

Grassroots Resistance to Neoliberalism in Bolivia: Towards the Alternative Model Posed by the Water Cooperatives of Cochabamba

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Introduction

In the latter half of the 1990s, the World Bank and the Inter-American Development Bank informed the Bolivian government in unequivocal terms that it would have to hand over the administration of the water systems in its three largest cities if it wanted to continue to receive aid for various projects and be eligible for debt relief. Accordingly, it sold the business of administering these systems off to foreign multinational corporations. In Bolivia's third largest city, Cochabamba, that sale occurred in a closed-door process in which a subsidiary of the U.S.-based multinational Bechtel was the sole bidder on a contract that gave it complete back-to-front control over the entire system for 40 years. This privatization of public enterprises such as water systems is not unique to Bolivia. It is just one example of how the World Bank and other international financial institutions have tried to manage the development of poor countries from afar by administering the economic and political doctrine of neoliberalism.

What is extraordinary in this case is the story of the Cochabamban people's resistance to Bechtel's management of their water. Bechtel enacted overnight price hikes of around 50 percent to the poorest region in the city and attempted to assert control over the water in the catchment systems in rural communities which community members themselves had built. The resistance to Bechtel and its policies was so overwhelming that in just a few months the people succeeded in ousting Bechtel and its entire enterprise. This David-versus-Goliath triumph of a popular movement principally made up of the poorest in the city over one of the biggest

corporations of its kind sent a shockwave through economic development and resistance-sympathetic circles alike. The former warned that the resistance had scared off potential foreign investors. The latter heralded the movement as a model of resistance to privatization.

Some of the most organized and active in the resistance against Bechtel were residents of the southern zone of the city whose neighborhoods had historically been left out of water development plans. Both before and after Bechtel came into the picture, many of these neighborhoods developed their own water cooperatives, which succeeded in bringing cleaner and more affordable water to their homes through a democratic process completely independent of the public water system. Quietly, in the middle of the back-and-forths between the conflicting ideological “solutions” to Cochabamba’s water problems—that is, between privatization and improved state administration—these communities had gone about addressing the problem locally in a way that fit their own particular needs and that drew on their unique knowledge and capacities.

Here I seek to understand the power in movements such as these that pose effective alternatives to neoliberalism by challenging the very rationality on which its policies are built. My examination of Bolivia’s history of resistance to neoliberalism generally and of the water cooperatives specifically is informed by my reflection on the theoretical underpinnings of neoliberalism and the power of its discourse to perpetuate and exacerbate inequality. I also consider how the complexities and opaqueness of the neoliberal rationality facilitated the disguise of the exploitive economic and political relationships between core economies and Third World states as relationships of aid. Taking into account the colonial history between the nations and continents in question, in particular looking at Bolivia’s history of resource exploitation at the hands of European powers, it is obvious that this dynamic is not new.

However, it does draw particular attention to the post-World War II rise of a set of explicitly economic development strategies and the supra-national financial institutions that apply them. This analysis will expose how the discourse generated by these institutions has legitimated dispossession as a reaction to capitalist crisis by calling it privatization instead.

In the case of Bolivia, as elsewhere, the enactment of particular policies of neoliberalization expose the continuing complicity of supra-national and state governing institutions in the regulation of what is supposedly a free-market system. Wendy Brown describes this trend of the increasing reorientation towards capitalist ends in the market as one going “from government to governance.”¹ This shift redefines the discursive framework between a governing body and its subjects, and as such is powerfully de-democratizing. The process of governmental policies’ being put into place specifically to facilitate a foreign corporation’s ability to profit from the commoditization of a common resource is necessarily accompanied by political disenfranchisement. This process facilitates the deterioration of the democratic norms of governmental accountability and transparency, and resistance to these policies has centered as much around the harms of this de-democratization as it has on their devastating economic effects. An important consequence of Bolivia’s widespread resistance to neoliberal policies has been the emergence of a new kind of social movement, more unified in its challenge and more widely supported than before. The water cooperatives of Cochabamba hold a particular power in these movements in that they are not only resistive, but they exemplify alternative forms of organization to the neoliberal model.

¹ Brown, Wendy. "American Nightmare: Neoliberalism, Neoconservatism, and De-Democratization." *Political Theory* 34.6 (2006): 690-714.

