

Roots of Resistance to Urban Water Privatization in Bolivia: The “New Working Class,” the Crisis of Neoliberalism, and Public Services

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Abstract: This paper analyzes the roots of resistance to the privatization of public services in the context of the changes to class formation in Bolivia. Based upon two case studies of urban water privatization, it seeks to explain why the social coalitions that have emerged to protest the privatization of public water services in Bolivia have been led by territorially-based organizations composed of rural-urban and multi-class alliances rather than public sector unions. It argues that protest against the privatization of water utilities in Bolivia must be understood within the context of neoliberal economic restructuring and the emergence of what has been termed the “new working class,” which is now primarily urban and engaged in informal forms of work.

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“While you can’t drink the rhetoric of anti-globalization, struggles like the water war are vital, and the only hope for rebuilding a progressive agenda.”

-Tom Kruse, Water Warrior and investigator on labor issues in Bolivia²

“Water is life.”

-Oscar Olivera, Water Warrior and Bolivian social movement leader³

No other resistance struggle against water privatization has featured so prominently amongst anti-neoliberal globalization movements as the Cochabamba Water War. After several months of employing peaceful resistance strategies, such as referendums, public assemblies, and road blockades, the residents of the Cochabamba Valley successfully expelled a powerful transnational corporation that had been given monopoly control over the local water supply. Locally, the dramatic events of the first months of 2000 inspired much theorizing about the “new social subjects” that have emerged to contest the deepening of neoliberalism. At the heart of the resistance struggle against the privatization of water in the Cochabamba Valley was a rural-urban, multi-class alliance—the Coordinadora de Defensa del Agua y de la Vida (Coalition for the Defense of Water and Life, henceforth the Coordinadora)—that appeared to overcome some of the problems of mobilization associated with ‘old’ forms of social movements, particularly trade unions. It is often argued that, in contrast to a trade union with a closed membership and hierarchical leadership structure, the only requirement for membership in the Coordinadora was active participation in the daily struggles.

While most evaluations of the Water War have rightly stressed the importance of building multi-ethnic and multi-class coalitions in the struggle against neoliberalism, this investigation focuses on the inherent

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² Postero, Nancy. "Neoliberal Restructuring in Bolivia." A Contracorriente 2.3 (2005): 133.

³ Buxton, Nick. Interview with Oscar Olivera. 2006. Fundación Solón. Available: <http://boliviasolidarity.org/newsupdates/bolivia/oscarinterview>.

tensions that emerge within such coalitions, and the manner and degree in which they limit their effectiveness at achieving broader societal transformation over the long term. In struggles for basic services there is an inherent tension between consumers, who lobby to lower the costs of goods and services, and the workers who produce those services, which seek to improve their wages and working conditions. I argue that while consumption issues such as access to potable water are an essential part of the broader working class struggle and that building coalitions between different groups is necessary to reverse the social polarization exacerbated by neoliberalism, coalitions that focus on cheapening of wage goods at the expense of workers' struggles for better wages and working conditions risk contributing to the decline of the working class as a whole. The Cochabamba experience demonstrates that the uncritical embrace of multi-class coalitions focused on consumption and citizenship rights is no panacea or substitute for workers' self-organization and mobilization if a genuinely emancipatory and humane development is to be constructed.

The following seeks to explain the roots of resistance to the privatization of public services in the context of the recent changes to class formation in Bolivia. It begins by placing the resistance struggles against the privatization of water utilities in their historical context, briefly describing the changes to the labor market brought by neoliberalism. The second section explains why territorially-based organizations came to replace class-based organizations with the rise of what has been dubbed the "new working class," which is now primarily urban and engaged in informal forms of work. The third section describes the social composition of the coalitions that emerged to contest water privatization, followed by an examination of the strengths and weaknesses of territorially-based organizations and a specific analysis of the Cochabamba case five years after the Water War.

From State Capitalism to Neoliberalism, 1952 to 2005

The high level of resistance to neoliberalism in the past decade in Bolivia relates in part to the severity of its impact in the country. Bolivia is widely heralded as a "star reformer" that has pursued one of the most ambitious—and harshest—structural adjustment programs on the continent.

The neoliberal structural adjustment policies pursued by a series of administrations from 1985 to 2006 aimed to systematically dismantle the policies and practices of the developmental state constructed after the national populist Revolution of 1952. The tin mines that were nationalized

after the Revolution not only provided the Bolivian state the bulk of its hard currency, but formed the base for a radical, highly-centralized trade union movement, headed by the main national labor federation, the Bolivian Workers' Central (Central Obrera Boliviana, henceforth COB), which played a leading role in the popular class struggle throughout the post WWII period.⁴ While pensions, healthcare, and basic services were never universalized, the state was nonetheless the provider of public goods and the focus of social demands. Its subsequent unraveling amidst neoliberal adjustment programs has meant a fundamental restructuring of state-society relations.

After a tumultuous period of successive military governments from 1964 to 1982, Bolivia's transition to polyarchy took place in the context of an unprecedented economic crisis.⁵ Like many other countries in the region, Bolivia emerged from a period of dictatorial rule with an unmanageable debt-load, which was largely accrued by an unaccountable elite who transferred most of their earnings to banks in United States and Europe. The low level of capital formation, and the consequent government inability to collect revenue while being held to unsustainable social expenditures led to spiraling hyperinflation that wiped out overnight what little savings people managed to scrape together.⁶ The response to the crisis was an "orthodox shock" therapy program designed by the IMF and implemented with gusto by the Bolivian state. The "New Economic Policy" (NEP) was much more than an economic policy. It was in fact,

⁴The miners' union, the Federation of Bolivian Mine Workers (Federación Sindical de Trabajadores Mineros de Bolivia), was the most powerful member of the COB in the post-revolutionary period. See Lora, Guillermo, and Laurence Whitehead. A History of the Bolivian Labour Movement, 1848-1971. Cambridge and New York: Cambridge University Press, 1977; Lazarte, Jorge. Movimiento obrero y procesos políticos en Bolivia (Historia de la COB 1952-1987). La Paz: ILDIS, 1989; García Linera, Alvaro, Marxa Chávez León, and Patricia Costas Monje. Sociología de los movimientos sociales en Bolivia: Estructuras de movilización, repertorios culturales y acción política. La Paz, Bolivia: Diakona and Oxfam, 2005, 29-103.

⁵ Following James Dunkerley, the choice of the term "polyarchy" is deliberate since "there has not yet been a transformation from institutional continuity to a culture and popular expectation of pluralist behavior within civil and political society." Dunkerley, James. Warriors and Scribes. London and New York: Verso, 2000, 43.

⁶ As James Dunkerley argues, the transition to democracy in Bolivia occurred under extremely unfortunate circumstances. The Left coalition government that came to power in 1982 attempted to control hyperinflation by implementing deflationary measures that "simply spurred inflation and cut real wages by about a third." Dunkerley, James. "The Crisis of Bolivian Radicalism." The Latin American Left: From the Fall of Allende to Perestroika. Eds. Barry Carr and Steve Ellner. London: Westview Press and Latin American Bureau, 1993, 125.

nothing less than a new ideological and philosophical framework to redefine Bolivia's future economic, social, and political choices.⁷ One of the primary goals of the NEP was to weaken the organized labor movement. Between 1985 and 1987, the government closed down the majority of its mines, reducing the workforce from 30,000 to around 7,000, and hence demolishing the base of the organized labor movement.⁸ It also dismissed 31,000 public service workers by the end of the decade, and 35,000 manufacturing jobs were lost due to economic contraction.⁹ In this early stage of the adjustment process, the government could not muster the political support needed to shed all state enterprises—a task that was taken up by Gonzalo Sánchez de Lozada during the “second stage” of neoliberal restructuring.

In 1993, a US-educated mining magnate and one of the original architects of the NEP, Gonzalo Sánchez de Lozada, came to power with a popular mandate to deepen the neoliberal reforms initiated eight years earlier. The centerpiece of his policy, the Plan de Todos (“Plan for All”), was an ambitious program that combined administrative decentralization and privatization in line with the heavy emphasis on “popular participation” and the delegation of state responsibilities to the private sector demanded by the World Bank.¹⁰ Sánchez de Lozada used his experience in the mining sector—in which he would provide land and others would invest the capital—to design a privatization program euphemistically referred to as “capitalization.”¹¹ The privatization program

⁷ Veltmeyer, Henry, and Juan Tellez. "The State and Participatory Development in Bolivia." Transcending Neoliberalism: Community-Based Development in Latin America. Eds. Henry Veltmeyer and Anthony O'Malley. Bloomfield, Connecticut: Kumarian Press, Inc., 2001, 67-94; Fernández Terán, Roberto. FMI, Banco Mundial y Estado neocolonial: poder supranacional en Bolivia. Segunda edición ed. La Paz, Bolivia: UMSS/Plural Editores, 2003, 58-62.

