

case study | **Bolivia Water Wars**

Neoliberalism

Cochabamba, Bolivia is one specific case example of water privatization gone wrong.

Returning to the definition of Neoliberalism, look at the effects of privatization in Cochabamba and how this sparked new forms of organizing and politicking.

Neoliberalism seeks to transfer part of the control of the economy from the public to the private sector, under the belief that it will produce a more efficient government and improve the economic indicators of the nation. In other words, it means that all capitalist trade “liberation” or the opening up of markets and the end of all state regulation will be the rising tide that lifts all boats out of poverty. We already know there is a real disjuncture between theory and practice the idea that neoliberal reforms will lift all boats out of poverty has not mapped onto any reality. But actually, neoliberalism has created ever greater inequality and poverty.

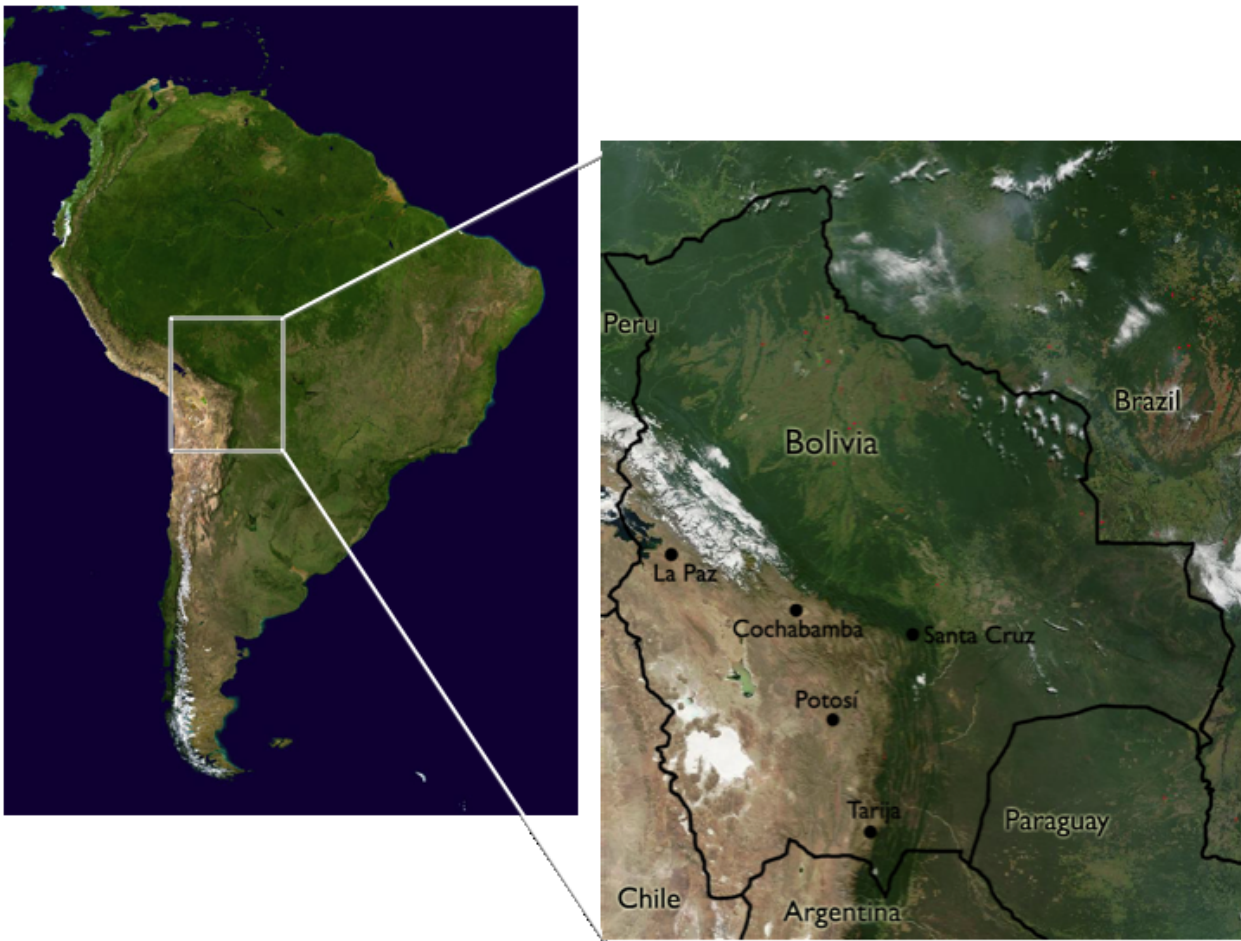
Governing Agencies

This theory takes hold as a force in Cochabamba in the 1980’s and becomes global through governing agencies like the IMF and World Bank. Neoliberalism becomes exported as both ideology (the theory) and practice through structural adjustment programs which were policy changes as conditions (the conditionalities) for getting loans from IMF or World Bank.