An Even Briefer History of Neoliberalism

*“What we call land is an element of nature inextricably interwoven with man’s institutions. To isolate it and form a market out of it was perhaps the weirdest of all undertakings of our ancestors.”*²

What keeps the capitalist economy in an apparently constant critical condition, but what is also the motor that drives it, is its need for perpetual expansion. Since capitalism’s very inception, this need has been met in part by expanded production, which, understood in Marxian terms, means the more efficient extraction of capital out of the labor process, due to technological and organizational advances. However, its twin, what David Harvey calls in *The New Imperialism* “primitive accumulation”, has always accompanied this more traditional idea of wealth accumulation.³ Primitive accumulation entails expansion by “incorporating resources, peoples, activities, and lands that hitherto were managed, organized and produced under social relations other than capitalist ones.”⁴ While Harvey traces this dispossession of peripheral societies from their resources back to the birth of capitalism itself—as his term primitive accumulation suggests—it will be sufficient here to understand it in terms of the past century of colonial and neo-colonial relationships between core and peripheral economies. President Woodrow Wilson, in a private paper written in 1919, openly names the necessity for accumulation achieved through these means. Though in his description of this process he uses rather passive language, there is no doubt about the active role of the state on behalf of capital to facilitate this dispossession:

Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be

² Polanyi, Karl. *The Great Transformation*. New York: Farrar & Rinehart, Inc, 1944, pp. 178

³ Harvey, David. *The New Imperialism*. Oxford: University Press, 2003.

⁴ Swyngedouw, Erik, “Dispossessing H2O: The Contested Terrain of Water Privatization,” *Capitalism, Nature, Socialism* 16.1 (2005): 81-98. pp. 82

outraged in the process. Colonies must be obtained or planted, in order that no useful corner of the world may be overlooked or left unused.⁵

Although he writes about colonies, how Wilson characterizes the relationship between the state and capitalist interests—namely that the state is bound to do the work to facilitate capital’s expansion—has only become truer as that relationship has evolved into a neocolonial one with its basis in development ideologies rather than one between a metropolis and its satellites.

At the end of World War II, when the victorious powers formed the United Nations, redrew national boundaries around the world, and established the Bretton Woods Agreements, the colonial relationship between core and peripheral economies changed in name but ultimately only to a limited degree in character. Wilson described it in colonial terms, essentially naming the outright expropriation of satellite resources by the metropolitan state. This dispossession became codified and legitimized through the terms of the economic development ideology of the institutions that were born out of the Bretton Woods convention. What was particular about the ideology underlying the creation of the International Monetary Fund and the World Bank was a belief in the engineerability of the global economy as a system with a finite set of inputs and outputs that could be pseudo-scientifically manipulated to achieve desired results like development, reduced poverty, and seamless integration of the global economy without concern for sticky issues like culture or politics. While in the late 70s and early 80s these institutions abandoned the idea of trying to achieve a Keynesian welfare state in favor instead of a supposedly free-market economic plan, the same belief in an engineered economy applied to their application of neoliberal development policies worldwide.⁶ The Washington Consensus

⁵ Chomsky, Noam. *On Power and Ideology*, Boston: South End Press, 1990, pp. 14.

⁶ Here, *free-market* perhaps needs an explanation: “free” in this case does not imply that the market is free of intervention, but rather that capital should, *through the engineering of the state’s interventions*, be able to enter and leave all markets as freely as possible, as the rest of the paragraph explains.

was the term Chicago School ideologue⁷ John Williamson used to describe the 10 main points of the economic development policies the financial organizations around Washington DC tended to implement. This document in many ways outlined the nuts and bolts of neoliberal policies. It dictates selective economic deregulation and liberalization to get government restrictions out of the way of capital growth; reorienting public spending to encourage the privatization of previously public enterprises and services through foreign direct investment; and, generally encouraging an entrepreneurship go-get-'em mentality around what have traditionally been considered citizen rights such as healthcare and education. Neoliberalism departs from preceding liberal economic doctrines specifically in this less liberal feature of its higher control over the economy. "Part of what makes neoliberalism 'neo' is that it depicts free markets, free trade, and entrepreneurial rationality as *achieved and normative*, as promulgated through law and through social and economic policy—not simply as occurring by dint of nature."⁸ This normative shift necessitates an accompanying change in the cultures where these policies are enacted.