⁸ Sanabria, Harry. "Resistance and the arts of domination: miners and the Bolivian state." Latin American Perspectives 27.1 (2000): 56-81.

⁹ According to ILO data (<http://laborsta.ilo.org>), there were approximately 200,000 public sector workers by 1995, meaning that the public sector shed at least 10 percent of its workforce at both central and regional levels of government. Farthing, Linda. "The New Underground." NACLA Report on the Americas 25.1 (1991): 18-23; Grindle, Merilee. "Shadowing the Past? Policy Reform in Bolivia, 1985-2002." Proclaiming Revolution: Bolivia in Comparative Perspective. Eds. Merilee Grindle and Pilar Domingo. Cambridge, Massachusetts and London, England: Institute of Latin American Studies, University of London and David Rockefeller Center for Latin American Studies, Harvard University, 2003, 318-44.

¹⁰ Kohl, Benjamin. "Stabilizing Neoliberalism in Bolivia: Popular Participation and Privatization in Bolivia." Political Geography 21.4 (2002): 449-72.

¹¹ Grindle. "Shadowing the Past."

was designed to limit social opposition to the sale of what had long been considered by Bolivian citizens to be their national patrimony. Under the program, fifty percent of the shares in publicly owned companies was to be transferred to transnational corporations, and the rest was to be transferred to Bolivian capitalists. The resulting proceeds were to be distributed to all Bolivians over 65 through a partially-privatized pension program.¹² In fact, more than half of the shares of the remaining public companies were sold to transnational corporations, including the municipal water companies in La Paz-El Alto and Cochabamba in 1997 and 1999 respectively. The results of the privatization program were just as disappointing as predictable. The Bolivian airline were stripped of its assets, the transfer of the railway to a Chilean company was considered a national security threat and the government had to borrow \$44 million from private capital markets at 11 percent interest to make the first payments out of the pension plan. With little state control over the pension program, the privatized companies preferred to divert their revenues elsewhere.¹³ Rather than revitalizing the economy, the legacy of privatization has been increasing unemployment, escalating public budget deficits, deepening dependence on international aid, and the overall deterioration of working and living conditions.¹⁴

In a nutshell, two decades of neoliberalism engendered profound structural changes in the Bolivian political economy. The state, once the main employer, is no longer a provider of goods and services and has limited its role to regulation and social repression.¹⁵ The labor movement, once the leader of the popular struggle, has been debilitated and the re-articulation of the resistance forces has been a slow and complicated

¹² The redistributive effect of this program is minimal given that the life expectancy for the average Bolivian male between 1995-2000 was 60 and for the average Bolivian female was 64. ECLAC. Statistical Yearbook for Latin America and the Caribbean 2003. Santiago, Chile: United Nations Economic Commission for Latin America and the Caribbean, 2004, 10.

¹³ Fernández Terán. FMI; Kohl, Benjamin. "Privatization Bolivian Style: A Cautionary Tale." International Journal of Urban and Regional Research 28.4 (2004): 900.

¹⁴ Fernández Terán. FMI; Kohl. "Privatization Bolivian Style: A Cautionary Tale."

¹⁵ Several observers have noted that despite the emphasis on the role of the market, the imposition of neoliberalism requires a more organizationally and ideologically powerful state. Mauceri, Philip. "State Reform, Coalitions, and the Neoliberal Autogolpe in Peru." Latin American Research Review 30.1 (1995): 7-38; Gill, Lesley. Teetering on the Rim: Global Restructuring, Daily Life, and the Armed Retreat of the Bolivian State. New York: Columbia University Press, 2000.

process.¹⁶ In the past five years, however, new social actors have emerged to contest the polarization of society. Amongst the most important of these actors are territorially-based organizations, such as urban popular movements and rural-urban alliances, that have mobilized to regain control over key natural resources, particularly water and gas. In December 2005, such organizations played a key role in bringing Bolivia's first indigenous president Evo Morales to office, who was elected with a popular mandate to reverse the damage brought by more than 20 years of neoliberalism.¹⁷ While these territorially-based organizations are part of a social movement that has demonstrated its political strength, what makes them distinct from earlier working class movements is that they are not organized under a trade union banner.¹⁸ To understand the nature and characteristics of these organizations requires an examination of the factors that have created what has been dubbed the "new working class."

The Rise of the "New Working Class" and the Challenge of Mobilization

Scholars should always use caution when suggesting that any political or economic phenomenon is "new." The use of the adjective here is not meant to suggest that the problems related to the organization of the urban masses are "new" in the sense that they have never been seen before. Rather, these trends should be viewed as part of longer historical processes of class formation and capitalist transformation.¹⁹

¹⁶ Thomson, Sinclair, and Forrest Hylton. "The Chequered Rainbow." New Left Review.35 (2005): 19-64; Webber, Jeffery R. "Left-Indigenous Struggles in Bolivia: Searching for Revolutionary Democracy." Monthly Review 57.4 (2005).

¹⁷ Hylton, Forrest. "The Landslide in Bolivia: Introduction to Álvaro García Linera." New Left Review 69-72 (2006).

¹⁸ Spronk, Susan, and Jeff Webber. "Struggles against Accumulation by Dispossession in Bolivia: The Political Economy of Natural Resource Contention." Paper presented at Studies in Political Economy, Ryerson University, Toronto, Canada, February 2006.

¹⁹ While no existing study provides a comprehensive overview of class formation in Bolivia after 1985, there are several studies of class formation in Bolivia in the pre- and post-revolutionary periods. See Nash, June C. We Eat the Mines and the Mines Eat Us: Dependency and Exploitation in Bolivian Tin Mines. New York: Columbia University Press, 1979; Zavaleta Mercado, René. Las masas en noviembre. 1a ed. La Paz, Bolivia: Librería Editorial "Juventud", 1983; Zavaleta Mercado, René. Clases sociales y conocimiento. La Paz: Editorial Los Amigos del Libro, 1988; Lagos, Maria L. Autonomy and Power: the Dynamics of Class and Culture in Rural Bolivia. Philadelphia: University of Pennsylvania Press, 1994; Larson, Brooke. Cochabamba, 1550-1900: Colonialism and Agrarian Transformation in Bolivia. Expanded edition with a new foreword by William Roseberry. ed. Durham: Duke University Press, 1998.

The natural resource conflicts in Bolivia that concern this inquiry must ultimately be understood in their historical context of foreign colonial and neocolonial projects and an internal political economy based on a system of ethnic stratification inherited from the Spanish, which long served as the basis for land tenure and production relations. Since the establishment of the Spanish colonies in the sixteenth century, work categories and geographical spaces have been defined by racialized categories. During the Spanish colonial period, “Indios” in the countryside performed servile labor duties on haciendas. The cities were also divided into separate zones for the elite mestizo/white minority and the “Indio” majority. Such class-racial boundaries were only transgressed by a select few with paler complexion and donned western dress or the masses who worked in the kitchens and brothels of the city. Up until the Revolution, “Indios” could not vote, nor could they set foot in the town square of the capital, La Paz. Upper-class and lower-class divisions in Bolivia have thus been long marked by intense class and racial hierarchies, although after five hundred years of contact, most people are mestizo (“mixed blood”).²⁰

While the racialized-class character of Bolivian society remains a constant, neoliberalism has exacerbated two important trends that have affected class formation in two ways that infuse new dynamics in working class politics: accelerated urbanization and the decline of trade unions. First, over the past fifty years, there has been a profound demographic shift. For most of its history, Bolivia has been a rural, agrarian society. Today, sixty percent of the population lives in its three major urban areas. Rural peasants and poor migrants have flocked to the cities. Between 1976 and 1992 the population in urban areas grew by 4% per year, continuing to grow at nearly the same rate throughout the 1990s. The population of El Alto, the satellite city of La Paz, grew from 11,000 in 1950 to almost a quarter of a million in 1985, and it reached about 650,000 in 2001.²¹ Cochabamba has also grown at an alarming rate. With about 720,000

²⁰ On racial and class categories in rural and urban Bolivia in the colonial and post-colonial periods see Rivera Cusicanqui, Silvia. "Oppressed but not Defeated": Peasant Struggles among the Aymara and Quechwa in Bolivia, 1900-1980. Geneva: United Nations Research Institute for Social Development, 1987; Klein, Herbert S. A concise history of Bolivia. Cambridge concise histories. Cambridge, UK ; New York: Cambridge University Press, 2003; Larson, Brooke. Trials of nation making : liberalism, race, and ethnicity in the Andes, 1810-1910. Cambridge, U.K. ; New York: Cambridge University Press, 2004; Rivera Cusicanqui, Silvia. "Reclaiming the Nation." NACLA Report on the Americas 38.3 (2004): 19-23.

