groups – needs to be replaced with a new model that better reflects water as an economic value and good. According to this line of argument the quality, reliability of service, and quantity of supplies will only improve if water governance is tied to the logic of the global free market. Namely, as a valuable *commodity* water needs to be privatized. Privatization is ‘an umbrella term that includes selling assets to a private company, tendering a water concession to a private company, or awarding management contracts to a private company’ and it is one that has won international support.⁶

What is especially disturbing is how the World Bank has financed water reform policies the world over. With the purported aim of promoting the sustainable and efficient management of a country’s water resources the lending policies of the World Bank have in fact supported the mass privatization of water. The World Bank required approximately one third (at least 84) of the 276 water supply loans that it granted between 1990 and 2002 to agree to some form of privatization of its water resources as a condition of the loan.⁷ The report concluded that ‘privatization has been an increasingly important aspect of bank loan conditions.’⁸ Today, approximately 70 percent of global privatized water is owned by two French transnational water companies: Veolia and Suez.

Public Governance

Leftwing theorists have understandably responded forcefully to the neoliberalization of the world’s water advocating in favor of the visible hand of the state and/or local

⁶ ‘Promoting Privatization’, The Center for Public Integrity, International Consortium of Investigative Journalists. <http://projects.publicintegrity.org/water/report.aspx?aid=45>. Available May 10, 2010.

⁷ ‘Promoting Privatization’, The Center for Public Integrity, International Consortium of Investigative Journalists. <http://projects.publicintegrity.org/water/report.aspx?aid=45>. Available May 10, 2010.

⁸ ‘Promoting Privatization’, The Center for Public Integrity, International Consortium of Investigative Journalists. <http://projects.publicintegrity.org/water/report.aspx?aid=45>. Available May 10, 2010.

communities to govern the water commons. They argue since water is a basic need for life it ought not depend upon one's ability to pay and it should therefore remain under public control. This position is however, divided over how best to realize the goal of public water governance. One camp favors a model of vertical governance, and this is the old model whereby regional and national governments regulate, manage, and control water services and supplies (Venezuela's President Hugo Chávez and Bolivia's President Juan Evo Morales). However, there is a growing sense of dissatisfaction over the complicity between the state and private sector along with a lack of confidence in the government to adequately maintain public water infrastructures and equitably supply all corners of the population with potable water. This has recently resulted in a wave of theory in support of a horizontal approach (Antonio Negri and Michael Hardt, and Elinor Ostrom) to the governance of the commons.

The horizontal approach of public water governance favors local self-organizing systems of management and it is one that political scientist Elinor Ostrom has researched extensively.⁹ What is especially innovative about her work is the tripartite structure of her method. In her collaborative work with Blomquist, Ostrom returned to the California West Basin groundwater reserves where she had previously studied the role of local groups managing the water basin for her 1965 doctoral dissertation.¹⁰ Together they assessed whether or not the partnership between non-governmental and governmental groups had effectively managed the water basin.¹¹ Their findings point to the importance of locally generated institutional arrangements that emerge out of informed open communication between common pool resource users.

With Roy Gardner and James Walker, Ostrom went on to develop a series of baseline common-pool resource (CPR) experiments. These experiments set out to examine some

⁹ T. R., Lewis and J. Cowens. *Cooperation in the Commons: an application of repetitious rivalry* (Vancouver: University of British Columbia, 1983).

¹⁰ Elinor Ostrom. *Public entrepreneurship: a case study in ground water basin management*. UCLA.

¹¹ W. Blomquist and Elinor Ostrom. 'Institutional capacity and the resolution of a commons dilemma', *Policy Studies Journal*, 5 (2), 383-393.

of the hurdles CPR users encounter when trying to achieve outcomes they share in common.¹² To clarify, CPRs are ‘natural or man-made resources whose yield is subtractable and the exclusion from which is nontrivial (but not necessarily impossible).’¹³ Their experiment allowed subjects to earn money by either appropriating the CPR or engaging in private activities.