This cultural shift is rooted in reorienting societal relationships around a capitalist economy, which over time has increasingly defined Western culture and has been the primary substance of Western civilization's project of globalization. The demolition of social markets and the creation of deregulated markets⁹ that operate independent of social needs

...is the overriding objective today of transnational organizations such as the World Trade Organisation, the International Monetary Fund and the Organisation for Economic Cooperation and Development. In advancing this revolutionary project they are following

⁷ Klein, Naomi. *The Shock Doctrine: The Rise of Disaster Capitalism*. New York: Metropolitan Books, 2007, pp. 156

⁸ Brown, 2006, pp. 694

⁹ Here, again let me clarify: by deregulated I do not actually mean free of policies or intervention on the part of the government. Regulation to foster capital accumulation for certain players in the market abounds; what is *deregulated* in the market is everything that is not strictly economic, such as social welfare policies, safety nets, and any "irregular" features of the market that are dictated by social structures.

the lead of the world's last great Enlightenment regime, the United States. The thinkers of the Enlightenment, such as Thomas Jefferson, Tom Paine, John Stuart Mill and Karl Marx never doubted that the future for every nation in the world was to accept some version of western institutions and values. A diversity of cultures was not a permanent condition of human life. It was a stage on the way to a universal civilization, in which the varied traditions and culture of the past were superseded by a new, universal community founded on reason.¹⁰

This shift of attention to Western values and the erasure of cultural alternatives encouraged “a new emphasis on competitive individualism, material acquisitiveness, and rational calculation. But it also brought a marginalizing of cooperation, community, and the collective good—traits that are equally a part of the human condition but which soon bore the stigma of being ‘irrational’.”¹¹ The spread of this new political rationality accompanying economic changes is no accident, nor is it merely some form of spillover from the sea change in the economic sphere. Understood in Foucaultian terms,

...a political rationality is a specific form of normative political reason organizing the political sphere, governance practices and citizenship. A political rationality governs the sayable, the intelligible, and the truth criteria of these domains. Thus, while neoliberal political rationality is based on a certain conception of the market, its organization of governance and the social is not merely the result of leakage from the economic to other spheres but rather of the explicit imposition of a particular form of market rationality on these spheres.¹²

As these collective values have been marginalized in favor of a capitalist rationality, goods and resources that were considered shared amongst the whole community have been expropriated from the collective and handed over to private ownership.

As the quote above suggests, the reorientation of these values to fit the neoliberal political rationality occurs together with a reconfiguration of the role that the state and other governing institutions play in controlling the market and its relationship to their citizens/subjects. In a profoundly anti-democratic shift, politicians, academics, policy setters and the institutions

¹⁰ Gray, John. *False Dawn: The Delusions of Global Capitalism*, New York: The New Press, 1998, pp.1-2

¹¹ Bollier, David. *Silent Theft: The Private Plunder of our Common Wealth*, New York: Routledge, 2003, pp. 46-47

¹² Brown, 2006, pp. 693.

they represented became advocates for capital's interests in national and global markets rather than representatives of the communities and nations they served. "These [policies, including those outlined in the Washington Consensus applied by the World Bank and the IMF] were democracy-containment strategies, designed to undercut the kind of unscripted self-determination that was, and always has been, the greatest single threat to the Chicago School crusade"¹³ that was originated by Milton Friedman, the scholar and champion of neoliberalism as it is known today. Upon brief investigation, one finds a steady stream of examples of this kind of shift globally. However, perhaps nowhere in the world did this reorientation happen so extremely and abruptly as in Latin America, the favorite test laboratory for experimental economic and development policies.¹⁴

Neoliberalism and Resistance in Bolivia

"We know that this government says that we are subversives. Well, any social situation is in fact political." -A miner who partook in a march to La Paz in August of 1986 protesting President Paz's New Economic Policies¹⁵

In Bolivia, the 1985 re-election¹⁶ of Victor Paz Estenssoro as president was a pivotal moment that paved the way for what Naomi Klein and others have called the "shock therapy" of economic reform à la Milton Friedman and the Chicago Boys. Immediately following Paz's

¹³ Klein, 2007, pp. 184

¹⁴ Klein, 2007, particularly chapter 2, but also 7 and 8.

¹⁵ Nash, June. "Interpreting Social Movements: Bolivian Resistance to Economic Conditions Imposed by the International Monetary Fund." *American Ethnologist* 19, no. 2 (May 1992): 275-293, pp. 281

¹⁶ Paz had served as Bolivia elected president three times before, most recently in 1964 until he was overthrown by a coup. In 1985 he was not actually popularly elected; after the election, it was unclear whether the winner was the former dictator Hugo Banzer (Banzer acted as though he were) or Paz. Paz was ultimately selected through a closed-door and heavily deal-ridden congressional negotiation in which a major role was played by then-Congressman and future President Gonzalo Sánchez de Lozada (known as Goni), a Bolivian tycoon who had made a fortune in the U.S. The details of these negotiations are still not known, but coming out of it Paz immediately appointed Goni head of a "top-secret bipartisan emergency economic team charged with radically restructuring the economy." (Klein, 2007, pp. 145-6)

