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THEMED ISSUE

PRO-POOR WATER? THE PRIVATISATION AND GLOBAL POVERTY DEBATE

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# How “Water for All!” policy became hegemonic: The power of the World Bank and its transnational policy networks

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## Abstract

As recently as 1990, few people in the global South received their water from US or European water firms. But just 10 years later, more than 400 million people did, with that number predicted to increase to 1.2 billion people by 2015, transforming water in Africa, Asia, and Latin America into capitalized markets as precious, and war-provoking, as oil. This article explains how this new global water policy became constituted so quickly, dispersed so widely, with such profound institutional effects. It highlights the prominent role of transnational policy networks in linking environment and development NGOs and the so-called global water policy experts with Northern high-end service sectors, and the ways in which the World Bank facilitates their growth, authority, and efficacy. This phenomenon reflects the World Bank’s latest and perhaps most vulnerable development regime, which I call “green neoliberalism.”

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## 1. Introduction

On the drive from the Johannesburg airport to the wealthy white suburb of Sandton – host to the 2002 World Summit on Sustainable Development (WSSD) – colorful billboards suspended above the airport freeway depicted Black township boys splashing joyfully in an endless bath of fresh blue tap water.<sup>1</sup> These ads cajoled summit delegates to taste and enjoy the city’s tap water, suggesting it was as pure and clean as bottled water. Soon after the World Summit began, it became crystal clear that these ads were not selling the idea of safe potable water to European delegates anxious about drinking water in the Third World; on the contrary, they were selling South Africa’s water systems to interested European bidders in town.

In stark contrast to the well-secured and luxurious Sandton, 10 km down the road, the rigidly segregated and decre-

pit Black township of Alexandra (“Alex”) houses Sandton’s underpaid labor force. Without good public transportation, health clinics, schools, and basic public services, Alex stands as a grim reminder of all that has not changed since the end of apartheid. Three hundred thousand people in Alex are jammed into just over two square miles of land without access to affordable clean water, electricity, safe housing, or basic sanitation services. The key word is “affordable,” as many of these services *have* been provided but have now been shut off because people cannot afford to pay for them. In a dramatic political turnaround, the new politics of the postliberation African National Congress (ANC) conforms to the view of the Washington Consensus of the market as a level playing field in which there are “willing buyers and willing sellers.” This perspective has been imposed upon poor Black South Africans in the most draconian fashion.

In the poor Black township of Orange Farm, just days before the start of the 2002 World Summit, the French firm Suez rushed to install water meters as a test run for other parts of the country. The French insist its “pay as you go” system avoids the messy complications of nonpayment or theft. But in Orange Farm, public taps were dismantled

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and private meters were installed at homes with no income earners. Some of the new taps already leaked, and residents, with no way to recover the lost water, feared that their first month's free water would be their last.<sup>2</sup> As it is, many households can afford only four to five days per month of electricity from their recently privatized electricity meters. Township homes replete with fancy new French meters are otherwise ill-equipped: toilets are outhouses, there are few sewage connections, and homes are constructed from either thatched materials, concrete slabs, or collected pieces of scrap metal. Along with the 10 million people suffering from water cutoffs, and 10 million from electricity cutoffs, 2 million people have been evicted from their homes and many more live in substandard conditions.<sup>3</sup> With more than one million formal sector jobs lost since 1994, and the high-priority move by the ANC to privatize the heavily unionized public sector, many more jobs will disappear soon.<sup>4</sup> However much the ANC wishes it could constitute a willing consumer culture amenable to foreign investors, the only thing thus far being consumed are the township residents themselves.<sup>5</sup>

<sup>2</sup> Interviews in Orange Farm, August 2002.

<sup>3</sup> See Trevor Ngwane interview in *New Left Review*, July 2003; Patrick Bond, "Rolling Back Water Privatization," *ZNet Commentary*, August, 4, 2003.

<sup>4</sup> One of the strongest voices *against* privatization is the Southern African Civil Society Water Caucus. Of its members, the South African Municipal Workers Union campaigned against private-sector and NGO-based rural water schemes; the National Land Committee and Rural Development Services network rallied pressure on the government for its failure to provide water to millions of rural South Africans; Earthlife, Environmental Monitoring Group, and other environmentalists have protested against the financing of the expensive and corrupt Lesotho Highlands Water Project's Mohale Dam; and numerous civic groups organized a national network of anti-eviction and anti-privatization campaigns to reverse the government's efforts to strip poor households of their access to water, electricity, and sanitation services. See Bond (2004). By the time of the World Summit, these different campaigns coalesced into a nation-wide social movement in which "anti-privatization" became the rallying cry, and brought into the fold activists from the rural landless people's movement, the fisherfolks movement, the trade unions, and AIDS/HIV and human rights campaigns. Finally, these South African groups joined hands with thousands of activists who comprised a series of anti-Summit meetings and protests, traveling from neighboring countries as well as from across the continent, and from Brazil, South Korea, India, Thailand, western Europe, Canada, and Northern California.

<sup>5</sup> The government's strategy has been to develop its own neoliberal agenda to sell off some of its public infrastructure and goods to European firms (with its devastating effects on union-dominated labor markets) *at the same time* as buying up public-sector infrastructure and goods throughout the rest of Africa, which the World Bank and IMF have forced indebted African governments to package up at bargain-basement prices. Hence, the South African government and corporations have been buying up state-owned airlines, breweries, health facilities, concessions at national parks and hunting grounds, and energy, water, and sanitation industries throughout economically depressed Africa. Critics decry South Africa's sub-imperialist role on the continent, arguing that the post-liberation government has become one of the prime instigators of a very harsh form of neoliberalism, and is doing the bidding for Northern firms and the IFIs, the financing of which (and authority) comes from the selling off of its own public sector industries and goods. In other words, many of the more powerful Southern governments and their elite classes generate their own green-neoliberal agendas, with transformative effects on regions (such as China, Chile, India, Brazil, Thailand, Indonesia, and Taiwan).

At the time of the 2002 World Summit, South Africa was still reeling from a deadly cholera outbreak that erupted after government-enforced water and electricity cutoffs. At the outset of the epidemic, which infected more than 140,000 people, the government cut off the previously free water supply to one thousand people in the rural KwaZulu Natal for lack of a \$7 reconnection fee. South Africa has an ongoing water supply problem as is evidenced by the 43,000 children who die annually from diarrhea, a disease epidemic in areas with limited water and sanitation services. The Wits University Municipal Services Project<sup>6</sup> conducted a national study in 2001 that identified more than 10 million out of South Africa's 44 million residents who had experienced water and electricity cutoffs. (These figures are disputed by South Africa's Water Ministry.) Epidemiologists interviewed by the study's authors say that these cutoffs were the catalysts to the national cholera crisis (Bond, 2003, 2004).

These changes in the townships epitomized the politics of the World Summit agenda. As a follow-up to the momentous Rio Earth Summit in 1992, the mission of the Johannesburg World Summit was to assess the accomplishments and failures of the past ten years and to agree upon a program for the future. The agenda emphasized five basic issues: water, energy, health, agriculture, and biodiversity. Even though a series of preparatory committee meetings were held in sites around the world (e.g., Jakarta, New York) in an effort to get feedback and participation from a wide array of diverse actors, the final WSSD document read much like a World Bank policy paper, and a wish-list for the world's largest service sector firms: *Water privatization is the best policy to tackle the global South's poverty and water-delivery problems*. That such a seemingly diverse set of actors should carve out a document that is so "consensual" and full of "common sense" to many sectors and professional classes around the world – from the International Chamber of Commerce to environmental NGOs to South Africa's ANC – should give us pause.

