

# 5 WATER SUPPLY AND SANITATION BETWEEN DEREGULATION, PPPS AND RE-MUNICIPALISATION

## 5.1 Origins of modern water supply and sanitation

In terms of network infrastructure, modern water supply and sanitation first emerged in the 19<sup>th</sup> century in the context of the Industrial Revolution and urbanisation (Juuti and Katko, 2005; Barraqué, 2010). **The beginnings of this new era were marked by private initiatives but they were soon confronted with systemic barriers** (Ambrosius, 1984; Juuti and Katko, 2005; Barraqué and Kraemer, 2014). Telling evidence of these difficulties can be found in the slow expansion rates in France where, after half a century of concessions treaties in towns with a total population of 4.5 million, only around 130,000 people were connected – just 3 % of the population which could be supplied with water (Goubert, 1986). The United Kingdom's experience of expansion followed a similar path (Hassan, 1985).

In light of this, **European municipalities and towns increasingly assumed responsibility for network expansion and operation** and extended the water supply and sanitation system continuously (Juuti and Katko, 2005). One significant driving force of this movement towards municipalisation was the **shift in the status of water from a private commodity to a public good** which should be supplied as quickly and comprehensively as possible, particularly for reasons of public health (Pezon, 2011). Additionally, fire protection and the interests of the emerging industrial class presented another driving force for the expansion of infrastructures in many cities in Europe and North America, pushing towards the development of modern water infrastructures (Hassan, 1985; Tarr and Dupuy, 1988; Hallström, 2002). One key economic factor for the municipalities was the possibility of ensuring access to “cheap” capital for systematic expansion (Barraqué, 2010; Maver, 2000).

In light of this municipalisation, the water supply and sanitation systems for the cities of Europe and the USA were almost all publicly and municipally owned at the beginning of the 20<sup>th</sup> century (Ambrosius, 1984; Hassan, 1985; Juuti and Katko, 2005; Melosi, 2000; Pezon, 2002; Tarr and Dupuy, 1988; Saraiva et al., 2014). To varying extents and degrees, the cities offered services that had previously been deemed entirely private responsibilities. This “**municipalism**” – sometimes referred to pejoratively as “municipal socialism” by its opponents – encompassed policies that formed the **core of the modern welfare state** (Wollmann, 2014). For opponents, however, the intervention of local government constituted a threat to liberal, capitalist society (Rawson, 2004). The actual characteristics of this political movement depended on institutional frameworks and as a result, the scope of municipal intervention ranged from pure fiscalism to measures that clearly stemmed from socialist theories (Kühl, 2001; Hassan, 1985; Barraqué, 1992; Ambrosius, 1984; Bönker et al., 2016).

The municipal level remained crucial even after the many radical upheavals of both World Wars. This was joined by the central government level with the **expansion of a nation-state focused Keynesian**