inauguration, the newly-formed emergency economic team he created convened at the home of its ringleader, the businessman, congressman and future Bolivian president Gonzalo Sánchez de Lozada, better known as Goni. Over the course of 17 days of intense and secretive meetings, the group worked to create a program to satisfy Paz’s commitment “to dismantling the state-centric model” of the economy.¹⁷ Paz coached the economic team to be necessarily ruthless, quoting Machiavelli, saying that the team should “[d]o bad things all at once and do good things little by little,” and reminding them that “If you are going to do it, do it now. I can’t operate twice.”¹⁸ The team was evidently completely cognizant of the resistance they would experience from the Bolivian people; Fernando Prado, the youngest member of the team, actually declared, “they are going to kill us.”¹⁹ Nor were they ignorant of the sort of violence they were to inflict on the population by implementing their plan. Guillermo Bedregal, the plan’s main author, counseled his fellow team members, “[w]e have to be like the pilot of Hiroshima. When he dropped the atomic bomb, he didn’t know what he was doing, but when he saw the smoke he said: ‘Oops, sorry.’ And that’s exactly what we have to do, launch the measures and then: Oops, sorry!”²⁰

The team did exactly that. On August 29, 1985 it publicly presented the program for Paz’s executive order²¹ D.S. 21060 that mandated the application of a “neoliberal shock program.” D.S. 21060 contained over 220 separate laws bundled together; it was stipulated that they must all be implemented together rather than in a piecemeal fashion in order to sufficiently “shock” the economy. The order brought reforms to every part of the economy in the whole country, much as “The Brick,” the economic overhaul treatment the Chicago Boys designed at

¹⁷ Conaghan, Catherine M., and James M. Malloy. *Unsettling Statecraft: Democracy and Neoliberalism in the Central Andes*. Pittsburgh: U of Pittsburgh Press, 1994, pp. 129

¹⁸ Conaghan and Malloy, 1994, pp. 129

¹⁹ Klein, 2007, pp. 147

²⁰ Klein, 2007, pp. 146

²¹ Interestingly, the constitution of Bolivia, like that of Chile, afforded its president extraordinary executive powers when it came to economic reforms in time of “crisis.”

the start of Pinochet's regime, did for Chile.²² Even at the program's outset, it was obvious that just as it had been designed autocratically and without the oversight of the people, its implementation would be likewise undemocratic: of the five original copies made of D.S. 21060 when it was completed, Paz and Goni each kept one, one was given to the treasurer and the remaining two were given to the head of the army and the chief of police. Paz's predilection for state violence to control resistance was predictive of the repression that accompanied the radical policy changes Paz and his successors instituted.

Both Paz and Goni saw the crisis their policies were meant to address as political as well as economic. The New Economic Policies, which were the whole series of reforms Paz worked to pass beginning with D.S. 21060, were "in fact nothing less than a new ideological and philosophical framework to redefine Bolivia's future economic, social, and political choices,"²³ and the political ramifications of their economic policies were not incidental.

Under [the NEP], the government closed down the majority of its mines, reducing the workforce from 30,000 in 1985 to around 7,000 in 1987, and hence demolishing the base of the organized labor movement. ... [T]he miners' union accused the government that it "was bent on destroying their economic power in order to crush [their] political power."²⁴

Paz was determined to carry out his full vision of the reforms, despite resistance from various groups, including commercial and professional sectors, civic groups, the Catholic Church and even the Bolivian Congress. At the height of the mining communities' resistance in May of 1986, Congress pleaded with the president and parliament not to close mines and not to pass proposed tax reform that would have negatively affected farmers. Not only did the government ignore these appeals, but it also "invited U.S. troops to come to Bolivia, purportedly in order to

²² Klein, 2007, pp. 148

²³ Spronk new working class** 5-6

²⁴ Spronk, Susan. "Roots of Resistance to Urban Water Privatization in Bolivia: The "New Working Class," the Crisis of Neoliberalism, and Public Services." *International Labor and Working Class History: Special issue on Privatization of Public Services* (Cambridge University Press), no. 71 (2006): 8-28, pp. 6

monitor the drug traffic in [the department of] Beni.”²⁵ Some of the active student and labor groups interpreted this action “as a threat to curb rising popular discontent in the country.”²⁶ As discontent with the government’s unresponsiveness rose and popular manifestations grew more heated, Paz ordered the armed forces to respond with tear gas bombs and rubber bullets, and eventually to use tanks and troops to obstruct a march on its way to the capital of La Paz.²⁷ Paz and Goni’s ideological master plan was as much about resuscitating and regaining control of a failing state, as it was about jump-starting a failing economy. The televised address in which Paz announced D.S. 21060 to the public was called “Bolivia is Dying.”²⁸ For Goni, what he and Paz saw as closely linked economic and political deterioration necessitated a plan that combined political “stabilization” with economic liberalization:

