**Current Events Directions**

In order to facilitate a dialogue between classmates in relation to contemporary economics, students will compose a summary and comprehensive analysis of a publication (be it newspaper, magazine, Podcast, ect.) that relates to our current studies.

How to complete your current event assignment:

* Search the internet, the library’s magazine section, or your household paper for an article relating to economics
* Read and annotate the article, contemplating how this article’s contents could apply to information you learned in our past unit (does it relate to scarcity, opportunity cost, supply & demand, ect.)
* Write a 200 word summary of the article that provides a more concise explanation of the context and contents of the article, highlighting the main idea(s) of the author
* Write a 200 word analysis of the article that provides your audience insight into the more theoretical impact of the article in an economic sense. This analysis should serve as the bridge between the real world event and the contents of your textbook
* Upload ***BOTH*** your summary and analysis to turnitin.com
* Mrs. Swail will repost to our class website for you post your comments
* Meaningfully comment on ***TWO* of your** peers’ blog posts
  + No post can have more than three comments

Noteworthy Information:

* Your summary and analysis will be posted online to Mrs. Swail’s webpage (thus viewable to anyone), be sure that the work you’re submitting is of the highest quality
* You will not have to complete a current event every week, just once per six weeks
* The summary, analysis, and commentary will be worth ***one major grade***
* A sample current event summary and analysis is posted on my webpage under the “Current Events” tab

The comments section of the “Current Events” portion of the webpage will be left open. You will be required to comment on two of your peers’ Current Event postings. It is my hope that this digital environment will be used to communicate effectively and appropriately, advance our collective understanding of economics in the contemporary world, as well as practicing legal and ethical behavior online.

This current event analysis is due: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Your two comments are due: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# **Sample Current Event-- Water Privatisation: A Worldwide Failure?**

June 22, 2015

**Summary:**

John Vidal's exploration of the International Finance Corporation's--the private investment branch of the international organization World Bank--role in failing to bring any, be it private or public, investment and development of a safe and sustainable water supply to Lagos, Nigeria's most populated city. According to the IFC, it has completed some 847 water projects between 1993 and 2013 in which the organization brought together private investors and governmental agencies to construct the infrastructure required to provide universal clean drinking water; however, this latest hurdle in providing water for one developing community reflects a much larger issue in the allocation of one life's necessary resources: to privatize or not to privatize?

The recent trend of "re-municipalizing" water systems after failed contracts where water delivery was guaranteed to private firms is taking place all over the world--one report published by the Transnational Institute, Public Services International, and the Multinational Observatory found that 180 cities and communities in 35 countries all moved away from the privatization of water due lack of infrastructure investments, tariff hikes, and environmental hazards. The report also cited the fact that "in the last 5 years the failure rate of water and sewage privatization has increased to 34%.

The developing trend in the movement to assure water to all of earth's inhabitants, what is widely now considered a human-right, is to partner public agencies with non-profit organizations in hopes of deterring the shortsightedness of private firms in search of profits and maximizing the efficiency of government institutions. Kishimoto, a leader of the TNI report, asserts "[it] is easier and cheaper for partnerships to develop, compared with the costly and cumbersome takeover process used by the private sector." Ultimately, the need for partnerships to develop, regardless of economic ideology, is essential for the development of 3rd world countries where disease runs rampant and quality of life has hit it's dirty-water ceiling. The article ends with a call for the World Bank to drop it's stalwart backing of free-market privatization and shift to a policy of aiding the world's most needy.

**Analysis:**

The current global struggle to determine how to allocate one of the scarcest resources on the planet directly relates to our current examination of economic systems. Ultimately, the theory on economics asserts that there are 2 big, broad ways in which an economy can function. As we know, market systems allocate their resources based on who values a resource the most as indicated by the price they are willing to pay for it (and making the grand conclusion that this structure is the most efficient due to the fact that people who do not value trade will forego trade), while command market systems allocate resources solely based on the guidelines of the state (which is theoretically wasteful due to the fact that decisions are not made by private individuals, but by some detached third party). I believe this water conundrum challenges this traditional convention.

Certainly, as the real world and economic theory can prove, free markets derive growth, productivity, and profit. However, in certain context, I believe a publicly owned institution can much better serve the needs of a municipality in regards to many resources one could deem people have a "human-right" to access. Privatization is focused on profit and when delivering water to the poorest people on the planet in settings that are completely void of oversight and infrastructure, profit margins are exceedingly slim and costs to individual households are disproportionately high. When a private entity cannot ensure the delivery of safe, affordable drinking water, a necessity to life, it is the duty of government to ensure that resource's accessibility.