The commons dilemma arises from the individual and social costs associated with the rational choices individuals make. It is also premised upon the notion that CPRs are both an economic good and carry an economic value. For, whilst the pay-offs from appropriation might initially be high, these decrease as other users appropriate the resource; eventually the pay-off is less than that from private activities that produce a steady but marginal return. Ostrom et al. found that the more individuals could communicate the more beneficial the results were in overcoming the social dilemma. Subsequent experiments on punishment demonstrated that punishing free riders, regardless of costs (individuals were willing to bear the costs of punishing free-riders if it was an effective tool of deterrence) successfully lowered negative CPR appropriation rates. The best outcomes involved both communication and punishment.¹⁴

Ostrom’s observations and experiments around collective-action problems provide an intriguing look at how people work together to change their environment for the benefit of the majority. Through her studies of real world problems and how individuals overcome these collaboratively, she provides us with a useful revision of vertical modes of governance that typify state, national, and international policy. Nevertheless, the self-management model overlooks transnational and supra-local power relations and the way

¹² Elinor Ostrom, James Walker, and Roy Gardner. *Rules, Games and Common-pool Resources* (Ann Arbor: University of Michigan Press, 1994).

¹³ Elinor Ostrom, James Walker, and Roy Gardner, ‘Covenants With and Without a Sword: Self-Governance is Possible’, *American Political Science Review*, Vol. 86, No. 2 (June 1992): 404-417.

¹⁴ More recently, Ostrom has been studying the role of trust in endogenous institutional arrangements and in particular those that assign property rights. J. Cox, Elinor Ostrom, J. Walker, J. Castillo, E. Coleman, R. Holahan, M. Schoon and B. Steed. ‘Trust in private and common property experiments’, *Southern Economic Journal*, 75 (4): 957-975.

in which these structure the commons and its products. For example, the CPR model does not account for the amount of dependency any given community might have on the water resources of another community, region, or country, namely the water embedded in the products they consume (virtual water). This could be because Ostrom's theory does not critically evaluate how much local actors rely upon foreign water resources in their daily products and energy needs and the water footprint imbalances this produces. Namely: importing water-intensive products and exporting less water intensive products.¹⁵

Ostrom's analysis and experiments focus on what motivates individual CPR users and in particular the importance of endogenous institutions. As such, neither the geopolitics of water resources and services are tackled (the global dynamics of power are artificially kept separate from the local), nor the liberal notion of the independent free choosing subject. A blind spot emerges in the logic here because on the one hand Ostrom strongly advocates for the local, a position usually articulated in alignment with the specificities of place and/or region. Yet she invokes a universal category – the rational subject – that is anterior to spatio-temporal configurations informing local subjectivity. The blind spot carries serious political consequences; by stripping local subjects of the very conditions that orient and locate them in a specific context is a neoliberal ideological strategy.

Ostrom's appropriators of common pool resources are considered in isolation to the local attachments and histories that produce and motivate her subjects. This gives all the more power and credibility to the invisible hand of the free market to extend its influence. It is only by virtue of the local, as informed by the forces and energies that make up the global, and their overlapping histories that allow the local to articulate its specificity. Granted this process of articulation is not easily subsumed into a model of identity politics, it is important we recognize that although specificity is distinct from the global

¹⁵ 'The nations with the largest net water loss are the USA (92 Gm³/yr), Australia (57 Gm³/yr), Argentina (47 Gm³/yr), Canada (43 Gm³/yr), Brazil (36 Gm³/yr) and Thailand (26 Gm³/yr) ... The main products behind the national water loss from the USA are oil-bearing crops and cereal crops.' See A.K. Champagain, A.Y. Hoekstra, and H.G. Savenije. 'Water Saving through international trade of agricultural products'. *Hydrology and Earth System Sciences*, Vol. 10 (2006): 455-468. (quote on 460). http://www.waterfootprint.org/Reports/Chapagain_et_al_2006.pdf

whole, it is nonetheless informed by it.