One comes to the conclusion that the state is practically destroyed ... In this context, the state is unarmed and lacks the capacity to execute and implement any economic policy that the government proposes to put into practice. Therefore, the first political goal consists of reestablishing *the authority of the state over society*.²⁹

After serving as the Minister of Planning and as a close advisor to Paz throughout his presidency from 1985 to 1989, Goni himself was elected president in 1993. Goni continued the original “shock therapy” policies, but in many ways took the neoliberalization of the Bolivian economy to new extremes. Paz had not looked to privatization per se to fix the economy, but had instead focused much attention on deregulating Bolivian markets, shrinking national companies, and decreasing state interference in the economy to put “responsibility for economy outcomes in the marketplace.”³⁰ On the other hand, Goni, who studied at the University of Chicago himself, confronted head-on the project of privatizing companies in any and all sectors.

²⁵ Nash, 1992, pp. 277

²⁶ *ibid.*

²⁷ Nash, 1992, pp. 278

²⁸ Klein, 2007, pp. 148

²⁹ Conaghan and Malloy, 1994, pp. 144 (emphasis mine)

³⁰ *ibid.*

He sold the national oil, airline, railway, electricity and phone companies to foreign investors. These deals did not require these investors to partner with local firms, which was a stipulation typically attached in some form to privatization schemes to help ameliorate the capital loss that went with it.³¹ Additionally, to make the investments even more appealing, Goni invited these foreign firms “to rewrite laws governing the sectors to be privatized [as well as] to bid on the companies on the block.”³² In the same pattern of obstructing democratic dissent that had been set during Paz’s presidency, Goni simultaneously instituted another many month-long “state of siege” and authorized the arrest of individuals for meeting in political gatherings. “The important thing is to make these changes irreversible and to get them done before the antibodies kick in,” he said.³³

This string of neoliberal reforms—beginning with Paz’s New Economic Policies and continuing through Goni’s privatization schemes—added up to more than simply a shift in economic policies. Fundamentally, the policies brought about (and were brought about by) a change in ideology that recast the relationship between the government and its people as it decreased electoral accountability and shifted government attention instead to the stewardship of corporate capital, even at the cost of the people’s welfare and especially at the cost of the democracy of the government. “The state, once the main employer, was no longer a provider of goods and services, and limited its role to regulation and social repression.”³⁴ Opening up the economy to make it available to investment capital was not a process in which only the government itself was complicit. In 1985, before Paz’s economic team revealed D.S. 21060 to the public, the members showed the plan to the IMF representative in Bolivia. He reacted with

³¹ Klein, 2007, pp. 243

³² Friedland, Jonathan. "Money Transfer: Bolivia Is Selling Off State Firms to Fund Its Citizens' Future." *Wall Street Journal*, August 15, 1995: A.1.

³³ Friedland, 1995

³⁴ Spronk, 2006, pp. 8

somewhat fearful reverence, similar to that of the team members themselves: “This is what every official at the IMF dreams about. But if it doesn’t work, luckily I have diplomatic immunity and I can catch a plane and flee,” he said.³⁵ This general sense of evading as much oversight by and accountability to the general public was clearly not accidental. De-democratization was necessary to the policies’ “successful” implementation.

Despite the anti-democratic character of both the plan’s institution and its effects on the political landscape of the country, its designers as well as other advocates of neoliberal structural adjustment policies argued that the policies of D.S. 21060 and the era of New Economic Policies it set into motion did accomplish what they set out to do. “Bolivia’s miracle” was called the “most remarkable [free market success story] of modern times.” Jeffrey Sachs, an IMF official and one of the principal advisors on the policy from the U.S. (made famous particularly by his involvement in Bolivia’s NEP reforms), would later refer to its precedent-setting success as he advised similar policies in a number of other Latin American countries. The policies almost immediately halted spiraling hyperinflation (which had registered at 8,170 percent in 1985) and brought it down to 10 percent within two years. They also purportedly shrank the state’s overall role in the national economy, and gave a new face to the Bolivian economy with which to better attract foreign investment.³⁶ However, the limitations of assessing the success of these programs according to these benchmarks hid the terrible costs many Bolivians paid as a result of the programs’ implementation. The unemployment rate, already at 20 percent at the time of the reforms, rose 10 to 15 percent more over the course of the next two years.³⁷ Nearly 100,000 jobs were lost as the government closed the majority of the state-owned mines, shrank the public service sector by around 30,000 jobs and caused an abrupt economic contraction that resulted in