²¹ Arbona, Juan M., and Ben Kohl. "City profile - La Paz-El Alto." Cities 21.3 (2004): 255-65.

residents in 1976, the city's population nearly doubled to 1.4 million in 2001.²² While the majority of migrants to Cochabamba previously came from the surrounding region, in 1986 more than 60% of new migrants came from the altiplano (the 14,000 foot high plateau where Bolivia's tin mines and capital are located) due to the devastation of the mining economy.²³ Most of these migrants moved to shantytowns located at the peripheral areas of cities that lack basic infrastructure such as paved roads, water, sewerage, street lighting, and garbage collection.

These urban areas have become sites of an explosive mix of class, ethnic, and racial identities.²⁴ While space constraints do not permit the lengthy discussion that this topic deserves, a key observation is in order. The influx of former miners and peasants to the cities has greatly influenced the organizational culture in these peripheral urban areas. In Rebellion in the Veins, historian James Dunkerley explains how during the post-revolutionary period, the relations between peasants and the miners were tense owing to the divide and conquer tactics of military governments and a vanguardist ideology that made miners view peasants as "backward" even though they largely shared a common indigenous/mestizo heritage.²⁵ The "relocation" of both these groups to the cities and the shared experience of racism and economic hardship has facilitated the construction of new forms of identity within the urban environment, particularly indigenous identity. Indeed, while "Indios" were traditionally thought to only live in rural areas in Bolivia, a strong process of indigenization has taken place throughout the country.²⁶ Since statistics started being collected on indigenous identity in 1976, the number of

²² INE. Anuario estadístico, 2000. La Paz, Bolivia: Instituto Nacional de Estadística, 2001. Available: <http://www.ine.gov.bo/>.

²³ Data from <http://countrystudies.us/bolivia/40.htm>

²⁴ Gill. Teetering on the Rim; Goldstein, Daniel M. The Spectacular City: Violence and Performance in Urban Bolivia. Durham: Duke University Press, 2004; Arbona, J. M. "Reading the City as (Social) Movement: El Alto, Bolivia – October 2003." Delaware Review of Latin American Studies 6.1 (2005); Albro, Robert. "The Water is Ours, Carajol: Deep Citizenship in Bolivia's Water War." Social Movements: A Reader. Ed. June C. Nash: Basic Blackwell, (2005): 249-71.

²⁵ Dunkerley, James. Rebellion in the Veins: Political Struggle in Bolivia, 1952-82. London: Verso, 1984, 120-57.

²⁶ Albó, Xavier. "El Retorno del Indio." Revista Andina 2.December (1991): 299-345; Yashar, Deborah J. Contesting citizenship in Latin America: the rise of indigenous movements and the postliberal challenge. Cambridge and New York: Cambridge University Press, 2005.

Bolivians reporting indigenous heritage has grown.²⁷ In the last official census of 2001, 62% of respondents over 15 years of age self-identified as “indigenous,” confirming Bolivia’s status as the most indigenous country in South America.²⁸

The rise of indigenous identity as a mobilizing force has reinforced the impression that “territorial” issues connected to place have surpassed “class” issues connected to “particularistic interests”. As noted above, however, class and race may be analytically distinct categories of sociological analysis but they cannot be easily separated in practice. Nonetheless, the resurgence of indigenous identity has without a doubt turned the political axis around which social struggles have been organized. As historians Sinclair Thomson and Forrest Hylton argue, current resistance is deeply rooted in “non-liberal forms of collective organization” that span from the traditional unit of Aymara sociopolitical organization, the *ayllu*, to the regional trade union centrals.²⁹ The historical relationship between indigenous people and “the commons” has permitted social movement actors to frame demands for communal control over natural resources in terms of indigenous rights, as seen below in the case of how the claim to “uses and customs” has been used as a frame by various actors in the struggle against water privatization in the Cochabamba Valley.

The second equally important trend that explains the nature of current resistance to privatization in Bolivia is the dramatic reduction in the number of workers concentrated into large workplaces and organized in trade unions. The closing of the mines and the restructuring of the economy devastated the labor movement, which has been unable to successfully resist the neoliberal onslaught. The decline of the COB as an important social actor has become the leitmotif of studies of the social-political transformations in Bolivia from the early 1980s to present.³⁰ The

²⁷ In 1976, respondents were asked to specify their “maternal tongue.” The 2001 census included a question specifically about indigenous identity.

²⁸ INE. Anuario estadístico, 2000. La Paz, Bolivia: Instituto Nacional de Estadística, 2001. Available: <http://www.ine.gov.bo/>.

²⁹ Thomson, and Hylton. “Chequered Rainbow,” 45. These collective organizations are “non-liberal” in the sense that they draw from non-Western understandings of the relationship between individual and society, emphasizing collective rights over individual rights. For an exposition of this view that distinguishes between indigenous notions of democracy and liberal democracy see Rivera Cusicanqui, Silvia. “Liberal Democracy and Ayllu Democracy: The Case of the Northern Potosí Bolivia.” Journal of Development Studies 26.4 (1990): 97-121.

³⁰ See *inter alia* Lazarte. Movimiento obrero y procesos políticos en Bolivia (Historia de la COB 1952-1987); Klein, Herbert S. Bolivia: The Evolution of a Multi-Ethnic Society. 2nd ed. New York: Oxford University Press, 1992; Arze, Carlos. Crisis del sindicalismo

reduction of the number of waged or salaried workers, however, has hardly meant a decline in the working class. Economic restructuring has been accompanied by an inverse process of what Bolivian sociologist (and now Vice President) Álvaro García Linera has dubbed “reproletarianization”—the growth of smaller, decentralized workplaces that employ between one and four employees who confront precarious conditions of employment.³¹ The decline in formal employment, particularly in the public sector, and the flexibilization of work has entrenched the informal sector as a permanent and growing part of the Bolivian economy.³² While the informal economy has always been significant in Bolivia, it is no longer thought of as the “backward” sector that would eventually be phased out with economic development.³³ Indeed, it has proven to be the most “dynamic” sector of the economy. One study estimates that the informal sector created 9 out of 10 new jobs in Bolivia in the 1990s.³⁴ This rise in informal employment has contributed to the increase in the number of “highly vulnerable” workers that lack labor and social protection such as contracts, severance pay, social welfare benefits, etc.

The processes of labor-market segmentation and informalization have seriously hampered the capacity of “those who do not live off the labor of others” to organize as a class.³⁵ Labor organizers face a daunting task in this context. Changes to legislation ushered in with the NEP prohibited the organization of workplaces with fewer than twenty workers into trade unions.³⁶ Far more challenging than legislative reforms, however,

boliviano: consideraciones sobre sus determinantes materiales y su ideología. La Paz: CEDLA, 2000.

³¹ García Linera, Álvaro. Reproletarización: nueva clase obrera y desarrollo del capital industrial en Bolivia (1952-1998): el caso de La Paz y El Alto. 1. ed. La Paz, Bolivia: Muela del Diablo Editores, 1999; Olivera, Oscar, and Tom Lewis. ¡Cochabamba!: Water War in Bolivia. Cambridge, MA: South End Press, 2004.

³² For example, as a percentage of GDP, the amount spent on public administration fell from about 12% in 1980 to 9.5% in 2001. See Jemio, Luis Carlos, and María del Carmen Choque. Employment-Poverty Linkages and Policies: The Case of Bolivia. Geneva, Switzerland: ILO, 2003, 6.

³³ Benería, Lourdes. "Shifting the Risk: New Employment Patterns, Informalization, and Women's Work." International Journal of Politics, Culture and Society 15.1 (2001): 27-53.

³⁴ Arze, Carlos, and Thomas Kruse. "The Consequences of Neoliberal Reform." NACLA Report on the Americas 38.3 (2004): 27.

³⁵ For the purposes of this paper, the “working class” is defined broadly following Oscar Olivera. See Olivera, and Lewis. Cochabamba, 157.