This trend toward water privatization reflects a major shift in the global development industry. From the 1950s through the 1970s – the period of national development – economic objectives in the global South emphasized repatriation and nationalization of natural-resource-based sectors. But since the debt crisis of the 1980s, and the full-throttle imposition of structural adjustment by the World Bank and IMF, Southern states have been forced to sell off their public enterprises, including those that had successfully produced national wealth, widespread employment, and social stability. By the 1990s, under the neoliberal logic of privatization, even the most essential public-sector services, such as education, electricity, transport, public health, water and sanitation, were being put on the auction block (World Bank, 2003c; Hall and de la Motte, 2005). The shift is fairly recent and yet widespread; it has received the cooperation and consent of a broad base of professional class

<sup>6</sup> For the report, see <http://www.queensu.ca/msp>.

networks ranging from chambers of commerce to development and environment NGOs. In the case of water, at the 1992 Earth Summit in Rio, privatization was hardly discussed; yet, just ten years later at the 2002 World Summit on Sustainable Development in Johannesburg, it was the main event. Why and how did it become so pervasive so fast? Is there a global consensus on its merit?

One explanation for this rapid change lies in the remarkable ideological revolution of what I call “green neoliberalism,” and the critical role of the World Bank and IMF in its generation and indigenization in the global South, where most of the world’s “under-capitalized” natural resources and their service sectors still exist. Below, I will explain this notion of green neoliberalism and how it has become the World Bank’s latest development regime over the past two decades; how it differs from the Bank’s previous development regime of structural adjustment and debt management; and how it works. I will do so by focusing on one case of this new regime, the Bank’s highly successful campaign to promote a major shift in water policy – privatization – and explain how such a neoliberal dream could come true, and be implemented so broadly, and in such a short period of time. Such concentrated effort to push a global privatization agenda does not, on its own, transform; it requires active participation and contributions from actors in corporations, NGOs, think tanks, state agencies, and the media, across the global North and South. Consequently, since the early 1990s, there has been an 800% increase in African, Asian, and Latin American water users purchasing water from European-owned private firms. And yet, global water privatization has been an extremely vulnerable endeavor. As the final section of this article demonstrates, against overwhelming odds, the world’s largest water firms have been forced to pull out of its most lucrative Southern markets due to mass-based mobilizations and political ultimatums (including the election of a new president in Uruguay and its anti-privatization constitutional amendment). From this case of water policy reform, we can learn a bit about the making of globalized hegemony *and* counter-hegemony, and in particular, the contours of the World Bank’s latest regime of green neoliberalism and the transnational professional class that engenders and facilitates it.

## 2. Building on the World Bank’s earlier development regimes

This story of the rapid transformation of water policies worldwide can best be understood within the context of the growth of the World Bank and the expansive global institutional terrain in which it currently works. For starters, it is important to appreciate that the World Bank of the 1950s and 1960s did not focus on what we currently understand as development or poverty alleviation: in those days, without much fanfare or press, the Bank loaned relatively small amounts of capital to Southern governments to pay for Northern contractors to build up basic capital-intensive infrastructure such as railroads and power plants – sectors

that remained undercapitalized by its original European investors (for European firms’ resource extraction and capital accumulation) due to the Second World War and subsequent colonial retreats by European governments and businesses. At that time, most people had never heard of the World Bank, nor had they run into its projects or economic and political ideas. In its first 25 years of existence (1944–1969), the World Bank was largely run out of Washington, D.C., by Wall Street bankers, staffed by former colonial officers, and viewed as prudent, conservative, and risk-averse by Wall Street (Goldman, 2005). That all changed in the late 1960s. Turmoil in the global political economy, with the US economy floundering from the high costs of its protracted war in Indochina, collided with the concerns of large institutional investors of OPEC petrodollars, Eurodollars, and Japanese yens looking for value and hesitant to invest in the United States or in their own “over-valued” home markets (Block, 1977; Helleiner, 1994; Kapstein, 1994). Contributing to this historical rupture were post-independence Southern countries suffering from both a precipitous drop in economic investment from the North and an increase in mass movements demanding the basic rights and access to public goods that liberation promised. In 1968, a humiliated President Johnson removed his troubled secretary of defense Robert McNamara from office and selected him as the World Bank president, a highly contentious move, but one that eventually bore fruit for select industrial and financial sectors in the North. McNamara transformed the World Bank from a small, reticent, and prudent investor into a completely different animal. In the first five years of McNamara’s tenure, the Bank financed more projects (760 versus 708) and loaned more money (\$13.4 billion versus \$10.7 billion) than it had during the previous 22 years *combined* (George and Sabelli, 1994; Shapley, 1993). Together with his new treasurer Eugene Rotberg, McNamara invented a secure and profitable arena for huge institutional investors through a unique brand of bonds – very large, multi-denominational “global” World Bank bonds (Institutional Investor, 1988).

Not only did this move spur a market for global bonds, and flush source for raising capital, but it also offered to large Northern investors a new vision of the global South (commonly known as the Third World): untapped and unvalorized natural resources that could potentially fuel a tremendous growth spurt of Northern industrial output and profit. It should be noted that the World Bank of the 1950s and 1960s did not have a global reputation or presence; its mission was not to fight poverty, and it was not considered a global storehouse of data and expertise on developing countries. These were all accomplishments of the McNamara era that we take for granted today. McNamara had to sell the idea to his board of directors that it made perfect sense to catapult past its slow-growth, multi-million dollar budget to a multi-billion dollar one. He proposed a massive lending portfolio with economic and political guarantees that would be quite attractive to Northern investors because these guarantees would

minimize risk and maximize control over the procurements of capital goods and services necessary to build the Bank's projects. For example, he helped package the idea of the "green revolution" as the best offense against the rising tide of "red revolutions" sweeping across the postcolonial South (Kapur et al., 1997; McMichael, 2000). For investors, the green revolution offered an enormous market for Northern capital goods such as dam turbines, irrigation equipment, tractors, and chemical- and petroleum-based seeds, fertilizers, and pesticides. McNamara's Bank was instrumental in transforming an agro-industrialization corporate agenda from US and European food production into a global food system (McMichael, 2000; Bonanno et al., 1994). While Wall Street began to smack its collective lips at this new low-risk/high-reward investment approach, Northern governments and a new "development community" of anti-poverty/anti-famine advocates were intrigued by the idea of a multibillion dollar investment campaign to fight the global "war on poverty." After all, the bloody war in Indochina raged on, the US economy shrunk, and real and imagined revolutionary fervor in the South fueled Northern cold-war angst. The *idea* of investing in development became compelling.

Ironically, it was the demand side of World Bank expansionism that required even greater ingenuity and infrastructure. Since none of the Bank's capital is loaned without substantial obligations or strings attached, the potential borrowers of the global South – already economically vulnerable and politically dubious of these neocolonial ventures – had to be carefully courted and cultivated. True to his reputation as one of the US's "best and the brightest" (Halberstam, 1972) – brilliantly transforming moribund Ford Motor Company and then the US government's military complex (the Pentagon) – McNamara introduced the ideology of "global expertise" by creating new production sites for data analysis on borrowing countries and training in the analytic approach of World Bank-style development. The idea of "growth with redistribution" became the mantra coming from his highly respectable senior economists (e.g., Hollis Chenery); programmatically, this call translated into the promotion of capital-intensive mega-projects as the surest vehicle for catalyzing high economic growth and poverty reduction. He matched the Bank's new increases in projects and capital loaned with new training institutes in the South promoting the green revolution and the development project *writ large*, enlisting parliamentarians, engineers, professionals, and large-scale farmers. The Bank fell into the business of training Third World elites, setting up agricultural institutes, and creating quasi-public agencies like the Electrical Generating Authority of Thailand (EGAT) to directly oversee, for example, the capitalization and transnationalization of power production. The Bank "cultivated champions" in every node along the development production line, from Wall Street investors to the professional class actors who collect and analyze data, design and implement projects, and regulate them as government civil servants.

