



## **BOLIVIA'S WAR OVER WATER**

**by Jim Shultz**

Before April 2000, few people outside of Bolivia had ever heard of Cochabamba, a city of 600,000, tucked away in an Andean valley 8,000 feet high. Four months into the new century that changed. Cochabamba became the front line in the growing international battle over the rules of economic globalization. Standing down soldiers, resisting a declaration of martial law, and rising up against a wave of worship the market economic theology, South America's poorest people evicted one of the world's wealthiest corporations and took back something simple and basic – their water.

### **Precursors**

Bolivia's experience with the darker forces of globalization began centuries ago, in another Andean city – Potosi. There, in 1545, a modest hill was discovered to be, quite literally, a mountain of silver. For nearly three centuries Spanish colonialists mined the hill, Cerro Rico or Rich Hill, of enough silver to virtually bankroll the Spanish empire. They also left behind, in the words of Eduardo Galeano, "8 million Indian corpses." Slave miners were sent into the pitch dark and stale depths for as long as six months at a time. Many of those who survived went blind from re-exposure to sunlight. Bolivia's first lesson about globalization was this one – a people blessed by the Earth with one of the largest single sources of mineral wealth in the history of the planet ended up the poorest nation in South America.

This memory of horrific abuse and the theft of wealth across the sea was not lost on the Bolivian soul when, in the 1980s and 1990s, the World Bank and International Monetary Fund (IMF) decided to make Bolivia a laboratory for their own modern experiments in global economics. Using the contemporary tools of economic power – holding up loans, aid, and debt relief – the Bank and IMF influenced and outright coerced the Bolivian government into selling or leasing its public enterprises into corporate hands. One by one the Bolivian government sold or leased off the national airline, the railroad, and the electric company, often with disastrous results. The Chilean purchaser of the railroad dismantled it for parts and shut it down.

The World Bank's most aggressive pressure campaign for privatization focused on the public water system of Bolivia's third largest city, Cochabamba. Bank water officials believe in privatization the way other people believe in Jesus, Mohammed, Moses, and Buddha. They argue that it is essential as a means of securing capital for water development and to bring aboard skilled management. In public the Bank softens its tone, calling privatization just one option and "not a magic pill." Behind closed doors, however, Bank officials are not so subtle.



In February 1996, Bank officials told Cochabamba's Mayor that it was making a \$14 million loan to expand water service conditioned on the city privatizing its water. In June 1997, Bank officials told Bolivia's President that \$600 million in international debt relief was also dependent on Cochabamba putting its water into corporate hands. Bank officials would later claim that they didn't like the details of the way Bolivia negotiated the privatization, but the Bank's role as the force behind it is indisputable. The Bolivian government followed the Bank's orders. In September 1999, in a closed-door process with just one bidder, Bolivian officials leased off Cochabamba's water until the year 2039, to a mysterious new company named Aguas del Tunari – which would later turn out to be a subsidiary of the California engineering giant, Bechtel.

The water contract was, to put it mildly, a sweet deal. The agreement guaranteed the company an average profit of 16% per year every year over the 40 year life of the contract. Through a parallel water law approved by the Bolivian Congress and President the company was also to be given control over hundreds of rural irrigation systems and community wells, projects paid for and built by local people without government help.

Just weeks after taking over the water, Bechtel's company hit local families with rate increases of up to 200% and sometimes higher. Workers living on the local minimum wage of \$60 per month were told to pay as much as \$15 just to keep the water running out of their tap. Tanya Paredes, a mother of four who supports her family knitting baby clothes, saw her water bill increased from \$5 per month to nearly \$20, a rise equal to what it costs her to feed her family for a week and a half. "What we pay for water comes out of what we have to pay for food, clothes and the other things we need to buy for our children," she says.

### **The Water War Begins**

Even before the huge rate hikes were introduced, a citizen's movement began forming to challenge the privatization, a group which came to be known as La Coordinadora. Its leadership came from the local factory workers union, irrigators and farmers, environmental groups, local economists, progressive members of Congress, and a broad base at the grassroots. La Coordinadora was both urban and rural, both poor and middle class.

In November 1999, the Federation of Irrigators, furious about the planned give away of their water systems, staged a 24 hour blockade of the highways leading in and out of Cochabamba. "Our objective was to test what capacity we had to fight," recalls Omar Fernandez, leader of the irrigators' union. "We found out that our base wanted to move faster than even our leadership. In [the small town of] Vinto they blockades the highway for 48 hours." After the blockades the rural water users formed an alliance with urban users concerned about Bechtel's takeover of the city water system and on November 12, 1999 La Coordinadora for the Defense of Water and Life was born.