³⁶ Informal workers in Bolivia are organized in other ways, however. As a study of informal workers' associations in La Paz demonstrates, informal workers' associations are amongst the most influential organizations in municipal politics. These organizations

are the structural conditions that inhibit the formation of workplace organizations, where the experience of exploitation is most vivid.³⁷ First, the structural heterogeneity of the workforce leads to a segmentation of the labor market within which tensions emerge between full-time workers who enjoy the protection of labor legislation and contracts versus unprotected workers in the informal economy. Second, the informalization of work leads to the dispersal of workers, which inhibits the formation of collective identities as workers. Third, the class position of informal workers is ambiguous because many do not participate in a steady wage labor relationship with an employer, and may even engage in small-scale entrepreneurial activities of their own. As political scientist Kenneth Roberts notes, informal workers who struggle to meet their basic subsistence needs thus “tend to rely on individual initiative and personal contacts to advance, rather than collective action.”³⁸

There is wide agreement amongst scholars and activists that new strategies are therefore necessary to overcome the societal fragmentation engendered by neoliberal restructuring. Oscar Olivera, former shoe-factory worker, union leader, and one of the most important organizers of the Coordinadora, eloquently states the problem as follows: “The new working class has, so far, found it extremely difficult to project itself as an active social subject with sufficient personality to launch convincing mobilizations, to generate demands that motivate large numbers, or with even less success, to put forward practical proposals that incorporate the demands of other social sectors.”³⁹ Under the leadership of Olivera, the Federation of Manufacturing Workers of Cochabamba (Federación de Fabriles de Cochabamba, henceforth Fabriles), has therefore striven for alternative ways to overcome the barriers to mobilization confronting workers by adopting organizing strategies associated with “social movement unionism.” Social movement unionism entails two general

tend to push for public policy changes such as the rights to tender for local government contracts or to benefit from tax incentives. None of these organizations have the capacity to engage in collective bargaining with their employers, and in some cases, it is impossible because they represent employers. See Mogro, Marco A. Saavedra, et al. La Red Callejera: La Cultura Política de los Grupos de Presión en La Paz 1995-2002. La Paz, Bolivia: Instituto de Investigaciones en Ciencia Política, UMSA, 2003; Castillo, Gerardo, and Alvaro Orsatti, eds. Trabajo informal y sindicalismo en América Latina y el Caribe: buenas prácticas formativas y organizativas. Montevideo, Uruguay: CINTERFOR/OIT, 2005.

³⁷ Roberts, Kenneth M. Deepening Democracy?: The Modern Left and Social Movements in Chile and Peru. Stanford, Calif.: Stanford University Press, 1998, 67-73.

³⁸ *Ibid.*, 62.

³⁹ Olivera, and Lewis. Cochabamba, 107.

practices that provide the basis for the renewal of the labor movement. First, the internal democratization of unions, particularly the active participation of rank and file workers in the decision-making bodies of the union and second, the creation of community-labor alliances that integrate demands for wages and working conditions as part of a broader platform for economic and social justice.⁴⁰ Based upon his experience with the Coordinadora and the Fabriles, Olivera argues that organizing multi-class alliances involving trade unions, peasant organizations, and urban popular movements around “the basic necessities of life” is a potential way to overcome the fragmentation of the working class under neoliberalism.⁴¹

The “Water Wars” in Bolivia

The privatization of water has been particularly controversial because it is central to the reproduction of human life. Water is also a highly symbolic substance imbued with different cultural meanings (unlike say, electricity), which make it easier for social movements to frame demands in cultural terms.⁴² It is also a highly localized resource, meaning that it touches a variety of regionally-based interests.⁴³ Access to potable water is also clearly related to class interests insofar as water in the city is a “wage good,” meaning that people must work to pay for it.⁴⁴ Given that potable water has historically been provided to users by the state, water can also be considered part of the “social wage,” similar to education. Access to water was the issue that detonated two of the most effective protests in Bolivia in the past five years—the Water Wars in the cities of Cochabamba in April 2000 and in El Alto in January 2005. Both protests succeeded in securing a government promise to cancel privatization contracts with powerful

⁴⁰ For different views on social movement unionism in other contexts see inter alia Seidman, Gay. Manufacturing Militance: Workers' Movements in Brazil and South Africa. Berkeley: University of California Press, 1994; Waterman, Peter. "New "Social Unionism: A model for the Future?"" SA Labour Bulletin November 1995: 68-76; Moody, Kim. "Towards an International Social-Movement Unionism." New Left Review.225 (1997): 52-72.

⁴¹ Olivera, and Lewis. Cochabamba, 117-28.

⁴² Donahue, John M., and Barbara Rose Johnston. Water, Culture, and Power: Local Struggles in a Global Context. Washington, D.C.: Island Press, 1998.

⁴³ Selby, Jan. "Oil and Water: The Contrasting Antinomies of Resource Conflicts." Government and Opposition (2005): 200-24; Perreault, Thomas. "From the Guerra del Agua to the Guerra del Gas: Resource Governance, Neoliberalism and Popular Protest in Bolivia." Antipode 38.1 (2006): 150-72.

⁴⁴ Bennett, Vivienne. The Politics of Water: Urban Protest, Gender, and Power in Monterrey, Mexico. Pitt Latin American series. Pittsburgh: University of Pittsburgh Press, 1995, 21.

transnational corporations.⁴⁵ Given the changes to the political economy described above, it is not surprising that these struggles have not been led by the traditionally defined “class-based” organizations such as trade unions, but rather by “territorially-based” organizations that agglutinate different, and sometimes conflicting, social interests.

Cochabamba is the site of one of the most famous and spectacular incidences of privatization failure that has become an icon for anti-neoliberal globalization movements. In 1997, the central Bolivian government under the Sánchez de Lozada entered secret negotiations to privatize the local water utility. Since the concession contract was extremely unattractive from a business point of view since it involved commitments to an expensive dam project, it attracted no initial bids, forcing the government to re-open tendering in 1999. In September of that year, government authorities granted the concession to the only bidder, Aguas del Tunari, a “ghost” company formed by a consortium in which International Water Limited (a subsidiary of American construction giant, Bechtel) held a majority share. A month and a half later, the government passed Law 2029, which granted monopoly rights over water sources to private companies, in order to consolidate privatization in the water sector.

Both the timing of the legislation and the stipulations of the contract set the stage for social conflict. The contract committed Aguas del Tunari to expand the water network through the construction of an expensive dam project. It was to accomplish this task despite the fact that it inherited some of the debts accrued by the former public utility, the Servicio municipal de agua potable, alcantarillado y desagües Pluviales (SEMAPA for short), and was guaranteed an average rate of return on capital of 16% for the 40 years of the contract.⁴⁶ Since the World Bank dictated that no public funds could be channeled to the utility in Cochabamba, this money had to come from the users. Following privatization the state-appointed water regulator allowed the private company to raise tariffs an average of 43%, which raised the cost of water to around 25% of the monthly income of the average resident of Cochabamba. The tariff hike was seen many local users to be unreasonable considering that the Pan-American Health Organization

⁴⁵ The government has been slow to follow through on this promise due to international pressure. At the time of writing, no final decisions have been made regarding Illimani's exit. Nonetheless, the three-day strike in El Alto was effective in that the government reacted quickly to meet social movement demands.

⁴⁶ Lobina, Emanuele. "Cochabamba – water war." Focus (PSI Journal) 7.2 (2000); Crespo Flores, Carlos. "Water Privatization Policies and Conflicts in Bolivia -- The Water War in Cochabamba (1999-2000)." PhD Thesis. Oxford Brookes University, 2002, 208.

suggests that no household should pay more than 5 percent of monthly income on water.⁴⁷

The other offensive aspect of the Aguas del Tunari contract and the new Water and Sanitation Law (2029) was that they granted exclusive property rights over water to private operators for the duration of a concession contract. This provision meant that residents within the concession area were prevented from drilling their own wells, which not only was the privileged practice of some large commercial users and wealthy residents in Cochabamba, but also the survival strategy of poor, urban residents within the city limits and the small irrigating farmers in the surrounding areas, who have formed autonomous committees, and small water cooperatives formed by urban residents in places of new urban expansion starting in the early 1960s.

In November 1999, local residents frustrated at their drastically increased water bills joined forces with the irrigating peasants' associations and urban water committees to form the Coordinadora, the network of organizations that emerged to articulate a civil society response to the offensive elements of the Tunari contract and the water privatization law. After months of rising tension, the conflict culminated in the "final battle" of April 4-12, 2000, when the Coordinadora shut down the city with roadblocks, marches, and demonstrations. Protests, eventually spreading throughout the country, became increasingly violent as the Bolivian government dispatched riot police to control the movement with tear gas, rubber bullets, and live ammunition. With one protestor dead and hundreds wounded, the government finally signed an agreement with the Coordinadora that guaranteed the withdrawal of Aguas del Tunari, granted control of Cochabamba's water to the Coordinadora, assured the release of detained protesters, and promised the repeal of water privatization legislation.⁴⁸

⁴⁷ "Los españoles destacan "La guerra del agua" de Cochabamba: Millonarios gastos en agua potable alejan a inversores." El Diario September 19 2003.