Under McNamara's leadership (1968–1981), the Bank increased its commitment to train its own staff, members of borrowing state agencies, staff of NGOs, academics, and employees of engineering firms whom the Bank would then hire for its projects. Starting out by training just a few hundred of the world's elites in its first few decades, by the late 1980s, the Bank's training center was preparing thousands of professionals annually, with more than 3000 in the field of economic development alone (Kapur et al., 1997). In those days, the center was called the Economic Development Institute because development economics was its core curriculum, and the primary knowledge good the Bank could market. But by the late 1990s, and with a change in name to the World Bank Institute (WBI), those numbers dramatically increased, as did the sites for and topics covered by its trainings. In 2002 alone, the Bank delivered 560 "learning activities" to "more than 48,000 participants in 150 countries through collaboration with more than 400 partner institutions," broadening "its reach to include parliamentarians, policymakers, technical specialists, journalists, teachers, students, and civil society leaders, as well as World Bank staff" (World Bank, 2002). Under a broad rubric of technical titles, these training programs teach the types of expertise required to generate, tailor, and manage the lending efforts of the Bank, and contribute to the production of green neoliberalism around the world. On the topic of water privatization, the WBI's Water Policy Capacity Building Program alone has trained more than 9000 professionals from 90 countries since 1994. Almost half of the participants of the program surveyed (by the Bank) said that WBI-sponsored activities led to reform of water management policy in their own countries (Pitman, 2002, p. 10).

But back in the early 1980s, the McNamara era's massive increase in capital loans hit a wall. As western firms and investors profited from this new expansive development regime, borrowing governments could not possibly manage the large dollar-based loans with their local-currency-based economies (Babb, 2005). The rise of a global debt crisis forced McNamara's Bank to reinvent itself. Instead of collapsing under the weight of its borrowers' debts and inability to pay back their loans, the Bank successfully repositioned itself as the global arbiter of debt, and produced the next development regime, structural adjustment, which, in spite of the worldwide crisis it helped to engender, only broadened and deepened Bank power. Under this new Bank regime, the professional-class development component continued with a renewed vigor, but now with an expanded focus on macro-economic policy and government restructuring. "Growth with redistribution" evolved into a neoliberal agenda of "economics first" (lead by newly hired senior economist Anne Krueger). Southern professionals were mobilized to help the Bank more directly intervene into the daily workings of government as well as transform macroeconomic policy making, such as setting daily currency values. By the late 1980s, as this regime morphed into a neoliberal one, so too did

the apparatuses available for professional classes in borrowing countries, especially those professionals made more vulnerable by their downsized states and a more inequitable and transnationalized economy. In its neoliberalization, the Bank extended its scope and influence beyond its traditional clients of contractors and government agencies to an expansive “civil society,” which it actively helps to cultivate, albeit to work within the highly circumscribed boundaries of development capitalism (Pincus, 2002; Pincus and Winters, 2002; World Bank, 1991, 1999a,b; World Bank Environment Department, 1994).

In contrast to leading neoliberal scholars (e.g., Peck and Tickell, 2002; Jessop, 2002), we can see that neoliberalism did not just start in Thatcher’s Britain and Reagan’s United States, and eventually spread to “the rest” (Saad-Filho and Johnston, 2005). Neoliberalism was (and is being) made through these highly contentious North/South relations. The most pernicious and neoliberal policies have been experimented with first in the Bank’s most vulnerable borrowing countries before ever hitting the shores of the US or Britain. (One recent example is the elimination of agricultural subsidies forced upon southern African nations as preconditions to access to World Bank and IMF capital and debt renegotiations, which precipitated the 2002–2003 famine, even while the US and western Europe refused to give up their \$300 billion annual agricultural subsidies.)<sup>7</sup> One of the major instigators of these neoliberal dynamics has been the World Bank. But, as the next sections show, the Bank and its borrowing “states” are not the only actors neoliberalizing; rather they are joined by a swathe of elite transnational actors, including service-sector corporations, chambers of commerce, and development consultants and nongovernmental organizations. In our case of water, they are collectively promoting a “pro-poor” water agenda premised on the idea of inter-sectoral privatization (e.g., bundling services such as cable and telephone, water and electricity).

Although many observers have either sought to show how the Bank’s foray into environmentalism has failed miserably or how neoliberalism is strictly a disabling force, I see these two phenomena not as appendages or wrong turns in an otherwise a-political or technical process. Instead, I see neoliberalism and green development as fundamentally constitutive of two “development projects” – *development* as a post-World War II project of Northern intervention in the global South, or what Gillian Hart calls “development with a big D,” and *development* as a geographically uneven and historically contradictory set of capitalist processes (“development with a small ‘d’”) (Hart, 2001, 2004). The argument that their histories have unfolded together (in fits and starts) over the past two decades is cen-

tral to this article, and helps demonstrate the basis of World Bank power in arenas of global policymaking.

Since the mid-1990s, water privatization became a key green neoliberal project for the World Bank. To put it simply, the Bank has employed three main practices in the promotion of this global water policy: the cultivation of elite transnational policy networks; large development loans targeting the privatization of the public service sector delivering water and sanitation (sometimes coupling it with other services such as electricity and telecommunications); and strict green-neoliberal conditionalities upon its borrowers for access to foreign capital. The rest of the article explains how these three institutional practices helped to generate this global “pro-poor” policy on water.

### 3. Networking for a new global agenda on water

As recently as 1990, fewer than 51 million people received their water from private water companies, and most water customers were in Europe and the United States. Just 10 years later, more than 460 million people were dependent upon a few global water firms for their water supplies, and the high growth areas were Africa, Asia, and Latin America. Industry analysts predict that by 2015, 1.16 billion people will be buying their water from Northern-based water firms (Shrybman, 2002).<sup>8</sup> These days, a “highly indebted poor country” cannot borrow capital from the World Bank or IMF without a domestic water privatization policy as a pre-condition. The world’s largest firms, French-based Suez and Vivendi (now Veolia Water), control about 70% of the global private water markets, and in the mid-2003 global economic downturn, competitors were being bought out and the market was becoming even more concentrated. Industry analysts predict that private water will soon be a capitalized market as precious, and as war-provoking, as oil (Barlow and Clarke, 2002; Global Water Report, 1996; Grusky, 2002; International Consortium of Investigative Journalists, 2002; Mestrallet, 2001; Shrybman, 2002; Public Citizen, 2005). Dealing in water has become one of the most lucrative markets for transnational capital investors. According to one water analyst, “the global market for municipal and industrial water and sewerage goods and services is currently estimated to be in the region of US\$200bn–\$400bn per annum” (Owen, 2001).

#### 3.1. Spaces and flows of the water privatization discourse

Below is an excerpt from a (London) *Financial Times* article highlighting a report on water scarcity, released at a major global water conference by an eminent panel of experts.<sup>9</sup> “Poor countries ‘must raise water prices’: World

<sup>7</sup> A senior vice-president of the World Bank acknowledged the Bank’s role in the southern African famine at a major press conference at the start of the World Summit in Johannesburg. Caught in a confessional moment, this senior Bank official admitted that had the Northern subsidies been eliminated prior to Africa’s, the famine might not have taken so many lives.

<sup>8</sup> See also Global Water Archive at <http://www.platts.com/gwr/081902.shtml>.

<sup>9</sup> This report was released during the 2nd World Water Forum at The Hague, March 2000.

Commission Warning on Shortages of Vital Resources,” reads the headline. The journalist reports:

Prices paid by water consumers in developing countries must rise substantially to avoid life threatening shortages and environmental damage, according to an international report published yesterday.

The report by the World Commission on Water, supported by the World Bank and the United Nations, calls for radical changes in the way in which water services are subsidized in some of the world's poorest and most disadvantaged regions.

It says annual investment in water facilities need to more than double from \$70bn–\$80bn to \$180bn to meet rising demand and reduce the numbers without clean water – 1bn – and without sanitation – 3bn – to just 330m by 2025.

Governments unable to finance this huge investment must encourage the private sector – which provides less than 5% of urban water to consumers in developing countries – to fill the gap. The single most effective stimulus for private sector investment would be to adopt ‘full cost pricing of water use and services’ says the commission. . . .

[The report] warns: ‘Without full cost pricing the present vicious cycle of waste, inefficiency and lack of service for the poor will continue.’ Private parties also ‘will not invest unless they can be assured of a reasonable return on their investments. . . .’ (*Financial Times* 12 March 2000).