In this light, Ostrom's focus on the free autonomous individual is an act of political erasure. For it removes the dynamic interaction of global and local forces and energies that condition subjects and complicates places, from the picture. So whilst the controlled environment of the lab experiment is an 'ideal' experimental CPR situation, devoid of the material exigencies that inform real life situations, it fails to recognize that the material forces that constitute and organize subjects and places position those subjects differently within the local setting and the larger national and transnational community.

Transversal Governance

Greater clarity is needed over the way in which asymmetries of power facilitate and are the effect of the institutionalization of neoliberal economic principles shaping the global water market. As Marx well knew, social relations (intersections of class, race, gender, and sexuality), nature, technology, reproduction, mental frameworks, and modes of governance and organization are distinct all the while being dialectically implicated in each other. The horizontal governance model of the commons needs to be fine-tuned with a vertical system of governance that recognizes the borders framing local/regional/national landscapes along with the transnational flows of power and privilege that define the geopolitical arena. We need to cast a critical eye over the institutionalized systems of oppression and hierarchy that obscure the visibility of some individuals, communities, species, and or ecological systems from consideration. That is we need to be mindful of how the intersection of labor, power and capital impedes the visibility and ethical considerability of marginalized groups: poor, women, other than human species.

On their own, privatization, vertical, or horizontal governance models do not adequately engage with the asymmetries of power shaping the social field. Social arrangements, regardless of operating at a more intimate and 'local' scale, do not work equally for

everyone.¹⁶ For instance, although Cochambaba's water was returned to the people after the protracted water wars, longstanding class differentiations and a culture of political corruption meant poor residents still struggled for reliable and safe access to potable water. In addition to issues of class there are also endemic gender biases that inform the water debate the world over. Water is not gender neutral, especially in low and middle-income countries. Accessing water for subsistence agriculture, basic health and sanitation needs, along with meeting domestic consumption needs is primarily the role of poor women in these regions.

In many parts of the world, water collection is women's work. When women are not included in the management of water projects and/or programs their water rights and privileges are often not met. When water supplies are scarce it is women who spend more time in the day traveling to water sources, girls are removed from school to assist in the collection of water, and less time can be spent on subsistence agriculture, which can simply reinforce the acute asymmetries of poverty that disadvantage women. A case in point would be the Macina Wells project in Mali. It failed because the notion of a community managed well was blind to differences in gender. Management of the wells was allocated to the men, and yet it was women who were responsible for collecting water. The failure to consult women both in the planning and management of the well resulted in equipment the women found impractical to use and they eventually removed it; not to mention the men failed in their management duties because water and sanitation was regarded as women's business.¹⁷

Whilst individual interests and choices, along with equitable modes of governing the

¹⁶ At the end of *Governing the Commons*, she briefly recognizes that the majority of her book has not 'addressed the individual differences that exist among individuals involved in an institutional-choice situation.'¹⁶ She admits: 'Benefits and costs have to be discovered and weighed by individuals using human judgment in highly uncertain and complex situations that are made even more complex to the extent that others behave strategically.' Ostrom, *Governing the Commons*, 210.

¹⁷ Green C and Baden S, 'Gender Issues in Water and Sanitation Projects in Mali', Briefing commissioned by the Japanese International Cooperation Agency (Sussex: IDS, Bridge, 1994).

water commons are important, equitable access to potable water involves a larger problem of ecological organization. What is needed is a dramatic change in how we relate to one another, our environment, other species, and our past, all with a view to forming alliances across generations, species, and communities. This prompts us to think about how the water crisis might generate solidarity amongst individuals and across communities. This problem is not just institutional, it also has to do with the particular attachments people have to a place, the histories they share in common, and how these histories shape and are shaped by the places in which they live. Moreover, the question of how solidarities are affected and in turn affect the places in which they live might elucidate future political trajectories.

Water is a common good. Unlike oil resources, in many situations freshwater cannot be substituted for another resource. As water is the basis for all life on earth, access cannot be contingent upon the ability to pay. To provide what might seem like a ludicrous example but one that I think brings the issue into focus: The water company is going to be hard pressed to figure out how it will bill the local bird population for drinking from its water supply! More importantly though, the birds are going to be hard pressed to access the water they need when surface water sources run dry or are enclosed through privatization.