³⁵ Klein, 2007, pp. 147

³⁶ Conaghan and Malloy, 1994, pp. 186

³⁷ Klein, 2007, pp. 149

the loss of another 35,000 manufacturing jobs.³⁸ Real wages dropped by 40 percent in two years and would later drop as low as 70 percent. Even Sach's measures showed the per capita average income dropping from \$845 USD at the time of the economic shocks in 1985 to \$789 USD within two years. However, since this figure was an average, the wealth that a few select Bolivians gained in the process disguised much of the worsening and disproportionate poverty as a result of the reforms. Bolivian *campesinos* were actually earning on average \$140 USD per year, which was less than one-fifth of the supposed average income nationwide.³⁹

Social Movements and Political Change in Bolivia: The Nation's First Indigenous President

“Yo no puedo vivir sin agua... ¿y tú? (I can't live without water... can you?) – slogan on a poster from the Water War.”⁴⁰

Both the damage these policies caused and the rejection of the authoritarian nature of their implementation are evidenced nowhere more clearly than in the pattern of overwhelming popular resistance that sprang up in response. This current of resistance ran strongly both before and after what was perhaps its most internationally known example: the Water War of 2000 that was briefly summarized at the beginning of this paper. The strengthening and the growth of these social movements that made up this resistance led to a fundamental change in terms of the organization of Bolivian politics. Many see this new organization as a direct precursor to the historic 2006 election of Evo Morales, the nation's first indigenous president. He based his platform on anti-American/anti-colonial rhetoric and left-leaning policies that called for the sweeping re-nationalization of many of the state enterprises that had been privatized under Goni.

³⁸ Spronk, 2006, pp. 6

³⁹ Klein, 2007, pp. 149

⁴⁰ Taken from a photo on the ASICA-SUR website, <http://asica-sur.org> (accessed November 10, 2009)

As Morales explained to Time Magazine, he saw these reforms as a counteraction to centuries of colonial appropriation and exclusion:

Bolivia is a majority indigenous nation, but that majority has always been excluded. So we needed to end that internal colonialism and return the land and its natural resources to those who have lived on it for so many hundreds of years, instead of putting our economy in the hands of the World Bank, the IMF and transnational corporations. We, of course, want investment partners, and we want them to profit, but we should be the absolute owners of the land and resources.⁴¹

After his election, Morales led a movement to draft a new constitution for the country.

The new constitution, ratified in January of 2009, affirmed Morales' anti-privatization policies and received resounding majority support.⁴² Article 20 of the new constitution specifically addresses the issue of water privatization: it proclaims access to water and sewage systems to be a human right and therefore bans the privatization of these services. Article 373 states that water constitutes a right that is *fundamentalísimo*—absolutely fundamental—to life.⁴³ This shift in the nation's politics was not *purely* rhetorical, as it did at the very least signal an important shift in priorities to include the marginalized indigenous groups that had previously been left out of political dialogue. However, just as Bechtel's privatization of Cochabamba's water system didn't solve the city's water problems, neither did simply kicking it out. Eliminating privatization does not alone address the persistent issues of profound social inequality and resource scarcity that Bolivia, and indeed the globe overall, experience. To address these deeper

⁴¹ Padgett, Tim. "A Voice on the Left." *Time*, June 5, 2006

⁴² BBC. "New Bolivia constitution in force." *BBC News - Americas*. February 7, 2009. <http://news.bbc.co.uk/2/hi/americas/7877107.stm> (accessed December 10, 2009)

⁴³ Edmund A. Walsh School of Foreign Service. "Republica del Bolivia - Constitución de 2009." *Political Database of the Americas*. May 5, 2009. <http://pdba.georgetown.edu/Constitutions/Bolivia/bolivia09.html> (accessed Dec 9, 2009).

problems, “a fundamental restructuring of society is required such that ... social wealth is used to satisfy human needs rather than private profit.”⁴⁴

The Water Cooperatives of Cochabamba, Bolivia: A Grassroots Alternative to the State/Private Dichotomy of Water Management⁴⁵

“The true opposite of privatization is the social re-appropriation of wealth by working-class society, itself self-organized in communal structures of management, in neighborhood associations, and in the rank and file.” - Oscar Olivera, spokesperson of the Coordinadora, which the organization at the forefront of the resistance in the Water Wars ⁴⁶

And so, in the case of Cochabamba, struggles over water access and control continue to this day. When Bechtel was forced out, the water system was put back under the control of the state-owned water company, SEMAPA. Since then, the constant dissatisfaction with SEMAPA’s unaccountability, institutional corruption, and inefficiency—which were the reasons given for the need for privatization in the first place—has added fuel to the continued debate over state-owned versus private water systems. Frustration with the failures of both models – corporate-run and state-run – has spawned strong interest in an alternative that challenges this state/private dichotomy. In fact, in the wake of Bechtel’s expulsion, calls for social control over the state company gave rise to “citizen representative” elections which were meant to bridge the gap between the company bureaucracy and the people. But when elections for those positions were held less than a year later public passions had dissipated and only four percent of the population voted.