In January 2000, after the water company announced its huge rate increases, the Coordinadora sprang out of political nowhere with its first public action, a citywide paro, a general strike. This tactic was not new to Cochabamba. Once or twice a year local transportation workers and other groups would organize actions in which the buses stop running, the bridges and roads are blocked, businesses and schools are shut down, and the city takes a one day holiday of soccer and bike riding while negotiators try to reach a settlement over the demand of the day. The Coordinadora's January action against the water price hikes was different. For three days Cochabamba was shut down tight as a drum. Blockades closed down the two main highways leading in and out of town, eliminating bus transportation and food shipments. The airport was shut. Roadblocks fashioned out of piles of rocks and tree branches cutoff all traffic in the city. Thousands of Cochabambinos occupied the city's tree-lined, colonial central plaza. At one corner of the plaza the Coordinadora set up its headquarters in the ragged offices of the local factory workers' union and hung a wide banner from the third floor balcony. Bright red with white letters the banner carried the city's new rallying cry, *El Agua es Nuestra Carajo!*, The Water is Ours Damn It!

Just across the plaza sat the offices of Cochabamba's regional governor, an appointee of the President. After a day of refusing even to recognize the Coordinadora as a legitimate organization, the governor agreed to meet its leaders. During the negotiations the governor could hear the angry chants of thousands of protesters, quite literally at his door. The government finally signed an agreement to review the water company's contract and the new water law, if the protest was suspended. Coordinadora leaders gave the government three weeks.

As is political custom in Bolivia, the government broke its word. As January turned to February no change in the rates was forthcoming and the people of Cochabamba were refusing to pay their bills to Bechtel. The company, growing desperate, threatened to shut off people's water. The Coordinadora announced that it would stage a takeover of the city's symbolic central plaza once again, on February 4th. What was planned was a simple lunchtime protest to remind the government that the people were still watching. Several hundred protesters would march to the plaza, hear some speeches, prod the government to keep its word, and then go back to work.. "We told the minister of government, 'Nothing is going to happen,'" says Oscar Olivera, head of the Cochabamba Factory Workers Union and one of the Coordinadora's most visible leaders. "It is a takeover with white flags, with flowers and bands, like a party."

The government announced that the protest was not going to be allowed and on the morning of the 4th more than 1,000 heavily armed police and soldiers took control of the city's center, almost all brought in from other cities (as



Cochabamba police could not be counted on to take such a hard line against their own relatives). For the people of Cochabamba, even those who may not have been sympathetic to the water revolt before that, the invasion of police was akin to a declaration of war. Not only was the government refusing to rollback the company's huge price hikes, now it was protecting Bechtel's increases with tear gas and guns.

For two days central Cochabamba turned into a war zone. Every block leading to the plaza was converted into a mini-battle field. At one end police outfitted in full riot gear blocked the streets with tear gas cannons. At the other end protestors – young people, old people, poor and middle class – held their ground with rocks and slingshots. Many wore the impromptu uniform of vinegar-soaked bandanas over the mouth and nose and baking soda under the eyes, protection against the gas. I asked a young policeman if he would shoot and kill me if ordered to by his captain. “Yes, if it was an order.”

As the conflicts continued, the doors of middle class homes would open up and bowls of food and water would appear, an offering of support to those standing up to the government in the streets. Almost all local radio programming converted into phone-in discussions about the battle in the city center, with caller after caller condemning the government and the company. In two days more than 175 people were wounded, most all victims of tear gas canisters or police beatings. Whatever public legitimacy the government had on the issue it lost. It announced an agreement with the company to invoke a temporary rate rollback for six months. The Coordinadora had won its first victory. “This gave a lot of strength to the people, a lot of energy. They felt victorious,” says Olivera.

### **A Change of Strategy**

“The [Bechtel] contract was very hard to get hold of,” says Omar Fernandez of the Coordinadora. “It was like a state secret.” Through members of Congress the Coordinadora was finally able to get a copy. After the February confrontations Coordinadora leaders began to examine the contract more closely, with the help of sympathetic economists and lawyers. They uncovered Bechtel's guaranteed 16% profit, the fact that the company had won the concession with virtually no up-front investment, as well as other provisions which made clear just how bad a deal the government had agreed to. The Coordinadora became convinced that they needed to switch their sights from merely rolling back water rates to repealing the contract altogether and putting Cochabamba's water under direct public control.