⁴⁸ For detailed accounts of the "Water War" of 2000 see Vargas, Humberto, and Thomas Kruse. "Las victorias de Abril: una historia que aún no concluye." OSAL Septiembre (2000): 7-14; Crespo Flores. "Water Privatization"; Nickson, Andrew, and Claudia Vargas. "The Limitations of Water Regulation: The Failure of the Cochabamba Concession in Bolivia." Bulletin of Latin American Research 21.1 (2002): 99-120; Assies, William. "David versus Goliath in Cochabamba: Water Rights, Neoliberalism, and the Revival of Social Protest in Bolivia." Latin American Perspectives 30.3 (2003): 14-36; García Oreallana., Alberto, Fernando García Yapur, and Luz Quitón Herbas. La "Guerra del Agua": Abril de 2000, la crisis de la política en Bolivia. La Paz, Bolivia: PIEB, 2003; Ceceña, Ana Esther, ed. La guerra por el agua y por la vida. Cochabamba, Bolivia: Coordinadora de Defensa del Agua y de la Vida, 2004; Albro, Robert. "The

While the Water War of 2000 was the first to receive international attention, it was far from being the first conflict over water in the region.⁴⁹ It was also about much more than tariffs, as many who participated in the protest lived outside the service area and thus were not directly affected by price increases. Two interrelated factors explain why the first Water War in Bolivia took place in Cochabamba and why the mobilization was so broad-based. First, water is very scarce in the Cochabamba Valley, a region which is locally regarded as the breadbasket of Bolivia. Given the agricultural base of the economy, there is intense competition over water use for both domestic consumption and irrigation. Second, social organizations involved in the management and exploitation of water resources have been engaged in conflicts over water use that date back to the 1960s. Through these experiences, Cochabambinos have built strong social organizations—particularly, irrigators’ associations and neighbourhood committees described below—that can mobilize quickly to defend their rights, which played key roles in the anti-privatization protests.

When asked to describe the Coordinadora in an interview immediately following the April events, Oscar Olivera stated that three main groups participated in the protest.⁵⁰ First and most important was the powerful irrigators’ association in the Cochabamba region, Cochabamba Department Federation of Irrigators’ Organizations (Federación Departamental de Regantes y Sistemas Comunales del Agua Potable, henceforth FEDECOR). FEDECOR played a key role in organizing blockades and mobilizing against the water law, which it argued threatened communal-run water systems guided by tradition that dates back to pre-Inca times. In Bolivia, farming communities and social organizations have managed water resources for centuries on the basis of locally defined and justified rules. A central issue in the Cochabamba Water War raised by the irrigators was the failure of the national water legislation to recognize the traditional rights of communities or their usos y costumbres (uses and customs). The Water War thus symbolized the conflict between the two divergent concepts of property rights: while the goal of privatization is to commercialize and manage water based on the principle of private, individual ownership, in local perceptions water is not a commodity to be

Water is Ours, Carajol: Deep Citizenship in Bolivia's Water War." Social Movements: A Reader. Ed. June C. Nash. Malden, MA: Basic Blackwell, 2005, 249-71.

⁴⁹ Crespo Flores, Carlos. La guerra de los pozos. Cochabamba: CERES, 1999, Assies. "David versus Goliath."

⁵⁰ Roca de Rivera, Carla. "Entrevista: Los líderes de la "Guerra del Agua" opinan." Artículo Primero 4.8 (2000): 71-77.

packaged and sold; it is a common good which has been governed through local customary rights for centuries.⁵¹

Professionals represent the second group who played an important role in the movement. Previous to the signing of the Aguas del Tunari contract, a group of professionals (mainly of engineers, architects, and academics) called “Pueblo en Marcha” (PUMA) organized to denounce the proposition of the diminution of the Misicuni dam project. PUMA began to organize seminars and spaces for reflection to analyze the theme of privatization. In particular, they mobilized in the poor, southern zone of the city and built bridges with the traditional trade union movement in Cochabamba, particularly local labor leader, Oscar Olivera. Members of PUMA later became key organizers of the Coordinadora, playing an important role by providing policy advice.

The poor residents, a new major constituent of the “new working class” located in the marginal, peripheral neighbourhoods, were the third group that played a major role in the protests and blockades during the “Water War.” Similar to the irrigators, these residents were preoccupied with the monopoly rights granted by Law 2029 and to the concessionaire Aguas del Tunari, since the autonomous systems established by neighborhood committees would become the property of the concessionaire without compensation for the personal investments they have made in constructing their own water systems. To defend their rights to the commons and auto-management, this group also mobilized around a discourse of “uses and customs” to protect their rights to water resources within the city.

The Coordinadora is accurately described as a rural-urban, multi-class alliance that “ruptured the rural/urban dichotomy that characterizes politics in many countries of the South and introduced new political subjects.”⁵² The coalition was a territorially-based organization in that it brought together different groups in different regions with different class positions, including informal workers who predominantly live in the outlying urban areas, irrigating peasants from the surrounding region, and small business people from the urban centre. It was also diverse with

⁵¹ Laurie, Nina, Robert Andolina, and Sarah Radcliffe. "The Excluded 'Indigenous'? The Implications of Multi-Ethnic Policies for Water Reform in Bolivia." Multiculturalism in Latin America: Indigenous Rights, Diversity, and Democracy. Ed. Rachel Seider. Basingstoke, Hampshire, UK and New York, NY: Palgrave Macmillan, 2002, 252-76; Crespo Flores, Carlos, Omar Fernández Quiroga, and Carmen Peredo. Los Regantes de Cochabamba en la Guerra del Agua. Cochabamba, Bolivia: CESU-UMSS, 2004.

⁵² Laurie, Nina. "Establishing Development Orthodoxy: Negotiating Masculinities in the Water Sector." Development and Change 36.3 (2005): 536.

respect to gender and ethnicity, given the active role that women and the leadership roles played by indigenous peasants through FEDECOR, mestizo leaders such as Oscar Olivera, and “white” urban professionals.⁵³ The burgeoning academic literature on the Coordinadora has tended to focus on these aspects of the struggle.⁵⁴ Trade unions, however, are notably absent from most descriptions, except for the role of Oscar Olivera’s trade union, the Fabriles, which provided important resources in terms of ideological leadership and office space.⁵⁵ The union that represents the workers of the public water utility, SEMAPA, on the other hand, is never mentioned. There is a very good reason for this, since the leadership of the SEMAPA union did not actively participate in the street protests in April 2000. In an interview, the leader of the union explained that the SEMAPA workers supported the mobilization by providing an essential service, which required that they stay at work.⁵⁶ He emphasized that the leaders from the SEMAPA union were active in the Coordinadora both at the time of its founding and in years that followed. As we shall see further below, the leaders of the SEMAPA union have played a crucial but controversial role in restructuring the public utility after it returned to public control.

The recent mobilization against the private service provider in the city of El Alto, Bolivia paints a similar scenario. The water and sanitary sewerage system was privatized in the neighboring cities of El Alto and La Paz in 1997, when the government granted a concession to a private consortium, Aguas del Illimani (hereafter “Illimani”), controlled by French water giant Suez. The Illimani contract has been considered to be “pro poor” by international financial institutions because it focused on expanding the number of new connections rather than reducing tariffs. Indeed, Illimani made enough new connections to allow the government to

⁵³ Albro. "Water is Ours."

⁵⁴ See Laurie, Andolina, and Radcliffe. "The Excluded 'Indigenous'"; Peredo Beltrán, Elizabeth. Water, Privatization, and Conflict: Women in the Cochabamba Valley. Washington, DC: Heinrich Böll Foundation, 2004; Bustamente, Rocio, Elizabeth Peredo, and María Esther Udaeta. "Women in the "Water War" in the Cochabamba Valleys." Opposing Currents: The Politics of Water and Gender in Latin America. Eds. Vivienne Bennett, Sonia Dávila-Poblete and María Nieves Rico. Pittsburg, PN: Pittsburg University Press, 2005, 72-90; Laurie. "Establishing Development Orthodoxy."

⁵⁵ On the role of the Fabriles in the Water War, see Kruse, Thomas. "Transición política y recomposición sindical: reflexiones desde Bolivia." Ciudadanía, cultura política y reforma del Estado en América Latina. Eds. Marco Calderón, Willem Assies and Ton Salman. Zamora: El Colegio de Michoacán/Instituto Federal Electoral, Michoacán, 2002; Olivera, and Lewis. Cochabamba, 25-9, 47-8.

⁵⁶ René Cardona, interview by the author, Cochabamba, Bolivia, July 5, 2005.

claim that the company achieved 100% coverage for potable water in both La Paz and El Alto within the first four years of the contract, one year before schedule. What is seldom mentioned, however, is that this statistic refers to an area within the total area of the concession known as the “served area.” The contract was a classic example of “ring fencing,” the practice of focusing service provision on profitable customers and removing obligation from extending service to the newest and most marginal settlements—the areas most in need of improvements.⁵⁷ According to the FEJUVE of El Alto (the Federación de Junta Vecinales, or Federation of Neighborhood Committees), which played a leading role in the protests, approximately 200,000 people in El Alto did not have access to Illimani’s services. The majority of these live outside the “served area” defined by the contract. The rest live within the served area and therefore may theoretically have access to services but cannot afford the connection fees.

These problems with the contract were just two of the many factors that led to the uprising in January 2005, which has been dubbed Bolivia’s “Second Water War.” Tired of high connection fees and demanding an expansion of service, thousands of citizens of El Alto took to the streets in early January 2005 to pressure the government to return water to public control. After a general strike that paralyzed the city of El Alto for three days, the Bolivian government announced the termination of the contract.

