

DEVELOPMENT AND GLOBALIZATION: STRUGGLES AGAINST WATER PRIVATIZATION

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The impasse of development studies of the mid-1980s initiated many attempts to construct theories of development that avoid the perceived economism and functionalism of Marxist-inspired development theories (Schuurman 1993). With the exhaustion of the impasse debate, international development studies is confronting yet another challenge: globalization. As the authors of a recent review of international development studies in Canada observe, globalization threatens to create another “impasse” because “we have an inability to decide whether to treat it as a fundamental paradigm shift away from development, or to examine it from the perspective of development as just another notion that adds to the complexity of the paradigm itself” (Vainio-Mattila, Inwood, and Parmar 2004:162).

This paper contributes to this debate by critically evaluating two different perspectives on the relationship between globalization and “development”. Philip McMichael adopts the former perspective, arguing that “globalization” represents a fundamental paradigm shift away from “development”. Henry Veltmeyer and James Petras, by contrast, argue that “globalization” is just another phase in a long process of imperialist expansion.

The first part of the paper outlines how the authors define the relationship between globalization and “development”, focusing on the role of the state. The second part of the paper reflects on how these debates on globalization, development, and the state inform our understanding of state restructuring, arguing that Petras and Veltmeyer’s perspective, which emphasizes the continuing importance of the state in development provides a better lens through which to view the struggles against water privatization in the Third World.

‘IMPERIALISM’ VS. ‘GLOBALIZATION’ OR ‘DEVELOPMENT’ VS. ‘GLOBALIZATION’?

The term globalization is used to illuminate a variety of processes that are transforming the international political economy. At the heart of the debate on globalization is the thesis that state-centric models that have dominated the social sciences since the 19th century were adequate until recently, but have been rendered questionable by the contemporary developments in the world economy. Debates about globalization are therefore debates about how to periodize the world system. As Ellen Meiksins Wood (1997) argues, periodization involves more than tracking a process of change. To suggest that there has been an epochal shift is to suggest that there has been some fundamental transformation to an element that is considered essential to a system, such as capitalism. In other words, how we periodize transformations depends on how we define that which is being transformed in the first place. The question then is this: what do concepts like globalization tell us about the ways in which the people who use them understand “capitalism”?

In *Globalization Unmasked* (2001) Petras and Veltmeyer seek to expose the class project behind dominant thinking and practice in order to “unmask” the social content of globalization as imperialism. In particular, they criticize the version of globalization presented by “neoliberal globalists” who argue that globalization is synonymous with interdependence. According to the neoliberal version of the globalization thesis, the world is rapidly moving towards a globalized

end-state.¹ Capital is disembedded from its national origins and negligent of the context in which its circulation becomes fixed; culture is no longer meaningfully associated with place; and the existence of a globalized market is taken to mean that the market dictates global relationships. In this version, globalization is largely seen as a homogenizing process in which new opportunities are available to any nation that opens its markets to global trade and foreign direct investment.

Petras and Veltmeyer marshal an impressive array of evidence to demonstrate that globalization is not a homogenizing process; to the contrary, inequality is growing both within and among nations (2001:17-20). Rather than blaming abstract notions like “the market” for causing polarization, Petras and Veltmeyer identify the concrete agents who benefit from globalization. The “advocates” of globalization are ascending states and their dominant enterprises, their political and economic counterparts in the dominated countries (agro-exporters, financial groups, importers, mineral exporters, big manufacturers for export markets, subcontracted sweatshop owners), high-level state functionaries, academics, and publicists linked to international circuits, those of the dominant capitalist class (bankers and financiers, importers and exporters of goods and services) (2001:32). Although these “advocates” come from both First and Third World countries, they stress that globalization is a form of Westernization – or more specifically Americanization, with the extension of US hegemony, for US transnational corporations dominate the global market and the US state dominates multilateral institutions, forming a new form of colonialism and imperialism (2001:74).