⁴⁴ Spronk, 2006, pp. 39

⁴⁵ I conducted the research for this section of the paper from June to August 2009 in Cochabamba while working for the Democracy Center, which is based there. Where not otherwise stated, the information and quote come from interviews conducted during that time.

⁴⁶ Olivera, Oscar, and Tom Lewis. *Cochabamba*. Cambridge: South End Press, 2004, pp. 156-7.

In the Southern Zone of the city, however, where SEMAPA's water service has never reached, "public/social control" over water implies a completely different level of accountability and participation. Many neighborhoods have developed water cooperatives, through which they have built the infrastructure of wells, pumps and piping to connect their households to the regional water grid. They have organized themselves into *asambleas*, consensus-based councils in which the entire community participates. These *asambleas* in turn elect Presidents, who are unpaid and whose service rotates among community members. The Presidents answer to the ultimate authority of the entire *asamblea*.

One such cooperative is in the neighborhood of Primero de Mayo in the 9th District of Cochabamba, some six miles south of the city center. In its office, Don Zenón, the cooperative's president, describes the organization's roots. He says that in 1989, when the neighborhood of Primero de Mayo was still a small settlement, the neighbors together began developing a system to distribute the water. They discovered a spring from which water flowed at a rate of one half liter per minute. First they transported the water in old milk containers on the backs of donkeys. Then they built a container to capture the water from the spring. With the help of an NGO, they were able to build a larger tank to store the water. Later, between a small grant they received and the contributions of the residents themselves, they dug a well. When they dug the well, they needed electricity to make the pump work, and this too they brought themselves from a neighboring town, with each of the 45 residents contributing 50 dollars to lay the wires.

After they dug the first well, *Don Zenón says that* more and more people began to arrive. They continued expanding, digging more wells, until they had three. "The people kept arriving," he says. "And with more people, there are more problems. A lot of things happened—the residents fought, money was lost, but we were able to maintain the system. After that came the

idea of organizing a [formal water] cooperative. In the run up to the Water Revolt in 1999 we began to organize the cooperative, and it was created in 2000.” The Primero de Mayo cooperative now serves 1000 families.

The Villa Venezuela cooperative, also located on Cochabamba’s southern periphery, was born out of a similar process. The residents of what was then a small settlement each contributed money, and they partnered with a Catholic sisterhood to construct their first well. As the community grew, they sought other financing and continued digging wells. As the water system grew, so did the population. The system now consists of three elevated tanks and wells. Doña Silvia Martínez, one of the administrators of the cooperative, said that they now serve 270 families.

Like Villa Venezuela and Primero de Mayo, the majority of the Southern Zone is not served by SEMAPA. For neighborhoods without cooperative water systems, residents must buy their water from aguateros, the trucks that pass through, selling water of totally unguaranteed and generally dangerously low quality, at a price five to 10 times that of the cost of water provided by SEMAPA in the city center. While water coming through SEMAPA’s system to homes in the center costs 2 or 3 Bs. (\$.30 to \$.40 USD) per cubic meter, the poor quality water Southern Zone residents are obliged to buy from the aguateros costs around 25 Bs. (\$3.60 USD) per cubic meter.

Despite the facts that Southern Zone actually makes up nearly two thirds of the area of the municipality of Cochabamba, and that its population accounts for half of that of Cochabamba city, it is often treated like a marginal area and is traditionally attended to last, if at all, by municipal representatives. For Ramiro Balderrama, a researcher on the Southern Zone for

Fundación Ghandi in Cochabamba City, the challenges that the residents of the Southern Zone confront, including those of lack of access to water, are indicative of this neglect. According to the World Health Organization, he says, an individual requires 50 liters of water a day to live in a dignified way. In times of Revolt or natural catastrophe, individuals need at least 20 liters a day to get by. In the Southern Zone, the average individual “gets by” on a permanent basis with 11 to 19 liters of water a day. “It is as though those in the Southern Zone have lived through two tsunamis, or two Iraq Revolts,” he explains. In contrast, those who live in the center of the city enjoy easy enough access to use at least 50 liters of water per person per day, and wash their cars, bathe pets and water their gardens on top of that.