The authors of the much-cited report to which this article refers, “A Water Secure World: Vision for Water, Life and the Environment,” comprise an impressive list of the world's policy elites, collected together as an eminent panel of experts called the *World Commission on Water for the 21st century (WCW)*. Their message and “relational biographies” reveal an important story about these lofty goals of finding global solutions to a global water crisis (Dezalay and Garth, 2002).

Formed in 1998, the World Commission on Water for the 21st century has included former heads of state such as Mikhail Gorbachev of the USSR, Fidel Ramos of the Philippines, Ketumile Masire of Botswana, and Ingvar Carlsson of Sweden. It also includes former and current senior World Bank officials such as Robert McNamara (now co-chair of the Global Coalition for Africa), Mohamed El-Ashry, who is the CEO of the Bank's Global Environmental Facility, Enrique Iglesias (president of the Inter-American Development Bank), former Bank vice president Wilfried Thalwitz, and Ismail Serageldin, who is both a senior World Bank environmental official and the WCW Chair. Corporate leaders play an equally prominent role: also on the panel is Jerome Monod, Chairman of the Board of Suez, one of the world's largest water companies; and Maurice Strong, former CEO of Petro-Canada (the national oil company), Ontario Hydro, and other large natural resource and power firms, chair of the Earth Coun-

cil, and a frequent commissioner and special envoy for the United Nations. From the foundation, NGO, and state sectors come dignitaries such as the president of the World Conservation Union (IUCN), Yolanda Kakabadse, president of the Rockefeller Foundation, Gordon Conway, former chair of the *World Commission on Dams* and former South African Minister of Water Affairs, Kader Asmal, and the former president of Canada's foreign aid agency (CIDA) and member of the Population Council, Margaret Catley-Carlson. Well-connected heads of major transnational research and policy institutes, most of which share the World Bank and the bilateral aid agencies of the North as an important source of funding, fill out the ranks.<sup>10</sup>

These recognizable names in both the business and development worlds have come together to form a new transnational policy network on water. This particular commission was started and is funded by another important actor in the network, namely, the World Water Council (WWC).<sup>11</sup> The World Water Council, established in 1996, is a self-described “international water policy think tank” which aims to provide policymakers with up-to-date research and advice on global water issues. It is sponsored by UN and World Bank agencies, and is governed by board members hailing from the World Bank, CIDA, the United Nations Development Program, IUCN, Suez and other European water firms, and water-related professional associations. A 300-member group, the World Water Council played a pivotal role in organizing the second World Water Forum in The Hague and the third World Water Forum in Kyoto. It also produced the well-circulated “World Water Vision” report quoted above with its unambiguous water privatization agenda for the future – one that mimics as well as extends the World Bank's policy position and economic analysis on water reform.<sup>12</sup>

Another important player in the transnational policy network on water is the World Business Council for Sustainable Development, or WBCSD.<sup>13</sup> Representing a coalition of 160 transnational corporations, the WBCSD is made up of some of the world's largest corporations involved in the business of water, energy, and waste management.<sup>14</sup> In August 2002, the WBCSD released an influential report entitled, “Water for the Poor,” with a battle cry of “No Water, No Sustainable Development!” The

<sup>10</sup> See <http://www.worldwatercouncil.org/forum.shtml>.

<sup>11</sup> The terminology here may be confusing, in that the commissions, councils, partnerships, and forums discussed in this paper are at once networks in and of themselves, as well as forming part of a larger network in which these smaller networks interact.

<sup>12</sup> See [www.worldwatercouncil.org/vision.html](http://www.worldwatercouncil.org/vision.html); Cosgrove and Rijsberman (2000).

<sup>13</sup> World Bank President James Wolfensohn was a founding member of the WBCSD.

<sup>14</sup> See [www.iccwbo.org](http://www.iccwbo.org). These 160 members of the WBCSD are drawn from more than 30 countries and 20 major industrial sectors. See *World Business Council for Sustainable Development* (2002). “Water for the Poor.” vol. 2003: World Business Council for Sustainable Development (WBCSD). Downloaded from <http://www.gm-unccd.org/FIELD/Private/WBCSD/Publ.pdf>.

report strongly endorses (as well as puts its own spin on) the Bonn Action Plan, a plan developed during the “multi-stakeholder” International Conference on Freshwater held in Bonn, Germany, in December 2001. In its “Water for the Poor” report, the World Business Council’s main policy prescriptions reflect a political rationality that weaves together the needs of corporations and public institutions with those of the poor. From its perspective,

Providing water services to the poor presents a business opportunity. New pipes, pumps, measurement and monitoring devices, and billing and record keeping systems will be required to modernize and expand water infrastructure. Industry not directly related to the provision of water services will be able to enter new markets because water for production, and to sustain a productive workforce, will be available. Thus this program has the possibility of creating huge employment and sales opportunities for large and small businesses alike (World Business Council for Sustainable Development, 2002, p. 9).

In short, everyone wins – the firms that join into partnerships with the global development community and governments to bring water to the poor, and those who are at the receiving end of the water pipeline. This is the same perspective the World Bank promotes in its professional training seminars and its policy work.

Representatives of states, international financial institutions, development agencies, think tanks, and firms are not the only actors in the new and expanding transnational water policy network. The oldest and most prominent water NGO to get involved is WaterAid of Great Britain. WaterAid joins the World Bank and UN agencies in calling for “new millennium development goals” of halving the proportion of people without access to water and sanitation in the world by 2015.<sup>15</sup> WaterAid also endorses the increased participation of NGOs, civil-society groups, and transnational water companies in water reform:

One solution to this crisis is to call in the private sector. The idea is that more actors (not just governments) would enter the sector and deliver the services. In an environment of relatively free markets, the private sector can deliver not only investments, but also the reforms and efficiencies that are urgently needed in water and sanitation service delivery.<sup>16</sup>

In other words, the world’s most influential water NGO has embraced the World Bank’s and IMF’s clarion call for water privatization as the most sensible way to avoid catastrophe.<sup>17</sup> Moreover, WaterAid also endorses the Bank’s and IMF’s controversial policy of using water privatization as a pre-condition for access to desperately needed capital and debt relief. That is, the latest structural adjustment policy for highly indebted countries – Poverty Reduction Support Credits (PRSC, which complements the Bank’s larger program of poverty reduction strategies, or PRSP) – has water privatization commitments as one prevalent feature of their conditionalities for access to loans for “poverty reduction” and debt relief. On this topic, WaterAid writes:

WaterAid has joined with other civil society groups in engaging with the PRSP program in some of the countries we work in to ensure that access to water and sanitation remains a priority in the PRSP. . . The PRSPs *present the clearest and most important opportunity* for translating these policies into plans that will be prioritised, resourced, implemented and monitored.<sup>18</sup>

The British public has its intimate connection with WaterAid, in the form of monthly pleas for charitable contributions for “pro-poor” water projects in the South, coming into everyone’s home via the monthly water bill. WaterAid also has routine and high-profile promotional fund raisers that the British read in their major newspapers. Formed in 1981, it is one of the earliest and largest advocates for “water for all.” WaterAid raises money from corporate and individual donations and works in 15 countries in Africa and Asia helping to deliver water to the poor. In contrast to many other high-profile development NGOs, however, WaterAid was started by large water corporations, and is still supported heavily by them, along with individual donations and government support (from the UK and the European Union).<sup>19</sup> Almost every one of its trustees works or has worked for a major water firm: Vic Cocker is the retired CEO of Severn Trent, Hugh Speed is the Vice President of Suez, David Luffrum and John Sexton have been directors at Thames Water, Stuart Derwent is from Southern Water, and Colin Skellet is the chair of Wessex Water. WaterAid is among the best networked of the water-related NGOs, and ran a number of panels at the Kyoto Water Forum, including one that tellingly asked “How will the poor become *customers*?”, which is precisely the question (and answer) the World Bank and the largest

<sup>17</sup> Just like so many organizations described here, WaterAid has circulated reports that question the argument that privatization is the only or best way to help the poor. Indeed, disagreement and dissensus is a critical element to the making of hegemony (Gramsci et al., 1971). See, for example, the report, “New Rules, New Roles: Does PSP (Private Sector Participation) Benefit the Poor?” (WaterAid and Tearfund, 2003).