Similar to the Cochabamba uprising, the central protagonists in the 2005 conflict were not the workers of the public utility. As Carlos Crespo has argued, the public utility workers were “bought off” by a promise of 1% of shares in the new private water company.⁵⁸ The union leaders in La Paz-El Alto tried to make the best of a bad situation, but their efforts were in vain. The company failed to keep its initial promise not to fire employees, reducing its workforce from 600 to 395 within four years while it expanded the number of new connections.⁵⁹ In 2003 the government regulator reported that the private company had 1.7 workers per 1000 connections—the lowest in the country.⁶⁰ Although temporary and contract workers who are not counted on the company’s payroll have

⁵⁷ Budds, Jessica, and Gordon McGranahan. "Are the Debates on Water Privatization Missing the Point? Experiences from Africa, Asia and Latin America." Environment and Urbanization 15.2 (2003): 87-113.

⁵⁸ Crespo Flores, Carlos. La concesión de La Paz a los cinco años; elementos para una evaluación. 2001. Available: <http://www.aguabolivia.org>. September 14 2004.

⁵⁹ Ibid.

⁶⁰ Superintendent of Basic Sanitation, Government of Bolivia, <http://www.sisab.gov.bo/benchmarking.php?bm=05>

replaced many of these workers, over the course of the concession there have undoubtedly been improvements to efficiency through an intensification of work. The experience of privatization in La Paz-El Alto therefore confirms fears that a large part of the cost-savings sought by private companies in their drive for profit are born by workers, both organized and unorganized.

At the head of the protest was the FEJUVE, a quintessential “territorially-based” organization. The FEJUVE is the executive structure that agglutinates various junta vecinales, grassroots associations of residents that are created at the neighborhood level. To participate in a local junta vecinal, there is only one requirement: one must establish proof that he or she has resided in the zone for at least two years. Local committees and the city-level executive are elected every two years and all committee positions are voluntary. By definition, the FEJUVE of El Alto does not present its demands in class terms but fights for “neighborhood” interests. Being Bolivia’s largest “informal city” in which about 60% of people live under the poverty line, however, most day-to-day demands relate to basic needs such as the right to housing (the legalization of land) and the right to basic services (such as education, water, electricity, and domestic gas), which are indisputably working class demands. Given the demographics of El Alto, a city in which 82% of residents identify themselves as indigenous, the membership and leadership of the FEJUVE is predominantly Aymara, the dominant indigenous group of the region and second largest in the country.

It is important not to depict El Alto as a homogenous entity, for large differences exist between the older, wealthier parts of the city and the newer, poorer parts far from the urban core. Maintaining unity within such a stratified social space is a constant struggle and tensions do occasionally emerge among the seven districts of the FEJUVE, which are differentiated by income levels. The older, wealthier zones such as “Ciudad Satelite” (Satellite City) and the commercial zone near the centre known as the “Ceja” (the “Eyebrow”) experience more difficulty in mobilizing members for meetings and protests than the newer, peripheral zones where poverty is more severe. Not coincidentally, these older, more established zones also have street lighting, paved roads, water and sewerage installations, while the newer peripheral zones lack such services. During initial mobilizations against Illimani in January 2005, however, the entire city was shut down as well as the main access from the airport to the capital, La Paz, when all districts participated in the protests, which contributed to the effectiveness of the second mobilization in recent Bolivian history to successfully pressure the government to cancel a privatization contract.

Strengths and Weaknesses of Territorial Forms of Organizing

In his book on the modern left and social movements in Chile and Peru, Kenneth Roberts argues that territorial organizations have little transformative potential due to their inherent weaknesses. He argues that they tend to be:

generally local in scale, with limited projections onto the national political scene; they are often isolated and disconnected from each other, in part because of their insistence on political autonomy; and they generally focus on immediate, particularistic needs or partial demands that do not have generalized appeal, do not project a comprehensive ideological vision, and do not challenge macro-level power structures of political or economic power.⁶¹

The popular movements that have led the anti-privatization struggles in Bolivia appear to be important exceptions to these tendencies. The growing social contestation in the past five years is a testament to these movements' strengths and they have made significant accomplishments, including the recent election of Evo Morales and the Movimiento al Socialismo (MAS, Movement Towards Socialism), which has promised to reverse the tide of neoliberalism.

Contrary to the description above, neither the Coordinadora and nor the FEJUVE-El Alto are particularistic, isolated movements that lack generalized appeal. Indeed, both organizations have very broad social bases, including informal workers, formal workers, professionals, wage-laborer/peasants, and small business people alike. The burgeoning popular and academic literature on the Cochabamba Water War has tended to emphasize this aspect of the struggle, heralding the Coordinadora as a non-partisan political institution that provides an alternative to the rigid structures of traditional union organizations.⁶² Álvaro García Linera makes clear the contrast between the "old" social movement organizations and these "new" organizations when he argues that, "[o]ne of the virtues of the new territorial organizations in relation to the union-form is that they do not create a border between members and nonmembers in the way that the unions used to do."⁶³ The fact that these coalitions can pull together groups with potentially conflicting concerns is therefore seen to be a strong point of this form of organization.

⁶¹ Roberts. Deepening Democracy?, 70-1.

⁶² Laurie. "Establishing Development Orthodoxy," 529.

⁶³ García Linera, Álvaro. "The "Multitude";" Cochabamba Water War in Bolivia. Eds. Oscar Olivera and Tom Lewis. Cambridge, MA: South End Press, 2004. 65-86.

Both of these territorially-based organizations have also been successful in “scaling up” their demands to the national level.⁶⁴ One of the positive outcomes of the Cochabamba Water War is that it started a process of wider grassroots participation in the formulation of regulations and policies concerning water resources.⁶⁵ In April 2000 the legislature passed a new Water and Sanitation Law (2066), which was formulated with the participation of members of the Coordinadora and FEDECOR. Law 2066 eliminated the clause that granted exclusive access to water sources, and created legal guarantees that social water supply organizations be respected. The government also committed itself to create a participatory process to establish the regulations of the new water law.

The Water War in Cochabamba has also informed the framing of social movement demands in subsequent struggles, most notably the “Gas Wars” of October 2003 and May-June 2005. Similar to the battle cry of the Cochabamba Water War, “¡El agua es nuestra!” (The water is ours!), protestors on the streets of La Paz in May and June could also be heard chanting, “¡El gas es nuestro!”⁶⁶ Even the Illimani contract, once heralded as “pro poor” is now seen by government leaders as a “bad contract” that needed to be revised. Former President Carlos Mesa made special mention of the damage that Illimani had done to the people of El Alto in his address to the nation in the beginning of March 2005.⁶⁷ The importance of the Cochabamba Water War for Bolivian left movements cannot be overstated. Indeed, the mobilization was the first victory against neoliberalism in over fifteen years of harsh structural adjustment policies, which opened up a new cycle of protest that has forced the renunciation of two Bolivian presidents in the past two years and brought the MAS to power.⁶⁸

The concrete results of the Cochabamba Water War at the local level, on the other hand, have been disappointing. Attempts to expand the water network—a main demand of the unconnected, urban poor that formed a key group in the Coordinadora—have been frustrated by a lack of

⁶⁴ Perreault. "Guerra del Agua to the Guerra del Gas."

⁶⁵ Bustamente, Rocio. "The Water War: Resistance against Privatisation of Water in Cochabamba, Bolivia." *REGA: Revista de Gestión del Agua de América Latina* 1.1 (2004): 37-46.

⁶⁶ Albro. "Water is Ours," 74; Postero, Nancy. "Indigenous Responses to Neoliberalism." *PoLAR: Political and Legal Anthropology Review* 28.1 (2005): 73-92.

⁶⁷ Mesa's speech is available in Spanish at <http://www.cedib.org/>.

⁶⁸ Crabtree, John. *Patterns of Protest: Politics and Social Movements in Bolivia*. London: Latin American Bureau, 2005; Webber. "Left-Indigenous Struggles in Bolivia"; Thompson, and Hylton. "Chequered Rainbow."

capital. For those who were already customers of SEMAPA, service has not improved either; water continues to be supplied to many areas of the city for only a few hours a day. The failure of the social movement to achieve some of its longer-term objectives is therefore forcing a critical evaluation amongst local activists regarding what went wrong with SEMAPA. Five years after the Water War, local activists are slowly acknowledging that while the Coordinadora was successful in meeting some of its goals, the work of rebuilding a democratic public water company within a context of neoliberal austerity and state hostility is an incredibly difficult task.