Petras and Veltmeyer assert that given the increasing dominance of US capital and the US state from the postwar era to present, imperialism is a more precise concept than “globalization” for describing and analyzing the recent changes to the world economy. They provide historical evidence about the increasing penetration of US capital in the Latin American region to illustrate their case. They argue while imperialism has deep roots in the region, “it was not until the 1980s and 1990s that imperialism ...effectively came of age in Latin America” (2001:74). In their view, imperialism is intimately connected to the global expansion of capitalism:

[T]he concept of imperialism, with its focus on the value creation of labour and the value appropriation by capital, is more to the point [than globalization]: it sheds light on the different loci of exploitation (labour, dominated countries) and accumulation (capital, imperial firms and states) (2001:30-31).

While Petras and Veltmeyer argue that analysts should be speaking of “imperialism” rather than “globalization”, they implicitly acknowledge that these are not dichotomous terms, because even they continue to use latter to describe the current phase of imperialist expansion.²

1 Veltmeyer and Petras do not use the term “neoliberal globalists” which comes from Schuurman (2001:63). Nor do they identify any specific authors in their critique of “globalization theory,” but the strong formulations of the “globalization thesis” are presented by authors as diverse as Michael Hardt, Antonio Negri, Manuel Castells, David Held, Kenichi Ohmae, and Francis Fukuyama, who all argue that “globalization” has created a fundamentally new world order in which power of the state has been effectively diminished.

2 As John Saul (2004:194) cogently argues, “globalization” versus “imperialism” is a “false binary” because the processes capitalist globalization and western imperialism coexist and structure the relationships among states, but are not entirely coterminous. Their overall argument would be improved if they provided a more in-depth elaboration of what they mean by “imperialism” and its precise relationship to capitalism along the lines provided by Sutcliffe (2002) or Halliday (2002). Petras and Veltmeyer base their conception primarily on the work of Lenin, who has been widely criticized for failing to disentangle the concept of imperialism from the concept of capitalism, simply defining the former as a stage of the latter (Leys 1986). Furthermore, given that imperialism has equally been a strategy of pre-capitalist empires, such as the feudal Chinese Empire, the Spanish empire, and the Dutch empire,

They name several “new features” of the world system that make this era of globalization different from previous eras of economic integration. First, unlike the previous era of globalization prior to the First World War, capitalism is now the only economic system. The major forces of resistance are therefore not pre- or post-capitalist elites as in the previous era, but from value-creating classes within the system (including peasants) (2001:40). Second, electronic and communications technologies have facilitated even greater movements of capital than have hitherto existed. Third, the international division of labour has been deepened and extended (2001:38-41). They argue that while these features may be “new”, the current phase of globalization does not entail an unprecedented level of economic integration and interdependence compared to previous eras (Hirst and Thompson 1996; Weiss 1998).

They make this argument in order to stress the fact that the state’s position remains important in the capitalist economy due to its numerous roles: guaranteeing the rights of capital; creating the conditions necessary for global expansion of domestic capital; acting as a collective capitalist in its own right; regulating the ‘global’ economy within and beyond its jurisdiction through multilateral institutions; and performing a key role in the institutionalization of politics. Petras and Veltmeyer thus echo Leo Panitch’s (1994) point that globalization cannot be conceptualized as the mere erosion of state power because states have been authors of globalization themselves, actively participating in multilateral institutions such as the World Bank and IMF and negotiating international trade agreements such as the WTO and NAFTA. For Veltmeyer and Petras, contemporary globalization may be different from past eras of globalization in quantitative terms, but not in the “structures and units of analysis that define the process” (2001:41). Contrary to the “globalization thesis” as described above, the world economy has not entered a fundamentally new era.

McMichael, on the other hand, subscribes to the “globalization thesis” arguing that capitalism has entered a fundamentally new phase of development. At the descriptive level, however, McMichael’s critical assessment of globalization shares a lot in common with that of Petras and Veltmeyer. He similarly argues that the expansion of international trade has exacerbated inequality both within and among nations. He also argues that it is important to name the specific actors who are promoting and benefiting from globalization rather than speaking abstractly about “market forces”. Similar to Petras and Veltmeyer, McMichael sees globalization as a class-based project directed by the “global managers”: international bankers, the leaders of multilateral institutions and transnational corporations. He also acknowledges that “globalization is not specific to our era” (1996:31), noting that the current phase of globalization was prefigured in earlier phases of integration of the world market (2001:202). Like Petras and Veltmeyer, McMichael argues that there have been important transformations in the national and global forms of development between the post-Second World War era and the present, but for McMichael these transformations qualify as a qualitative shift in the “mode of social organization that marks a historic transition in the capitalist world order” (1996:27).