<sup>18</sup> See [http://www.wateraid.org/site/in\\_depth/current\\_research/400.asp](http://www.wateraid.org/site/in_depth/current_research/400.asp), accessed February 13, 2003. Emphasis added.

<sup>19</sup> This information is drawn from WaterAid’s website, [www.wateraid.org](http://www.wateraid.org), accessed February 13, 2003.

<sup>15</sup> In this context, the “new millennium development goals” refer to the goals established at the Millennium Session of the UN General Assembly in 2000 for addressing problems of water access.

<sup>16</sup> Quoted from WaterAid Website, “Private Sector Participation” [http://www.wateraid.org/site/in\\_depth/current\\_research/157.asp](http://www.wateraid.org/site/in_depth/current_research/157.asp), accessed February 13, 2003.

water firms have been pushing the past few years. WaterAid responds to the question with its own “successful” case studies on private sector participation and “the role of civil society in promoting a pro-poor agenda.”<sup>20</sup>

Tracing the discursive genealogies and relational biographies of dominant global policy forums on water reveals the enormous role the World Bank has played in constituting and supporting these networks and their agendas.<sup>21</sup> Three of the highest profile transnational water policy network actors were borne from World Bank support: the Global Water Partnership, the World Water Council, and the World Commission on Water for the 21st Century. All are key production nodes for transnational water conferences, training seminars, policy papers, and ultimately, a highly mobile set of global experts on water that comprise the leadership and establish the guiding principles of the new water reform movement. The Bank has also helped start and sustain the tri-annual World Water Forums,<sup>22</sup> and funded the International Symposium on Water,<sup>23</sup> the Global Panel on Financing Water Infrastructure,<sup>24</sup> the Water Media Network,<sup>25</sup> Water Utility Partnership-Africa,<sup>26</sup> and a variety of other high-level networks which bring together state, private sector, NGO, and corporate officials by region, theme, and agenda. As noted earlier, on water reform alone, the Bank has trained more than 9000 professionals from 90 countries between 1994 and 2001 (Pitman, 2002).

The World Bank and these key nodes in the global water policy network are educating journalists, development consultants, state officials, and the world at large on the necessity for water policy reform.<sup>27</sup> In 1998–1999, WaterAid, Vivendi, the World Bank, and the International Chamber of Commerce’s Business Partners for Development organized a series of influential meetings on water and sanitation<sup>28</sup> in which they invoked the reports and arguments produced by these networks to make the case that these TPNs reflect widespread agreement on how to solve the crisis of water scarcity. At high-level meetings, forums, and policy-generating conferences throughout Europe, Asia,

Latin America, and Africa, the topic of water reform moves forward, creating the appearance of worldwide consensus. Consequently, these uniquely situated and well-funded transnational water policy networks have effectively filled the spaces and saturated the marketplace of ideas on water policy in global civil society. Who else can afford to attend global forums, speak up with reliable global data, and sit at these roundtables on water, but their own members? Indeed, a well-known insider, the journalist John Roberts of one of the top industry newsletters, *Platts Global Water Report*, publicly scolded these network actors for considering themselves the leaders of a “global water community” (Roberts, 2002). At the 4th International Symposium on Water, Roberts criticized symposium attendees for being too narrowly doctrinaire, and for appearing to the media as ideological advocates of water privatization, rather than as neutral sponsors of open dialogues on global water policy reform. Even to an insider, the self-referential work seemed a bit too gratuitous.

### 3.2. Creating a “global consensus” on water reform

Although the statements quoted above come from a seemingly diverse variety of interests and institutional standpoints – NGOs, transnational corporations, eminent experts, policy analysts from different regions of the world – their positions on global water policy reform, the strength of their voice, and their relational biographies in transnational policy networks (TPNs) have converged to create what they describe as a “global consensus” on water. The TPN argument begins with the compelling “facts” that the global water commons is being threatened and the world’s poor are suffering the most, due to their lack of access to water and their inability to become productive contributors to society in its absence. The second step has been to construct a narrow historical time frame and simple political landscape that governments inhabit. According to their analysis, the main actors causing the degradation of water service systems and depletion of the global water commons are inefficient and politicized (i.e., monopolistic and corrupt) governments, whose fatal flaw is to treat water *as if* it were a free natural resource. Governments’ failure to price water properly so as to reflect its *true* cost has inculcated a culture of wastefulness amongst the world’s populations, and as a result, water has become scarce. (As Peter Spillet, senior executive for Thames Water, recently put it, without a hint of irony, “clearly people do not understand the value of water and they expect it to fall from the sky and not cost anything” (Carty, 2002).) Yet because it is scarce, it has now become an arena that has begun to interest “value-seeking” corporations. According to this same Thames executive, “There is a huge growth potential [in privatizing water]... We think there will be wars fought over water in the future. It is a limited precious resource... So it’s a very viable place to put your money” (Carty, 2002).

<sup>20</sup> From [www.wateraid.org](http://www.wateraid.org), accessed February 13, 2003.

<sup>21</sup> Other major funders of these transnational policy actor networks include the bilateral aid agencies of the countries in which the world’s largest water-service firms reside: DFID, the British Aid Agency, SIDA, the Swedish Aid Agency, the French Ministry of Foreign Affairs, the Netherlands Ministry of Foreign Affairs, and USAID. Most of these policy actors have emerged since 1996 and their agendas hew closely to the Bank’s water privatization agenda.

<sup>22</sup> See [www.worldwaterforum.org/eng/wwf02.html](http://www.worldwaterforum.org/eng/wwf02.html).

<sup>23</sup> See [www.symposium-h2o.com/symposium.html](http://www.symposium-h2o.com/symposium.html).

<sup>24</sup> See [www.worldwatercouncil.org/download/FinPan.Washington.pdf](http://www.worldwatercouncil.org/download/FinPan.Washington.pdf).

<sup>25</sup> See [www.worldbank.org/wbi/sdwatermedianetwork/](http://www.worldbank.org/wbi/sdwatermedianetwork/).

<sup>26</sup> See [www.wupafrica.org/what.html](http://www.wupafrica.org/what.html).

<sup>27</sup> Journalists are trained and paid to attend world water forums and world summits, taking courses in topics relevant to their experiences at World Bank events, such as (the World Bank perspective) on human rights, privatization, and development economics. See WBI’s annual report, 2002.

<sup>28</sup> See [www.iccwbo.org](http://www.iccwbo.org).

To sum up, the majority of the world's water consumers lack access because of this history of government indifference and failure to charge people adequately for its use.<sup>29</sup> Indeed, the poor are in part impoverished *because of* this irresponsible government behavior. According to the political rationality of the transnational water policy network, this causal argument is applicable throughout the ailing South. To solve these problems, governments need – *at the very least* – to adopt international accounting methods for water services, submit to grading by international credit agencies, and, most important of all, put a market price on water. These standards should steer governments to invite experienced Northern private water companies, since the private sector is assumed to be more efficient, more capable of increasing water supplies, and more likely to improve conservation. This argument is one that has evolved since 1996, and has been contrived through the hard work of the vast transnational policy network of actors that present themselves, in this self-referential and inter-textual narrative, as neutral global-problem solvers trying to reverse water scarcity trends.