One of the formidable obstacles preventing the expansion of the water supply system has been the Bolivian state, which has done little to help the ailing public utility. While many of the previous debts accumulated by the previous public utility were scheduled to be forgiven under the privatization contract with Aguas del Tunari, the reconstituted public company was saddled with all of its previous debts that it had accumulated over 30 years of service, which stood amounted to about US\$18million. Other state institutions have also added to the debt burden demanding the payment of back debts, among them the Bolivian Internal Revenue Service and the City of Cochabamba.⁶⁹ To make a difficult situation worse, the government regulator has threatened to make the utility pay should Bechtel and Abengoa win the \$25 million lawsuit brought before the International Court of Investment Disputes.⁷⁰ As a consequence, promises to bring water to the poor, Southern zone of the city have been delayed repeatedly.

The public utility has faced enormous challenges of an external nature since its re-founding, but unraveling the story of what went wrong in the water utility also requires an analysis of the structure of mobilization. The coalition that formed the Coordinadora was a temporary organization that initially mobilized around a particular issue—the privatization of the region's water supply and water supply services. After the initial battles against the transnational corporation and the government were won, the social energies behind the Coordinadora have largely dispersed. As Sidney Tarrow has observed, the peaks and valleys of collective action are elements of the protest cycles that characterize social movements. In Tarrow's terms, the final battle of April was the "moment of madness"

⁶⁹ Sánchez Gómez, Luis. "Directing SEMAPA: An Interview with Luis Sánchez-Gómez." *Cochabamba! Water War in Bolivia*. Eds. Oscar Olivera and Tom Lewis. Cambridge, MA: Southend Press, 2004, 87-94.

⁷⁰ The lawsuit was settled in January 2006 when the Bolivian government bought the shares of Aguas del Tunari for a symbolic sum of less than a dollar. For details, see the website of the Democracy Centre: [http:// www.democracycentre.org](http://www.democracycentre.org).

when everything seemed possible.⁷¹ As Olivera emphasizes in his book, the Water War quickly became much more than a struggle for water and blossomed into a movement for a new form of democracy. These demands have since translated into calls for the formation of a Constituent's Assembly to remake the constitution of the nation and the return of the nation's gas reserves to national control. Naturally, however, the surge of energy that erupted during the dramatic stand off between the military and the protestors in April 2000 ebbed when the government finally called off the troops and gave in to protestors' demands. As the following section explains, the fracturing of the coalition is a predictable part of this process, which has been exacerbated by the tensions that exist within territorially-based organizations that bring together disparate social groups with conflicting concerns.

Cochabamba: Five Years after the Water War

In Cochabamba, the social movements aimed to democratize the water utility by exerting social control "from below" and within the management structure, which is seen as necessary for achieving equity in the provision of services.⁷² Immediately following the departure of Aguas del Tunari, responsibility for management returned to the public corporation, SEMAPA, which was put under the control of the Coordinadora who appointed a temporary General Manager. During negotiations the following year, the Coordinadora proposed to disband SEMAPA and form a cooperative, but the government refused to grant this request. The compensation was that the water authority was restructured to grant more social control over its operations.⁷³ The board of directors, which was formerly constituted only by professionals and municipal politicians, now has three elected members from the different districts in Cochabamba, which has increased the amount of social control over the utility. More controversially, the union was also granted a vote on the board of directors under the auspices that civil society representatives would then have the majority of votes. This partially elected board saw the public utility through

⁷¹ Tarrow, Sidney G. Power in Movement: Social Movements, Collective Action, and Politics. Cambridge: Cambridge University Press, 1994.

⁷² Sánchez Gómez, Luis, and Philipp Terhorst. "Cochabamba, Bolivia: Public-Collective Partnership after the Water War." Reclaiming Public Water-Achievements, Struggles, and Visions from Around the World. Eds. Belén Balanyá, et al. Porto Alegre, Brazil: Transnational Institute and Corporate Observatory Europe, 2005. 121-30.

⁷³ Gutiérrez Aguilar, Raquel. "La Coordinadora de Defensa del Agua y de la Vida: Un año de la guerra del agua." Tiempos de rebelión. Eds. Alvaro García Linera, et al. La Paz, Bolivia: Muela del Diablo, 2001. 193-211.

the process of institutionalization through which a new management structure was implemented and executives appointed through an open and competitive process. As Philip Terhorst and former elected board member Luis Sánchez describe, however, establishing social control over the utility remains a “work in progress.”⁷⁴

One of the most difficult questions within this struggle for social control is what role the public sector union should play. The alliance struck between the unionized workers and the management within the reconstituted public utility has proven to be an unforeseen barrier to the achievement of service expansion and the improvement of distributional equity. First, the union has put pressure on the management to increase the number of personnel. Before its privatization in 1997, SEMAPA was a bloated public utility with 6.38 employees per 1000 connections.⁷⁵ By the end of 2003, the government regulator reported that the number of workers per 1000 connections had nearly doubled to 11.5.⁷⁶ While the management argues that new personnel are needed for future expansion, the perception of local consumers is that the increase to the number of personnel has not been justified. Accusations have been made regarding nepotism. A report by Bolivia’s auditor general suggested that there were an unusual number of family members of the executive and union leadership working for the company. Second, the union leadership is thought to be corrupt. There are a large number of illegal connections creating large commercial losses. Locals suspect that much of this illegal activity takes place with the explicit consent of a few SEMAPA workers high up within the union hierarchy who have also secured positions within the utility’s management.

While it is tempting to blame social control for strengthening the unions’ position vis-à-vis management on the board of directors, another factor better explains how the unions’ leadership gained so much power after the reconstitution of the public utility. During the final battle of April 2005, the managers appointed by the transnational consortium Aguas del Tunari fled the country in the middle of the night taking with them documentation relating to the company’s operations. The only ones left who knew about the day-to-day operations were the Bolivian workers who stayed behind. Their privileged access to information empowered workers far beyond what one vote on the board of directors could have achieved.

⁷⁴ Sánchez Gómez, and Terhorst. "Public-Collective Partnership."

⁷⁵ Crespo Flores. "Water Privatization," 112.

⁷⁶ Superintendent of Basic Sanitation, Government of Bolivia,
<http://www.sisab.gov.bo/benchmarking.php?bm=05>

The leadership has since used its privileged position to consolidate its power and internal elections have not been contested for the past 6 years. While workers loyal to the union leadership argue that this is because the current leadership “does a good job,” those who do not agree with the union’s practices face a chilly climate that discourages the condemnation of corrupt practices. Conflicts between the rank and file workers and the union leadership sometimes result in the firing of the dissident workers, given the collaboration between the union and management. There is therefore a situation of general mistrust between the union leadership and other members of the Coordinadora, which has made it difficult for the latter to take a pro-worker stance in negotiations regarding the restructuring of the utility.

The roots of this conflict go much deeper, however, than problems with corruption, nepotism, and the bureaucratization that pervades the SEMAPA union. At base, the conflict between different fractions of the Coordinadora is also a conflict between workers within a segmented labor market, which has become further polarized under neoliberalism. When asked how the situation between the Coordinadora and the SEMAPA workers developed, Oscar Olivera responded:

First, unions in the public sector are very different from the private sector. Unionization in the public sector is completely impregnated with a type of co-management and there are many deals between the union and the management to maintain the status quo of an enterprise that means that they have certain privileges. I would say that the ideal salary for a Bolivian is 3000 Bolivianos per month. In SEMAPA, the average salary is 2200 Bolivianos per month. It is a reasonable salary. But it is much higher than whatever salary in the private sector. It is a right. But it is a privileged sector that has salaries much higher than the rest of the population.... In my sector we only get 300 Bolivianos as a monthly salary.⁷⁷

Olivera’s comments require some clarification. When the mines were nationalized, “public sector” unions were at the forefront of the popular struggle in Bolivia indicating that this has not been a permanent state of affairs. The public sector workers in the gas, electricity, telephone, and potable water sectors, to which Olivera is referring, have never taken a leading role in popular struggles against privatization, unlike their counterparts in the advanced industrialized countries or other Latin

⁷⁷ When the interview was conducted, US\$1 equalled approximately 8 Bolivianos. Oscar Olivera, interview by author, September 28, 2004.

American countries such as Argentina or Columbia.⁷⁸ Olivera also acknowledges in several places in his book that there has been a decline in wages and salaries in all sectors, a trend that cannot be solved by cutting workers' wages at the top of the pay scale.⁷⁹ Nonetheless, the income differentials among various members of the Coordinadora facing the pressure of declining wages and deteriorating working conditions have undoubtedly exacerbated the tensions between the public sector workers that produce water services and the consumers of these services.