McMichael suggests that the “capitalist world order” can be organized into two historical periods, which are characterized by different institutions and dominant ideologies – the “development project” (1940s to 1970s) and “the globalization project” (1970s to present). The

imperialism cannot simply be equated with “capitalism” since each form of imperialism has its own dynamics rooted in different sets of property relations (Wood 2003). In this regard, Petras and Veltmeyer’s assertion that “imperialism” is a more precise concept than “globalization” for describing the historical continuities between past and present is not particularly convincing.

development project was “an organized strategy of national economic growth, including an international system of alliances and assistance established within the competitive and militarized terms of the Cold War” (2000:350). The globalization project is “an emerging vision of the world and its resources as a globally managed free trade/free enterprise economy pursued by a largely unaccountable political and economic elite” (2000:354). The unravelling of the development project was marked by the Third World debt crisis, which was resolved by “global managers” – the IMF and World Bank – who were elected by the emerging global elite to orchestrate a response to the debt crisis: structural adjustment. Structural adjustment ushered in the new era by forcing debtor nations to adopt neoliberal policies, reducing the public provision of essential services and orienting their production structures towards production for the world market rather than the domestic market. Unlike the previous era of development, the goal of states was no longer to replicate the western experience of industrial development, but to position themselves in the world market (McMichael 2000:162-4). For McMichael, the imposition of structural adjustment diminished Third World states’ sovereignty.

By employing the terms “development project” and “globalization project” as descriptive, self-limiting concepts, McMichael avoids explaining their evolution as the necessary outcome of other processes. McMichael argues that the task of the social theorist is to *historicize theory* rather than theorize history. As such, he argues that globalization should not be read as “simply the unfolding of capitalist tendencies, but a historically distinct project shaped, or complicated, by the contradictory relations of previous episodes of globalization” (McMichael 2001:202). The institutions that have been established in the new era of “globalization” are fundamentally different from the ones that existed previously, especially the nation-state. McMichael puts it as follows:

In short, the extensive transition in economic and political arrangements that we term “restructuring” has its roots in the displacement of the development project (the management of national economic growth and welfare) by the globalization project (the management of global economic growth and the global commons). It is not simply a quantitative economic trend; rather, it involves substantive changes in institutional and ideological relations – generating the new paradigm of “postdevelopmentalism” (1996:41-2).

While at a descriptive level, McMichael’s characterization of “globalization” is excellent, the explanation is not as clear. The contention that “restructuring” can be explained as the result of a shift, which is itself defined in institutional and ideological terms, is a somewhat tautological statement given that “restructuring” refers to changing institutional forms. Because McMichael has chosen to present the “development project” and the “globalization project” as descriptive categories that contain no explanatory mechanisms, the driving force that lies behind the national consolidation and international expansion of “economic development” remains unspecified (Teepie 1998). The focus on the rise of transnational corporations and the new roles of multilateral institutions is not adequate as explanation. As Paul Burkett argues, attempts to analyze the activities of institutions such as the IMF, World Bank and the WTO “using the category of ‘globalization’ seem to beg the question as to what social relations are being globalized” (Burkett 2003:106). To explain rather than just describe what has happened, Burkett contends that it is necessary to discuss what kind of socio-economic system creates the powers that these global institutions wield.