Conditionalities are implemented to ensure that the money lent will be spent in accordance with the overall goals of the loan.

Bolivia

The highlands in West Bolivia are mainly mountains; there is not a lot of agriculture. The indigenous groups in the highlands are the Aymara and Quechua (they formed part of the Incan Empire) and the lowland region or the East of Bolivia is known for its rich agricultural land. The lowlands had a distinct group of Indians: Chiquitanos, Guarani, Guarayo and were not a part of the Incan empire.



This map illustrates the states or departments of Bolivia. This political map creates territorial divides between Santa Cruz, La Paz, Sucre, Cochabamba, etc. Bolivia has 9 departments. The four in the lowlands Pando, Beni, Santa Cruz and Tarija create a half crescent moon shape and have been referred to as Media Luna (half moon in English) and the Western states are known as Potosi, Oruro, La Paz, Cochabamba and



Sucre which are referred to as the Andes.

What happened in the case of Cochabamba?

Bolivia was deep in debt in the 1980's as a result of a series of military dictatorships. In 1985, the Bolivian President, Paz Estensorro, asked for loans from World Bank and IMF with particular conditions. Some of those conditions included: liberalization of markets, privatization of national-industries, and slashing social services. This is often referred to as the **first round of neoliberal reforms**.

The second round of neoliberal reforms did not occur until the 1990's with the adoption of a more vicious plan to attack state-based industries and literally privatize everything. In 1994, then-President Sanchez de Lozada adopted a second round of neoliberal reforms which literally privatized everything from railways to telephone systems, national airlines, and hydrocarbon industry.

In 1999, the World Bank issued a report of Bolivia discussing the water situation in Cochabamba. World Bank made privatization a condition for loans, recommended that there be no public subsidies to hold down increases in the prices of water service.

Privatization

Prior to privatization, the municipal water supply was controlled by a state agency called Servicio Municipal de Agua Potable y Alcantarillado (known as SEMAPA). The Bolivian government put SEMAPA up for an auction for privatization and this company was bought out by the French transnational Aguas de Tunari, which was a consortium led by International Water Limited, the utility firm of Edison and Bechtel. Aguas de Tunari signed a \$2.5 billion dollar 4-year concession to provide water and sanitation services to the residents of Cochabamba.

Law 2029 and its discontents

Law 2029 was passed and to many, it appeared to give a monopoly over water to Aguas del Tunari. The law enabled the sale of water resources that had never been part of the SEMAPA water system in the first place. Rural and communal water systems would be appropriated by this new concession. Aguas de Tunari began to charge residents for the installations of meters when they had independently built and controlled the water system.

The broad nature of the law led many to claim that government would require a license for people to collect rainwater from their rooftop. Angered by this new law, groups of people began to come together--forming a confederation of factory workers' unions, peasant unions, irrigators, NGO's, etc. They created Coordinator for the Defense of Water and Life and Oscar Olivera (a factory worker became a central figure in this Coalition).

Questions raised

Privatization raised questions about the commodification of a formerly public national resource, in terms of its potential economic value on the market, to be regulated, and sold to individual consumers. Who has the right to control "the commons?"

Many people in rural areas had built their own water systems and structures, had semi-autonomous forms of governance and now a private corporation was charging them with a fee. It didn't seem just or fair to many people.

How were these questions mobilized?

People came together from different sectors to argue that water should be part of the public commons. Why and how did people come together from across race, ethnic identity and class? This included middle-class residents who could not afford the water bills came into conversation with peasant irrigators who feared loss of independent ownership.

A second point of recognition for the diverse social sectors participating in the Water War was a shared orientation of disenchantment and resentment toward the “culpable state” -- people had grown disenfranchised, upset, and angry with a state structure that was no longer providing basic services, but rather privatizing and slashing services.

A third recognition point was the strategic use of Andean identity frames. For underdeveloped peripheral urban barrios, a highland Andean cultural identity has become an effective instrumental idiom of distinction in directing claims for community resources.

Culture became a critical way to mobilize. We have seen earlier how culture in pre-history defined and structured agricultural communities, belief systems, etc. In this particular case, ideas about indigenous uses and customs (how water should be protected and preserved) defined new ways of organizing.

Protestors took to the streets, organized road blocks and sit-ins

They were able to halt Cochabamba's economy by holding a general strike that shut the city down for four straight days. Finally, in April of 2000, they took over the Cochabamba's central plaza and on April 9, 2000, the people of Cochabamba kicked this transnational corporation out of Bolivia.