These tensions among different factions of the coalition came to a head in early 2005, leading to a split between the SEMAPA union and the Coordinadora. Given the public utility's disappointing performance over the past five years, the threat of privatization has returned under a new guise. A loan from the Inter-American Development Bank (IADB) for a potential total of \$18.5 million has required that the company meet certain conditions in order to receive all of the installments. One of conditions is the reduction of the number of workers per connection. Members of the Coordinadora are thus exploring the option of sub-contracting certain services such as construction, bill collection, and the disconnection of services. Although the Water War was won, it did not eliminate the possibility of privatization in a less visible form. The consumer activists in Cochabamba now find themselves in an uncomfortable position of using the requirements of a despised international financial institution—the Inter-American Development Bank—as a means by which to discipline the union and restructure the public utility. The principal fault line in this conflict now lies between the urban water committees, who want to see the costs of services lowered to allow for expansion, allied with the irrigating peasant farmers, who are primarily concerned to maintain their control over free water supplies, and on the other side, the public sector union, which is keen to protect the gains that employees have won over years of work, including their high salaries and benefits.

⁷⁸ Novelli, Mario. "Globalisations, social movement unionism and new internationalisms: the role of strategic learning in the transformation of the Municipal Workers Union of EMCALI." Globalisation, Societies and Education 2.2 (2004): 161-90; Giarracca, Norma, and Norma Del Pozo. "To Make Waves: Water and Privatization in Tucumán." Opposing Currents: The Politics of Water and Gender in Latin America. Eds. Vivienne Bennett, Sonia Dávila-Poblete and María Nieves Rico. Pittsburgh, Penn.: University of Pittsburgh Press, 2005. 91-106; Hall, David, Emanuele Lobina, and Robin de la Motte. "Public Resistance to Privatisation in Water and Energy." Development in Practice 15.3-4 (2005): 286-301.

⁷⁹ Olivera, and Lewis. Cochabamba, 7, 118-25.

Sub-contracting services may be the most appealing option available to local activists, but it does not mean it is the only one that exists. There are positive indications that the Coordinadora is supporting rank and file workers in SEMAPA in their struggle to democratize their own union. In April 2005, members of the Coordinadora joined four SEMAPA workers in a hunger strike to protest against the firing of another worker who was accused of nepotism and fired without just cause.⁸⁰ The work of democratization from below, however, is slow and uncertain. At this point, the Coordinadora does not have the luxury of time since the IADB loan is in jeopardy. From its start, however, the coalition was formed to defend the rights of the consumers of services and not the rights of the workers that produce those services, which has pushed the Coordinadora to focus on making improvements to services that may come at the expense of workers. Some of these reforms are likely to be positive, especially if they create a political crisis within the union, which may open an opportunity for the rank and file push for internal democratization.⁸¹ Shedding redundant workers can be accomplished by firing newly contracted personnel considered to be redundant. The more difficult dilemma to decide where the reforms will stop still lays ahead, what is to be considered a “fair wage” in the context of the pauperization of the working class as a whole, and how many workers are actually required to provide the an adequate level of service.

Conclusion: Public Services and Neoliberal Citizenship Rights

Struggles over public services such as potable water are an essential part of working class politics in Bolivia. The sad fact of public services in Bolivia is that they have never been universal. Similar to pensions and healthcare, public water provision in Bolivia has been a service provided by the state to which only the relatively wealthy have had access. Struggles for water are therefore intimately connected to struggles for democratization and citizenship rights. As José Esteban Castro observes in his discussion on the connection between water and citizenship in Mexico City, Marx understood the importance of these struggles while being acutely aware of

⁸⁰ Opinión. "Los trabajadores de Semapa paran rechazando un despido." *Opinión* September 8 2005.

⁸¹ In their study of American trade union renewal, Voss and Sherman find that internal political crisis is one of the factors that lead certain unions to move towards “social movement unionism” instead of business unionism. Voss, Kim, and Rachel Sherman. "Breaking the Iron Law of Oligarchy: Union Revitalization in the American Labor Movement." *American Journal of Sociology* 106.2 (2000): 303–49.

the limitations of citizenship in a capitalist society. Marx argued that the political emancipation achieved through the exercise of citizenship rights constitutes “the final form of human emancipation within the hitherto existing world order.”⁸² Indeed, the connection between citizenship rights and water should be self-explanatory since physical health is one of the prerequisites for active participation in any society no matter what its form. As argued above, struggles over water as a public service can also play a catalyst role in the articulation of a broader range of social movement demands, which in Bolivia have included the building of a participatory democracy.

These struggles thus partially challenge the transformation of the notion of “citizenship” that has occurred in Bolivia since the unraveling of the developmental state of 1952. Within the neoliberal notion of citizenship, the rights of the workers to decent wages and working conditions can become easily subordinated to the rights of the consumers to affordable services, as citizens become defined as “consumer-citizens.”⁸³ This form of neoliberal citizenship poses a threat to true democracy if the only rights that remain are citizens’ rights to exercise choices in the marketplace. Given the stripping of state supports for the working class in terms of subsidies for water, shelter, and food, workers without stable employment find themselves increasingly engaged in battles with workers with stable employment that produce these basic goods and services. In today’s neoliberal world, in which it is more politically palatable to discipline a union than to pressure the state for increased public investment, unionized workers in the public sector face incredible pressure to bear the brunt of cost-savings measures implemented in the name of efficiency, even from their allies. The long-term effect of this trend is a downward spiral for all workers, both formal and informal, as working and living conditions deteriorate. The protest movements that have arisen to contest the privatization of public utilities that focus on cheapening consumption goods by lowering workers’ wages and removing benefits through advocating practices such as sub-contracting threaten to exacerbate this trend.

The Cochabamba experience provides several lessons for the struggle in El Alto in their current struggle to define a new public water

⁸² Castro, José Esteban. "Urban Water and the Politics of Citizenship: the Case of the Mexico City Metropolitan Area during the 1980s and 1990s." Environment and Planning A 36.2 (2004): 328. The quote is from Marx’s “On the Jewish Question.”

⁸³ Broad, Dave, and Wayne Anthony. Citizens or Consumers? Social Policy in a Market Society. Halifax: Fernwood Publishing, 1999.

company. There have been strong organizational links between the activists in Cochabamba and El Alto, and the latter have resolved not to repeat the mistakes of the Coordinadora. The FEJUVE-El Alto, while a “territorially-based” organization, also has a more formal structure with elected representatives, which may be an advantage since it is more likely to sustain the social energy needed to follow through on building participatory institutions after the “moment of madness” is over. It has been difficult for the Coordinadora sustain the energy needed to make short-term gains at the local level. By contrast, the FEJUVE has over twenty-five years of experience with local forms of democracy that may facilitate true community participation in the management of the municipal utility and provide an important check on the power of both the union and management. Should the company be placed under social control, the FEJUVE will face the same dilemma of how “efficient” service delivery can be achieved without sacrificing the workers’ rights.⁸⁴ As a private corporation driven by the profit motive, Illimani found its answer easily: it lowered the cost of production by contracting out to companies that hire workers at lower wages without social benefits and intensifying the work for those who remained. Will the FEJUVE support or reverse these trends? Given the social composition of the FEJUVE, the lead anti-privatization organization in Bolivia’s largest informal city, and the relationship of mistrust that has developed with the workers’ union, this question will not be easy to answer.

The Cochabamba experience also suggests that tension between workers and consumers in struggles over public services is not irresolvable but rather calls for a social transformation much greater than organizations such as the Coordinadora, the FEJUVE, or trade unions can accomplish in isolation. As Oscar Olivera eloquently argues, “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.”⁸⁵ With the recent election of the MAS, Olivera’s vision may be one step closer to being realized. One of the first moves of the new government was to signal its commitment to creating a publicly owned and operated water utility by creating a Water Ministry and appoint the former President of the

⁸⁴ Spronk, Susan. "Moving from Protest to Proposal in Cochabamba, Bolivia: “Social Control” as an Alternative to the Privatization of Urban Water Systems." Paper prepared for CIDA-CFHSS, Canadian Association of the Studies in International Development. York University, Toronto, Canada, June 2006.

⁸⁵ Olivera, and Lewis. Cochabamba, 156-7.

FEJUVE-El Alto, Abel Mamani, as Minister. But large questions remain about how the new government will seek to democratize the management of the public utility and if it will compensate Aguas del Illimani, or even cancel the contract at all.⁸⁶ After all, the nationalization of natural resources is but one small step in a much longer and potentially revolutionary process underway in Bolivia.⁸⁷

⁸⁶ Abel Mamani has made a public commitment to cancel the contract and return water to public control. See Fundación Solón. Interview with Abel Mamani, first Minister of Water for Bolivia. 2006. Available: http://funsolon.civiblog.org/blog/_archives/2006/3/10/1814452.html. March 10 2006. But, as long-time observer of the region and skeptic James Petras has noted, politicians must be judged by their actions, not their promises Petras, James. The Bankers Can Rest Easy Evo Morales: All Growl, No Claws? January 26. 2006. Counterpunch. Available: <http://www.counterpunch.org/petras01042006.html>.

⁸⁷ Thomson, and Hylton. "Chequered Rainbow."