Even though they had been excluded from the benefits of SEMAPA’s supposedly public services, these neighborhoods were some of the most active in the resistance against the Bechtel privatization. Along with the government decision to turn SEMAPA over to the California giant came a new water law that would have required the wells they built to secure government permits and possibly be put under Bechtel’s control. In the face of that threat, and given the resident’s history of organization and resistance, the privatization became an obvious target.

Many of those southern neighborhoods are populated by ex-miners who moved as whole communities to Cochabamba when D.S. 21060 and Paz’s New Economic Policies closed many of the mines in the country’s highlands and sought to break the miners’ unions. For these Bolivians, it has always been clear that “water is life,” and therefore they organized to challenge the idea that water, a public resource and a shared responsibility, should come to them through hands other than their own, whether through the state bureaucracy plagued by inefficiency and corruption or through a corporation a hemisphere away bent on making a profit off their exploitation. Whereas in other parts of Cochabamba, people struggled in the Water War to bring

the water back under the control of SEMAPA, in the Southern Zone, they fought to return the water to a different kind of public control. They pushed not to return to the status quo of an ineffective state company, but rather they fought against the possibility that Bechtel would control and regulate the water they take from their own wells. They refused to let a foreign corporation override their own *asambleas* and they actively opposed a system of water for profit.

On this side of the Water Revolt, the water cooperatives are seen as the most viable option for solving issues of water access in the Southern Zone. As complaints of SEMAPA's inefficiency and corruption mount and the cooperatives' good reputation spreads, some foreign creditors are now disposed to lend to the cooperatives themselves rather than to the municipal company for development projects. Abraham Grandydier, the president of ASICA-SUR, which is an umbrella non-profit organization of water cooperatives in Cochabamba, explains that the birth of the water cooperatives came out of the idea that to deal with the systematic corruption they were seeing in SEMAPA, the people should be participating in every level of the administration—management, administration, and finances.

However, even as the cooperatives are successful in developing the organization and infrastructure to connect increasingly more households in their neighborhoods to the systems, the shortage of good water is still a problem. Silvia Martínez explains that even as Villa Venezuela works with creditors from the EU and ASICA-SUR to increase the reach of the network, it does not want to install the system only to find that there is no decent water to deliver to the users. Right now the water in their system is salty. Most people use it mainly for washing, although some people drink it too, but always with the risk that their children or they themselves will get sick, she says.

Currently Villa Venezuela is negotiating with SEMAPA, hoping to have the company deliver better water in large quantities a few times a week to the cooperative, which would then distribute it through its tanks, explains Humberto Orellana Coca, the cooperative's vice president. Villa Venezuela isn't far out of SEMAPA's reach—it is practically a matter of a few blocks, but up until this point extending the network to include the neighborhood has not been a high enough priority. When asked if Primero de Mayo would be interested in a similar arrangement with SEMAPA, the cooperative's president Don Zenón says wryly that in Primero de Mayo they don't believe in SEMAPA anymore, not even for that. “At first, we brought the managers and the mayor's office here a number of times. They talked to us about miracles, so that we would believe them, and when they came, we prepared them all kinds of food, but afterwards when they went back to their offices they had already forgotten about us.”

Though the cooperatives have different visions about bringing the water to their communities, they share the certainty that once the water arrives, they will not hand over its administration to anyone else. For them, it works. Abraham Grandydier, the president of ASICA-SUR, explains how efficiently members resolve problems in the cooperative when the cooperative's president is their neighbor, which not only drastically increases the accountability of the organization, but also facilitates open communication between the users and the administrators—who are essentially one and the same. All the policies and prices are common knowledge, having been decided upon communally in the *asamblea*. “It is decided, and then it is done,” says Don Zenón. Grandydier contrasts these familiar relationships in the communal model to the relationship between SEMAPA's bureaucracy and its customers, in which the clients couldn't tell you how much their water costs, much less to whom they pay their monthly

fees. For members of the cooperatives, a public service is a service powered by their work, according to their decisions and carried out by their own members.

For the members of the cooperatives, it has always been clear that “water is life.” This is and has always been part of their living history. This conviction manifested in the irrepressible strength that underlay the city-wide strikes and marches of the Water Revolt against Bechtel in 2000 which was one clearly effective form of resistance against the hegemony of neoliberal policies. The people’s organization of the water cooperatives is another, perhaps quieter form of resistance. Their local and decentralized community efforts have shown on a practical level the inadequacies of both the competing models of private and public water management. Even more, they have challenged the very notion that the administration of a common resource such as water must be mediated by a market system at all and have posed the alternative of a communal model instead that begins to dismantle the construction of neoliberal policies in that it challenges the very ideological assumptions on which they are built.

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