While McMichael contends that globalized production and increased capital flows have made the nation-state irrelevant, Petras and Veltmeyer stress that this is the wrong question altogether. At base, the fundamental disagreement between globalization sceptics such as

Veltmeyer and Petras and those who embrace the term “globalization” such as McMichael is not a disagreement about the fact that institutions within global capitalism have changed, especially the nation-state, but on the meaning of these changes. For those analysts like Veltmeyer and Petras who view globalization as the intensification of an old process – the expansion of capitalist imperialism – dramatic changes in forms of capital accumulation are to be expected. As such, globalization presents less of a theoretical challenge for Petras and Veltmeyer than it does for McMichael, and they are not inclined to characterize “globalization” as a fundamental change to the “capitalist world order”. Given the central role that the state plays in the process of capital accumulation, they remain central agents in the “globalization” process. The real issue is not the reduction of the size and powers of the state, the loss of national sovereignty or the hollowing out of state responsibilities and functions, but the transformation of the state itself due to the changing character of global class relations. The relations between transnational corporations and what were previously designated their home states has changed; each nation state represents a constellation of both domestic and foreign capital and even the domestic capital is internationally oriented. Therefore, what has been fading away is not the existence of national states, but the notion of a specifically national capitalist class (with the possible exception of the American one). As Veltmeyer and Petras stress, strong states are an essential architectural partner of markets, and what has transpired over the past few decades is a “realignment of the state towards the interests of the transnational capitalist class” (Veltmeyer and Petras 2001:20). In this view, the institutional transformations that have transpired between the “development project” and the “globalization project” that may be described accurately by McMichael cannot be explained without reference to the expansion and deepening of capitalist relations on a global scale.

While their descriptions of “globalization” bear some resemblance, the different conclusions that emanate from their respective positions on the “globalization” debate became very clear in their discussions of the relationship between globalization, the state, and development. Both sets of authors are critical of forms of “top-down” development and see signs of hope in the resistance movements that have emerged in the Third World. Both have a shared commitment to discern sites of struggle in order to build a globalized politics based on international solidarity and resistance “from the bottom up”. Where they diverge, however, is in their assessments of which types of political projects are most likely to build effective resistance movements to the global expansion of capitalism. They emphasize different kinds of agency following their different evaluations of globalization. Petras and Veltmeyer follow a Marxist/dependency perspective that privileges the roles of classes and states. McMichael, by contrast, follows a postdevelopment perspective that tends to privilege the autonomy and empowerment of localized social movements that resist the ‘western model’ of development. The question is which position is better able to distinguish the alternatives that might lie outside “development”.

McMichael does not make the explicit argument that “globalization” is the result of the deepening of capitalist relations, because in his view the problem is not with capitalism but all of “modernity”. For McMichael, the whole idea of “development” in all of its historical manifestations is fundamentally flawed because it is rooted in Eurocentric ideas loosely linked to “modernity” – “Aristotelian association of change with a theory of nature, St. Augustine’s projection of the Christian theology of salvation as a historical necessity, and the Enlightenment belief in unlimited progress” (2000:277-8). According to McMichael, these ideas have wrecked violence on humanity and the ecology through their universalizing mythologies. He writes:

In imputing universal characteristics to all people, contingency, diversity and specificity are

homogenised in the name of a specious and often violent attempt to create human unity. This, in itself, lends legitimacy to cultural and biopolitical colonization (Patel and McMichael 2004:237).

McMichael argues that the critics of the mainstream development model (including, supposedly, Marxist such as Petras and Veltmeyer), are no less “modernist” and developmentalist than the theorists they are criticizing, because they all advocate utilizing the state as one key instrument in facilitating a transformation. For McMichael, the nation-state is primarily a western notion that embodies the modernist project of economic nationalism. From this perspective, the retreat of the state from social provision that has ensued with neoliberal restructuring is not necessarily something to lament because it has created new opportunities for civil society movements to accomplish their self-determined goals. “Globalization” thus provides an opportunity for civil society to renew the political process, since as McMichael puts it, “the nation-state has become ‘too small for the big problems of life, and too big for the small problems of life’ (2000:153, citing Giddens). For McMichael, “new social movements” are thus the privileged subjects of progressive social transformation since they represent a departure from the western model of development towards alternative, local, ecologically based principles. In the place of “development”, he advocates Wolfgang Sach’s (1992) notion of “cosmopolitan localism”. He argues that new international social movements have arisen from the ashes of state-centred developmentalism, which recognize the complicity of the state with capital and make claims for sovereignty and rights constructed ‘outside of the state’ (Patel and McMichael 2004).