The major global water policy event of 2002, the World Summit on Sustainable Development in Johannesburg, reflected the realization of this global consensus, the product of six years' worth of transnational networking.<sup>30</sup> Although a number of sustainable development issues were on the agenda at the WSSD – including the famine in southern Africa, the HIV/AIDs crisis, and sustainable forestry and mining issues – the main working agenda was water privatization. Indeed, the Summit's main media event was the christening of the glamorous corporate- and UN-sponsored WaterDome. This gala spectacle was hosted by Nelson Mandela and the Prince of Orange, surrounded by the paparazzi and the global "water experts" identified above, and celebrated in ostentatious splendor the *public-private partnership* (PPP) agenda of the water lobby.<sup>31</sup> The water agenda aired at the WaterDome and the WSSD was identical to the one developed by the transnational water policy network, from the global diagnosis of a "world water crisis for the poor," to the solutions offered of greater efficiency in water service provision, better cost recovery, and a shift from public sector to private sector providers through "partnerships." The strength of this

consensus can also be seen in the seemingly unrelated launching of the African Union as well as its bold report on the New Economic Program for African Development (Nepad), both of which embrace and echo the TPNs' precise analysis and plan of action for water. Throughout the continent, Africans are feeling the repercussions of these "global" mandates.

### 3.3. *Imposing water reform...and privatization*

The most direct way the network's idioms, technologies, and "water action plans" get translated into action in borrowing countries is, of course, through the imposition of conditionalities on World Bank and IMF loans. In fact, almost all of the recent public utility privatization deals (outside of western Europe and the United States) have occurred because of active Bank/IMF participation.<sup>32</sup> That participation comes in the form of a threat, since every government official knows that the Bank/IMF capital spigots can always be shut off for those governments refusing to conform to their loan conditions.<sup>33</sup> As overwhelming debt burdens have put tremendous pressure on borrowing-country governments and created dire social conditions in their countries (most recently reflected in the 2002–2003 famine in southern Africa), and as populist movements have demanded that their governments stop servicing these odious and unjust debts, the Bank and IMF are using the carrot of debt relief to foist water policy reform on borrowing-country governments.<sup>34</sup> In 2001, for example, all 11 of the World Bank's water and sanitation loans carried conditionalities that required borrowing governments to either privatize these services or dramatically increase cost recovery from providing them. As the Bank and IMF often give indebted countries a very short time period in which to construct a "viable" water action plan of their own that can meet these institutions' rarefied requirements, the transnational water policy network's expertise and action plans are the ones most likely to get invoked by borrowers to satisfy the Bank and IMF's pressure for water policy reform.

Beyond loans specifically targeting water and sanitation services, the Bank also imposes stringent conditions on its large structural adjustment loans, the Poverty Reduction Support Credits. The selling-off of state owned enterprises, utilities, and public services (including water and sanitation) has become a prerequisite for continued access to

<sup>29</sup> The water crisis is a governance crisis, characterized by a failure to value water properly and by a lack of transparency and accountability in the management of water," argues a Global Water Partnership report, for example. "Reform of the water sector, where water tariffs and prices play essential parts, is expected to make stakeholders recognize the true costs of water and to act thereafter (International Consortium of Investigative Journalists, 2002).

<sup>30</sup> Most of the WSSD updates and reporting come from web sites that are no longer functioning.

<sup>31</sup> At the same time, the global water lords were repeating, in the most Victorian-colonial phrasing, that the Black poor were victims of their own bad habits. South African and UN dignitaries exhorted "Wash Your Hands!" as the water campaign's rallying cry during the Summit and at the WaterDome.

<sup>32</sup> The exceptions are in the US and Western Europe; however, it could be argued that the world's largest firms can expand into the Northern markets *largely because* of the heavy Bank/IMF subsidization of the firms' deals in the South.

<sup>33</sup> Of course, large borrowers such as Brazil, Mexico, India, and China can exert some counter-pressure on the Bank since their withdrawal could have devastating effects. Hence, Bank staff act, first and foremost, to avoid such conflict.

<sup>34</sup> Debt relief without conditionalities and debt reparations were the most common political demand from African activists at the "anti-Summit" forums in Johannesburg during the World Summit meetings (author's personal notes).

Bank and IMF loans (Grusky, 2002).<sup>35</sup> In 2000 alone, Benin, Honduras, Nicaragua, Niger, Panama, Rwanda, Sao Tome and Principe, Senegal, Tanzania, and Yemen all agreed to conditions placed on IMF Poverty Reduction and Growth Facility loans before receiving much-needed capital and/or debt reorganization. These loans and debt renegotiations had water privatization and cost recovery as key conditions. The IMF's Emergency Post-Conflict Policy Loan to Guinea-Bissau and Tanzania's acceptance of its Poverty Reduction loan were predicated on privatization of public water services. Indeed, in order for most "Highly Indebted Poor Countries" (or HIPC's, as the Bank refers to them) to receive debt relief, it has been necessary to lease their water services to private – and invariably Northern – firms.<sup>36</sup>

At the end of 2001, the Bank had outstanding loan commitments in water-related sectors of nearly \$20 billion (World Bank, 2001). Most of the Bank's water service loans have started out with cost-recovery mandates, only to be ratcheted up to partial or full privatization when governments prove themselves unable to comply with the Bank's requirements for cost recovery, and when few communities are willing or able to afford the associated price increases (Grusky, 2002; World Bank, 2002). Without compliance, the public sector choice is judged as inadequate, and private alternatives are introduced. By 2002, most of the Bank's cost-recovery agreements had led to some form of privatization, and were presented as a bail out of sorts by foreign firms "willing to help" indebted and floundering public agencies meet World Bank and IMF-set targets. In effect, corporations are placed in the role of charitable trusts that are offering a helping hand, technology transfer, and expertise where it is needed the most. Under this political rationality, it is not International Chamber of Commerce members who are being attracted to a new business opportunity, but rather private sector development actors who are on an ethical mission of poverty alleviation, ecological sustainability, and social justice.

If, however, we shift the analytical frame and see the problem in terms of the two-decade-long process of structural adjustment in which many Southern borrowers have been spending much more on interest repayments to the World Bank and the IMF than on public infrastructure and basic services, then the way in which we judge the roots

of ineffectual public service changes. If the "global community" of actors articulating the rationality of privatization comprises the same actors who pressured states to dramatically reduce spending on public infrastructure and services, including the water sector, then the network's "at-a-distance" objective standpoint becomes subject to question.

Indeed, there is good reason to critically question the "global water scarcity" and "crisis" discourses of the transnational water policy network, and to examine the very real political-economic interests that lie behind it. First, as noted above, these practices are a product of a particular agenda of the international finance institutions and the global water industry and have not arisen as the direct result of demands made by water-deprived poor communities. (This is not to deny, of course, that 40% of the world's population lacks access to clean water and sanitation.) But this particular policy initiative has come "from above" and is part of the *green-neoliberal* capitalist transformation being promulgated by the IFIs and their development partners. Since 1990, the World Bank has not only helped finance the birth of these transnational policy networks but has also financed the widespread privatization of other public utilities, industries, and goods (Goldman, 2005, 2001a,b). In the realm of water alone, the World Bank awarded 276 water supply loans between 1990 and 2002, one-third of which require the borrowing country to privatize some aspect of its water operations in order to receive these funds.<sup>37</sup> Indeed, the number of loans requiring privatization as a pre-condition has tripled since 1996 (International Consortium of Investigative Journalists, 2002, p. 16). Of the 193 structural adjustment loans approved between 1996 and 1999, 112, or 58%, required privatization as a condition.

In Africa, there has been a marked trend toward privatization (Berry, 2003). Up until 1997, privatization of water services had occurred in only a few West African countries, but in 1999, the number of contracts with private firms rose sharply. By May 2002, more than eighteen water privatization contracts had been signed between European firms and African governments, five in South Africa alone, with eight more countries in the process of negotiation. Vivendi (now Veolia Water, France), Saur (France), Biwater (England), Aguas de Portugal, and Northumbrian Water (England), are the most frequent lead companies; the contracts' duration ranges from five years to 50 years, and sometimes combines control over both electricity and water. By 2002, more than 460 million people worldwide were purchasing their drinking water from European-based companies. The six largest companies work in more than 56 countries, and their revenues have grown dramatically between the mid-1990s and 2002 (Barlow and Clarke, 2002; Global Water Report, 1996; Grusky, 2002; International Consortium of Investiga-

<sup>35</sup> For the Bank's latest innovation, Poverty Reduction Support Credits, the first two of the three credits awarded (to Uganda and Burkina Faso) included water privatization as a priority. See World Bank, "Poverty Reduction Support Credits for Uganda and Burkina Faso," at [www.worldbank.org](http://www.worldbank.org).

