

Review of: "The Failure of Public Water Utility Privatization From Araral's Perspective: Implications for Ethiopia's Water Sector"

Ahmed Hakro

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Although without methodological rigor, a well-written article reviewing the literature on privatization-related fiscal efficiency gains arguments. The descriptive nature article offers an interesting and extensive critical review of whether or not privatization is possible from the aspect of fiscal and efficiency points of view. The author confronted the liberal conventional view that reducing the role of the government in public utilities will increase efficiency and fiscal gains. The critical literature suggests counterevidence against the premises. The provision of the essential water utility is a public good and its provision should be free of cost or at marginal cost and the exclusion of any individual should be close to zero, from a critical point of view its access and equity are more critical issues than fiscal or efficiency issues, The privatization process in different countries varies in its provision of public good, and privatization goals are dubious, the author is right. The privatization of public provision of essential utilities or entities should not be under the control of the private sector or corporations. Privatization generally increases control, focuses on profit maximization, and increases the prices, and returns for corporations at the cost of the basic needs of the poor. Professor Araral has rightly pointed out that water sector privatization is less likely to reduce the burden on the government investment and neither the private funding ever increased the water provision standards. Efficiency claims are even dubious therefore privatization of water utilities is against the very argument of being a public good and privatization is a failure in its essence.