The problem with the postdevelopmentalist perspective is that it jettisons the state in favour of ‘local’ forms of autonomy, which reinforces rather than challenges neoliberalism. There is an uncanny parallel between the anti-statist views of the post-Marxist left and the anti-statist views of the neoliberal right. As Nederveen Pieterse argues:

If we read critiques of development dirigisme, such as Deepak Lal’s critique of state-centred development economics – which helped set the stage for the neoconservative turn in development – side by side with post-development critiques of development power, such as Escobar’s critique of planning, the parallels are striking. Both agree on state failure, through for entirely different reasons. According to Lal, states fail because of rent-seeking; Escobar’s criticisms arise from a radical democratic and anti-authoritarian questioning of social engineering and the faith in progress. But arguably, the net political effect turns out to be much the same. In other words, there is an elective affinity between neoliberalism and the development agnosticism of post-development (Nederveen Pieterse 2000:184).

Giles Mohan and Kristian Stokke also point out that there is a convergence between “revisionist neoliberalism” and the “post-Marxism” that underpins much of the postdevelopment literature. The uncritical localism that is presented in this literature tends “to essentialize the local as discrete spaces that host relatively homogeneous communities or, alternatively, constitute sites of grassroots mobilization and resistance” (2000:264). They advocate a stronger emphasis on the “politics of the local”, since local participation can be used for different purposes by different stakeholders – including underplaying local inequalities and power relations, as well as national and transnational economic and political forces – thereby overtly or inadvertently cementing Eurocentric ‘solutions’ to development problems” (2000:249-50). Veltmeyer and Petras also point out that uncritical localism disorients “movements by pointing to conflicts between ‘the state’ and ‘civil society’ rather than examining how the most wilful and cruel exploitation occurs within civil society between landowners, bankers and financiers on the one hand and landless peasants, indebted small producers

and unemployed workers on the other” (2001:169). As they argue, refocusing on class and power constitutes a vitally important terrain for intellectual engagement in a world of profound injustice and material inequality.

A critical engagement with neoliberalism is not just a matter of reasserting the developmental state of the by-gone era, an idea which Petras and Veltmeyer themselves pass off as “quixotic and highly anachronistic” (2001:20). Veltmeyer and Petras share many of McMichael’s concerns about how “development” has been conceived in theory and practice, but focus on how the notion has been defined by in the neoliberal era as the “growth of exports controlled by major agro-businesses and manufacturing operations” (2001:122). They argue that “class-biased” indicators such as Gross Domestic Product obscure “the enormous inequalities in classes, regions, and ethnic and gender groups within the ‘nation’” (2001:122). Similar to McMichael, Petras and Veltmeyer argue that the alternative to “development from above” is “development from below,” as embodied in Third World socio-political movements. Among the possible “adversaries” of globalization – workers in both imperial and dominated countries, public employees, and small business owner – Petras and Veltmeyer argue that the burgeoning popular alliances formed between landless workers, small farmers and peasant productions, as well as urban workers are “most consequential anti-imperialist, anti-systemic movements” (2001:163). What is key for Petras and Veltmeyer is that the “advocates” of globalization are much more organized and powerful than the “adversaries”. As they write, a “key point is *the control of the nation-state by the advocates and beneficiaries and their key capacity to wield it as a formidable weapon in creating conditions for globalization*” (2001:34, their emphasis). Unlike McMichael, however, the political project of these resistance forces must not turn their attention away from the state towards alternative forms of development and local power, but must push for the radical democratization of the state and economy along socialist lines. A radical project of social transformation requires a “different kind of state”, which entails a fundamental transformation of social property relations and “the decentralization of administrations of state allocations and their redistribution to local recipients in civil society able to vote on their own priorities” (2001:171).

While McMichael suggests that we should avoid imputing universal characteristics to all people, Petras and Veltmeyer argue that there are some aspects of human existence which are universal in scope and upon which progressive political projects may be built. As argued in the following section, a rejection of “development” as it has been conceived in theory and put into practice does not necessitate the rejection transformative projects that make universal claims for the betterment of human life.

DEVELOPMENT, GLOBALIZATION, AND WATER PRIVATIZATION IN THE THIRD WORLD

The politics of water privatization in the Third World represents an interesting case of what has been a highly combative and contradictory process of transition towards political and economic arrangements consonant with the central tenets of neoliberal globalization.