<sup>36</sup> Since structural adjustment loan agreements are often outside of the public domain, the information on other Bank/IMF privatization conditionalities in their SAP loans come through public circulation of "confidential" papers as well as discussions that leak within borrowing countries. See Grusky (2002). "Profit Streams: the World Bank & Greedy Global Water Companies." Public Citizen, Washington, D.C., See also Letters of Intent and Memoranda of Economic and Financial Policies prepared by government authorities with the IMF/WB, documentation is available at the IMF website: [www.imf.org](http://www.imf.org).

<sup>37</sup> When these numbers are broken down by year, one finds a continuous increase in privatization as a requirement for access to capital, starting at fewer than 20% in 1990 to more than 80% in 2002 (International Consortium of Investigative Journalists, 2002).

Journalists, 2002; Shrybman, 2002). In sum, this remarkable shift from “public” to “private” serves a particular set of economic interests, with the world’s largest firms and dispersed comprador classes eager to be part of this new wave of development capital investment.

### 3.4. Cracks in the pipe

Amidst the recent wave of privatization, two main actors are balking: firms and consumers. In February 2002, John Talbot, the chief executive of Saur International, the world’s fourth largest water company, spoke before a World Bank audience, arguing that the needs of the Bank’s clients are so great that although extending water to all made good sense in terms of ‘sustainable development,’ he had to ask whether this “is [a] good and attractive business.”<sup>38</sup> Cost recovery from the poor majority is not feasible, Talbot suggested, and the private sector may not be the place to tap for investments in these sectors. In his words, it was “simply unrealistic” to believe “that any business must be good business and that the private sector has unlimited funds.... The scale of the need far out-reaches the financial and risk taking capacities of the private sector.” As a result, subsidies and soft loans would be necessary to make the endeavor worthwhile. “Even Europe and US subsidize services,” Talbot coyly noted. “If [subsidization] does not happen, the international water companies will end up being forced to stay at home.”<sup>39</sup> Talbot’s proposed solution is particularly ironic because it turns dominant logic on its head: Rather than provide subsidies to consumers (which many actors in the network believe is wastefully wrong), the World Bank and other development funders should provide government subsidies, soft loans, and guarantees *directly to private firms* that know how to use them most efficiently and prosperously.

To wriggle out of their existing contractual (and ethical) commitments to provide water for all, water service companies are redefining the language in their legal contracts. For instance, in Suez’s contract with the city of La Paz, Bolivia, to connect the major shanty town of El Alto to the water system, Suez recently argued that “connection” would no longer mean a “piped connection” but “access to a standpipe or tanker” – precisely the condition that CEOs and elite transnational policy networks once called deplorable under public regimes.<sup>40</sup> Water companies are also demanding that poor communities dedicate free labor to help build the supply system in exchange for water sup-

ply. In essence, these firms are creating a non-monetary barter system (which rests on self-exploitation by the poor with few options) so that they can live up to their agreements and shore up their profit rates. Is this *déjà vu globalization* of the old imperial order? Or is it the next frontier of uneven and combined capitalist development, in which 21st-century technologies (such as pre-paid water meters) will only become available if combined with 19th-century-like indentured labor conditions (O’Connor, 1998)?

In Ghana, privatization ended abruptly when the World Bank withdrew funding because of public outcries about corruption on the part of the parent company, Enron. In Gambia, Guinea, Kenya, Mozambique, South Africa (Fort Beaufort), and Zimbabwe, either the government or the water company pulled out amidst controversies raised by mobilized and angry communities. In some places, firms have withdrawn because they were unable to make their expected profits without substantially changing the rules or interpretation of the contract. The response by poor “customers” has been a vociferous refusal to accept dramatic increases in price and no improvement in service, pressing elected officials to demand equitable service and lower prices from foreign firms. By 2004, one-third of the contracts in Africa have been nullified due to mass-based political actions, which is part of a larger trend occurring across Latin America, Asia, Eastern Europe, and the US (Public Citizen, 2005). Tellingly, in Grenoble, France (the home of Suez, the firm that promises to bring Africa its “European services”), the people of Grenoble kicked out the Suez subsidiary, Lyonnaise des Eaux, for gross violations of over-charging, theft and corruption in its water and sewage services (Barlow and Clarke, 2002; Lobina, 2000). The irony of this event, of course, is not lost on Ghanaians or French water consumers. It is the flip side to the neocolonial discourse that deems corruption, theft, and collusion as attributes of Third World public sectors, and not of France or French firms. It flies in the face of the old European tune of good western “conduct” and “governance” that the World Bank and its transnational policy networks sing to non-western borrowers.

In 2002, a controversial suit was filed with the World Bank-run International Centre for Settlement of Investment Disputes (ICSID) by the California-based Bechtel corporation. Throughout the month of April, 2000, tens of thousands of Bolivians gathered in the streets of Cochabamba to reject the water privatization policy of the government negotiated by the Bank, and its sell-out to Bechtel. After eight days of continuous protest, the local government relented, repealed the contract, and expelled a Dutch subsidiary of the US company. In February 2002, Bechtel filed a \$25 million lawsuit with ICSID against Bolivia for the loss of future profits. “We could use that money,” reported a Bolivian community leader Oscar Olivera speaking in Johannesburg at a World Summit forum, “to pay 25,000 teachers or to build 120,000 water-gathering structures in Cochabamba. Instead, we must hire lawyers and fight a company whose annual revenues are \$14 billion,

<sup>38</sup> “Is the Water Business Really a Business?” J.F. Talbot, CESO Saur International, World Bank Water and Sanitation Lecture Series, 13 February 2002, [www.worldbank.org/wbi/B-Span/docs/SAURD.pdf](http://www.worldbank.org/wbi/B-Span/docs/SAURD.pdf).

<sup>39</sup> This about-face, of course, has important repercussions on World Bank and IMF lending practices, since it becomes more difficult for these institutions to demand privatization if no firms are willing to provide the services.

<sup>40</sup> See also Laurie and Crespo, 2002. “An examination of the changing contexts for developing pro-poor water initiatives via concessions.” SSR Project.

or double Bolivia's gross national product." Olivera continued: "The problem is that the World Bank, who supported the privatization deal in Bolivia, is now also the judge of this case. And to whom is the Bank accountable?"<sup>41</sup> Although the World Bank is not literally the official judge in the case, the ICSID is under the auspices of the World Bank and is the legal arbiter of disputes for the Bank's aid and loan agreements. It has also become the preferred site for arbitration by large multinational firms filing suits against Bank borrowers.<sup>42</sup>

The motive for these protests and contract nullifications is the steep rise of water prices for the poor. For poor urban and rural households, water fees now consume a substantial percentage of household income, sometimes as much as one-third. In Cochabamba, the cost of water came to equal one-fourth of a typical family's income after the Bechtel subsidiary increased its prices to reflect water's "true cost."<sup>43</sup> For some groups, the price of water spiked more than 200% (Laurie and Marvin, 1999). Bechtel also insisted on charging communities for their consumption of water from people's own handmade rain-catchment systems, the pre-existing water conservation technologies that pre-date unreliable government taps. It best exemplified the attack on enduring local ecological practices and fundamental community rights, and produced the rally cry that Bechtel was even charging the poor for their use of the rain (Finnegan, 2002).