The paradigm shift between the postwar era and the present with regard to whether water should be provided by the public or private sector is accurately captured by McMichael’s notion that there has been a shift from the “development project” to the “globalization project”. Over much of the twentieth century, the conventional response to the problem of providing access to water supply was an argument in favour of increased state spending and public provision (Bakker 2003b). In the postwar era, three main arguments justified the provision of water by public monopolies. First, private companies were generally not interested in investing in water infrastructure or were seen as incapable of doing so due to problems with “market failure.”

Providing potable water to an urban population requires large initial investments in infrastructure, and it takes a long time to make profit on that initial investment, if profit is ever made. Second, it was argued that public services such as water and sewerage systems constitute “natural monopolies,” that can be provided more efficiently by one central administrative bureaucracy than by a number of competing firms. Third, like health care and highways, water was considered to be a means of collective consumption, which was consumed individually but provided by the state because of its universal social and economic benefits. Water is not only essential to human survival, it is an important input in industrial production, and is thus central to capitalist development. Under the ideology of the Keynesian and developmental states, the means of collective consumption such as water came to be considered fundamental human rights to which all citizens should have access (Bennett 1995:24-5; Bakker 2003a:40-41). Following these precepts, efforts to extend universal access to basic services were institutionalized in countries and cities around the world during the postwar period, and water and sewerage networks came to be managed almost exclusively by the public sector, although the progress in the South lagged significantly behind that in the North.

With the neoliberal revolution of the last quarter century, a decided shift has taken place within the debates in public policy and administration, away from a concern with “market failure” and towards the notion of “state failure”. The World Bank has played a central role as author of many of these arguments about “state failure” in its various policy documents and development reports, which blame the failure of structural adjustment to improve economic growth rates on inefficient, corrupt, and authoritarian states rather than on the austerity policies promoted by the World Bank through conditional lending (Howell and Pearce 2001:40-1; cf. World Bank 1997; World Bank 2004). At the same time, large transnational corporations have emerged as major players in the world water market and have been lobbying for the liberalization of Southern water markets following their successful experiences of privatization in the North (Idelovitch and Ringskog 1995; World Bank 1994). The international development community has also increasingly adopted the tenets of neoliberalism, and several non-governmental agencies have played a major role in promoting private participation in the water sector in developing countries. In 1992, the World Meteorological Organization in Geneva outlined the Dublin Principles, which stated that water needs to be treated as an “economic good”, arguing that past failure to recognize its economic value has led to wasteful and environmentally damaging uses of the resource (Budds and McGranahan 2003:91). In the current policy context, private sector participation in the provision water services has been presented as the main alternative to poor public sector performance in developing countries, to the virtual exclusion of other possibilities. In 1990s, many governments in Latin America, Asia, and Africa sold public water corporations and infrastructure to private companies in order to comply with the requirements of structural adjustment programs and, supposedly, to improve service delivery (Bakker 2003b:35).

The fact that the state has never been a universal provider of essential services foments the position that the project of “development” has failed throughout Latin America. For example, it has been estimated that almost 80 million people have no access to drinking water supply in Latin America and the Caribbean (ECLAC 2003:1). This observation does not lead automatically to the conclusion, however, that notions of “development” that see the state as central to the process should be jettisoned in favour of “cosmopolitan localism”. As Ben Page (2003) argues the emphasis on community management advocated by an uncritical localism has a tendency to obscure the political context and consequences of struggles over resources. He suggests that a

widespread admiration for any initiative that is community based often results in an uncritical analysis of this form of development project. In his study of the Kumbo Water Authority in Northwest Cameroon, the commodification of water actually accelerated after the community has wrested control of this public service from the state, as the community actively sought to marketize water at the same time that it was being marketized through privatization elsewhere in Cameroon.