In the Black townships of Johannesburg, South Africa, where most water consumers are under- or unemployed, the price of water rose over 50% after the public water system was privatized. These township communities have experienced a proportionally greater price hike than that experienced by middle-class consumers in neighboring white suburbs, and by large industrial and mining firms (Bond, 2003), which critics called the *neoliberalization of apartheid*. In Guinea, water prices rose more than fivefold after privatization, resulting in a steep drop in bill collections and a steep rise in inactive connections. Given these realities, it is hard to believe that the shift from public to private providers has increased water access for the poor.<sup>44</sup>

<sup>41</sup> Author's notes from Johannesburg, August–September 2002.

<sup>42</sup> In February 2003, lawyers representing the people of Cochabamba requested that the ICSID open its doors to the public and the media, but the ICSID judges refused. See "Secretive World Bank Tribunal Bans Public and Media Participation in Bechtel Lawsuit over Access to Water," Earthjustice press release, 12 February 2003.

<sup>43</sup> Frontline PBS website, Multinational Monitor interview, January 2000, and a Presentation by Cochabamba machinist Oscar Olivera, of the Coordinadora de defensa de Agua y la Vida (the Coalition in Defense of Water and Life), at the International Forum on Globalization, August 2002, Johannesburg.

<sup>44</sup> Recently, governments have been toppled over relations with the World Bank and IMF and questions of privatization of basic public goods (e.g., Bolivia, Ecuador, Venezuela, Uruguay, and Argentina). In October 2004, by popular referendum, the people of Uruguay voted for a new constitutional reform that declared water as a public right and prevents the government from privatizing it, despite strenuous pressure from the international finance institutions (see Public Citizen website, [www.citizen.org/cnep/Water/](http://www.citizen.org/cnep/Water/)).

#### 4. Conclusion: the making and unmaking of green neoliberalism

In the case of water privatization, the shocking tragedy that much of the world lacks access to affordable and clean water is an image that may create new opportunities in the business of development but may have little to do with ultimately quenching those basic needs (Bayliss and Hall, 2002; Grusky, 2002; Barlow and Clarke, 2002; Hall, 2003; Hall et al., 2002). The "problem" of water scarcity for the world's poor majority has been analyzed by the World Bank as one in which the public sector has failed to deliver and has therefore prevented development from "taking off" and the economy from modernizing (World Bank, 2002, 2003a,b). If the state cannot deliver something as basic as water and sanitation, the argument goes, that is a strong indication of a general failure of public-sector capacity. Water scarcity therefore becomes simultaneously indicative of a problem of poverty, of modernization, and of governance. The Third World state is typically portrayed by the Bank and its partners as stuck in "arrested development," often depicted as corrupt, inept, and politicized. In this colonial framing, the state is the main hindrance to a country's successful integration into the global economy, and hence to the economic fruits that such integration supposedly bears.

Within the interpretative framework of "pro-poor" development, the best decision the Bank can make is to insist that as a pre-condition of future access to capital, the state must clean house and package degraded public assets for sale on the international market. Services and goods such as housing, water, electricity, and sanitation can no longer be left to decay, for their inefficiency not only affects the health of the poor majority, but the whole country's ability to participate in the global economy. For many reasons, not least a neoliberal ethics of poverty reduction and ecological sustainability, this new political rationality of development views public-sector industries, utilities, and goods as best serving the public only after they are fully or partially privatized. In this scenario, the state should regulate but not run the public service.

Yet with the sale or lease of a public good clearly comes more than simply a privatized service; alongside it comes a whole set of neoliberal capitalist forces that intervenes in state–citizen relations and North–South dynamics. The World Bank's policy campaign for water privatization has been much more than a leasing program for dilapidated public plumbing and sewer infrastructure. Rather, it has marked the entrance of new transnational codes of conduct and procedures of arbitration, accounting, banking, and billing; a new ethics of compensation; new expectations of the role of the public sphere; and the normalization of transnational corporations as the local provider of public services and goods.

Within the world of development, a consensus has emerged claiming that private firms can do no worse than the inept state, and will more likely do much better. Those

who constitute the world's transnational water policy networks believe that the poor are already paying "above market" rates for water from private water tankers and taps when public systems are inadequate. To European-based water firms and World Bank economists, this evidence indicates that the poor (as well as the middle classes) represent a large population of "willing customers" who are eager to be provided with an efficient and reliable service, something the private tankers and public taps apparently cannot offer, especially on the scale required.

In today's dominant discourse, the distinction between public and private is assumed to be sharp and clear, such that one can make the sweeping generalization that the world's past and present water problems are due to the public sector. Yet even the most conventional historical readings of the world's largest water projects – e.g., the Hoover Dam, Suez Canal, Indus river waters projects – reveal that this distinction is a specious one, and that in fact, the public–private distinction has always been blurred. Most of the world's largest water projects have been joint public–private (or rather state–capital) ventures in which states have typically been the lead investors and movers behind them, while private capitalist firms have done the infrastructural and contract work, and received most of the benefits they provide. Whether they are feeding industrial farming, mining, or energy production, most grand water schemes have had highly subsidized state support in order that a minority elite could profit and often become an enriched class of their own (Cronon, 1991; McCully, 1996; Scott, 1998; Worster, 1985). Indeed, often it is the very same actors who are generating and awarding the contracts (in their roles as state officials) as receiving them (in their roles as goods and services providers, investors, or landowners).

Finally, it is important to note that under colonial rule, vast amounts of valuable "public" natural resources (including water, watersheds, and river systems) were controlled by "private" trading companies awarded contracts by "public" European royalty and imperial states. Zambia, for example, was colonized by the British South Africa Company, a private multinational corporation led by Cecil Rhodes (Ferguson and Gupta, 2002, p. 992). Today, Zambia along with many other African nations are ruled "in significant part, by transnational organizations that are not in themselves governments, but work together with powerful First World states within a global system of nation-states that Frederick Cooper has characterized as 'internationalized imperialism'" (Ferguson and Gupta, 2002). So, how can we say without batting an eye that the public has failed such that, now, it is time for the private sector to take over the experiment? It requires the violence of abstraction and the denial of colonial-imperial history to derive such a simplified narrative (Scott, 1995).

In sum, the relationship and identities of development NGOs, state professionals, firms and business councils, and international aid agencies should not be taken for granted, as the genealogies and biographies *do* matter.

Who is billed as local and who is transnational, public or private, charitable or profitable, above, below, or in the civil middle? We need to do a better job of comparing this over-saturated realm which is self-proclaimed as "global civil society," where most of the players are on first-name basis with each other, with the highly disparate "uncivil" societies challenging them.

These categories are highly problematic and politically strategic. Not only is the realm of *newly emerging* civil society reified as the space of progress and ingenuity, but the process of constituting civil society – or *transnational networking* as described here – is central to the globalization (from above) project that has received tremendous philanthropic (and scholarly) support from elite sectors within the North for being highly flexible, participatory, expert-knowledge driven, transnational, and a political. In response, we need to ask some relevant questions: For example, why has this particular process of networking become the privileged site for civil society activity (Riles, 2000)? What other types of political processes are erased, undermined, and subordinated in the process? These elite transnational policy networkers, it seems, are best able to generate and work in spaces of just-in-time, flexible, deterritorialized, and depoliticized expert realms. The instant expertise certification one earns as a member of the jet-setting transnational class of networkers suggests we need to give greater attention to this power/knowledge nexus (Foucault, 1994). The largest international conference ever, the 2002 World Summit, reflected the ultimate accomplishment of World Bank-financed transnational policy networking; making this claim is, however, not to suggest that its outcome is singular or inevitable. This article focused on the remarkable rise and legitimacy since the mid-1990s of powerful transnational networks promoting global water reform in order to help shed light on the increasingly significant phenomenon of this type of elite policy networking and its basis in the World Bank's expanding power/knowledge regime of green neoliberalism. Although western media repeatedly question the "accountability" of the green-haired anarchists who demonstrate at major international finance meetings, our attention needs to turn to the question of who comprises the "official" transnational expert networks, interrogate from where their authority derives, what the institutional effects of their extraordinary rise and influence in the global political economy are, and finally, the processes by which this enormous global influence of the World Bank gets (re)produced. The political stakes in such inquiries have never been higher, and the immanent possibilities never as grand.

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