The retreat of the state from the promise, although not the practice, of universal service provision has wider implications for the notion of citizenship under neoliberalism. As noted by José Esteban Castro, however, “the connection between access to water services and citizenship should be self-explanatory” (2004:328), for the notion that water for human consumption is a universal right is found in many different cultures and predated the development of modern citizenship systems. The privatization of water for the purposes of profit-making, however, is contingent upon a shift in the notion that all *citizens* should have access to a certain amount of water regardless of their ability to pay by the concept that citizens are *consumers* that should have access to water based upon their willingness to pay (Antony and Broad 1999; Bakker 2001). The neoliberal restructuring of the state entails a transformation in the sphere of rights, as notions of “social citizenship” are giving way to forms of “lean citizenship,” defined as the attempt to strip citizenship of any collective or social attributes in favour of a wholly privatized and marketized notion of rights. As demonstrated by the protests against the privatization of water for the purpose of profit making, these attacks on citizenship rights may have unprecedented potential to generate struggles that genuinely challenge neoliberal capitalism (Mooers 1999; Benjamin and Turner 1992).

The protest movements that have emerged around urban water provision argue that public ownership is superior to private ownership. Given its qualities as a resource that is central not only to capitalist production, but human life, the privatization of water has been much more controversial than the privatization of other resources. Citizens have successfully mobilized to reverse privatization concessions in different countries, such as Brazil, Bolivia, Paraguay, Panama, Trinidad, Honduras, and Uruguay (Hall and Lobina 2002). The most immediate trigger for these protests in most cases has been a reaction to higher user fees, which impact the poor the hardest since they do not have the capacity to absorb increased costs. The increased fees which followed privatization led to the cut-off of many users in settings as diverse as Argentina, Bolivia, England, Uruguay, and Chile (Hall and Lobina 2002; Bakker 2000; Bauer 1997). In the case of South Africa, water cut-offs caused an outbreak of cholera in poor neighbourhoods in Johannesburg (McDonald and Pape 2002; Bond 2001). Bolivia has served as one of the most well known cases of mobilizations against privatization. After the sale of a concession contract that granted control over Cochabamba’s municipal water supply to a private consortium controlled by the multinational Bechtel Corporation in 1999, the tariffs for some water users increased up to 200% (Vargas and Kruse 2000:11). The hike in tariffs helped to trigger a widespread civil protest, which came to be known as the “Water War” of 2000.³ After six months of blockades that shut down the city and bloody conflicts that left six people dead, the government succumbed to the protestors’ demands, reversing the concession and reforming the national water legislation (Crespo Flores 2000; Shultz 2000).

³ As several scholars note, the “Water War” was not simply about water but has to be seen as part of a larger social mobilization against neoliberal reforms. The tariff increase may be viewed as having sparked the protest, but it would be inaccurate to argue that it “caused” the protest (Crespo Flores 2000; Tapia 2000; Nickson and Vargas 2002).

Petras and Veltmeyer's argument about the need to construct a "different kind of state", rather than focusing exclusively on 'local' solutions 'outside of the state' offers a better perspective for understanding the collective struggles that have emerged around the privatization of water. They maintain although reform of the state is necessary to improve the public sector, public-centred development is far superior to private and that social ownership within the public sector is superior to the state. By contrast, while McMichael does not actively embrace privatization, the anti-statist "postdevelopmentalist" position reinforces the neoliberal claim that the state has no business in providing services such as water.

CONCLUSION

Through the lens of the globalization thesis, the present age is regarded as undergoing an unprecedented transformation from national societies to global society, and from an international, 'interdependent' economy to a genuinely global economy. Philip McMichael's version of the globalization thesis contends that because local people and their governments no longer have control over the key decisions that shape their lives, "cosmopolitan localism" should replace the problematic project of "development". This position, it was argued leads to an uncritical localism which celebrates the 'civil society' as a benign realm of positive action and the state as an oppressive apparatus of domination. Petras and Veltmeyer argue, on the other hand, that the problem is not "development" *per se*, but the forms that development and the state have taken within capitalism, maintaining the position that 'the state' remains an important site of politicking despite the claims that its power has been eroded with globalization.

There is little reason to suppose that the role of the state came to an end because of globalization. To the contrary, identifying the dynamic and central role of the nation-state in the current phase of 'globalization' allows us to identify the tremendous potentialities of the state as a centre for alternative forms of economic organization. In the case of urban water provision, the state and the struggles against privatization make universal claims about citizenship that have the potential to genuinely challenge the neoliberal capitalism.

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