The demand for cancellation of a major international water contract was bold, to say the least. Nowhere else had popular protest succeeded in reversing such a major privatization deal. In March, Coordinadora leaders took up an organizing strategy pioneered by activists in Mexico, the *consulta popular*. For three days Coordinadora activists set up small tables in plazas and other public gathering



places throughout the Cochabamba Valley, to survey residents with a simple question – should the water contract be canceled? More than 60,000 people participated, nearly ten percent of the valley’s population. The answer, by a vote of more than 90% was a resounding yes. “The consulta made our movement much more participatory,” says Olivera. Cancellation of Bechtel’s contract now became the Coordinadora’s official demand.

### **The Final Battle**

In April the Coordinadora announced what it called La Ultima Batalla, the Final Battle. Coordinadora leaders warned that they would begin an indefinite general strike and blockade of the highways until the government met its two key demands – cancellation of the water company’s contract and repeal of the national law through which the government planned to give Bechtel control over wells and rural irrigation systems. On Tuesday April 4th the threatened wave of protests began and Cochabamba was shut down again for the third time in four months.

On Thursday, after Cochabamba had been shut down for two days, government officials finally agreed to sit down to talk with Coordinadora leaders, in negotiations moderated by Cochabamba’s Catholic Archbishop, Tito Solari. Late that night Coordinadora leaders began their talks in the state’s offices, with the governor, the city mayor, the Archbishop and other officials. Suddenly police under orders from the national government in La Paz burst in and put the Coordinadora leaders under arrest. “It was a trap by the government to have us all together, negotiating, so that we could be arrested,” says Olivera, who was among those taken into custody. Bishop Solari locked himself in his own office for the night, telling reporters that if the Coordinadora was under arrest so was he.

On Friday, after the Coordinadora leaders were released, Cochabamba residents expected a military takeover of the city at any moment. Bolivia’s President, Hugo Banzer, who had ruled over the nation during the 1970s as a dictator, was well known for his easy use of political repression. The atmosphere in the city was incredibly tense, especially in the central plaza where news of the arrests the night before had drawn a gathering of more than 10,000 people. Many came from the city but thousands of others had marched in long distances from the countryside and had been there for days. Community by community they arrived, to great cheers, each group carrying a banner bearing the name of their pueblo. One rural town official, who had marched 70 kilometers to get to Cochabamba, told me, “This is a struggle for justice, and for the removal of an international business that, even before offering us more water, has begun to charge us prices that are outrageously high.”

A meeting was announced for 4pm between the Governor and the Coordinadora, to be mediated by Archbishop Solari. After mid-day it was announced that the



Governor would sit down once more with Coordinadora leaders, this time in the offices of the Bishop. When word spread that the Governor had failed to show, people in the plaza feared the worst. A half dozen teenage boys climbed to the bell tower of the city's Cathedral, tying ropes to the bells so that they could be rung as a warning when soldiers started to invade the city. Even amidst the thick tension, however, Bolivia's natural humor came through. An ice cream seller circulated through the dense crowd, carrying a white styrofoam ice chest across his front. One of the protesters from the countryside crouched down behind him and yelled loudly, "Ice cream, ice cream, free ice cream."

In his plaza office Governor Hugo Galindo could hear the angry crowd outside. Windows had already been broken on the front of the building. A fire was set against the giant wooden main entrance door. At the hour he was supposed to have met with Coordinadora leaders, instead he telephoned his superiors in La Paz. He explained that he saw no alternatives except cancellation of the contract or an all out war between the people and government. He recommended that the contract be canceled. Banzer's people were noncommittal. Galindo then called Archbishop Solari, sitting in his office with Coordinadora leaders. He told the Bishop that he had urged the President to cancel the contract. When Bishop Solari relayed that message to Olivera and other Coordinadora leaders it got transformed into something more dramatic – that the company was leaving. Minutes later, still wearing a vinegar-soaked red bandana around his neck and with white smudges of baking soda under his eyes, Olivera emerged from a third floor balcony over the plaza. "We have arrived at the moment of an important economic victory over neoliberalism," he yelled with a hoarse voice to the crowd, which erupted in a cheer that rivaled thunder. He thanked the neighborhoods, the transportation workers, people from the countryside, university students, and others who had made the battle and the victory possible. Cochabambinos celebrated in the streets. Archbishop Solari presided over a packed service of celebration in the Cathedral.

Within hours events took a dark and unexpected turn. Banzer's spokesman refused to confirm the company's departure. Bechtel's local representatives faxed notices to the press declaring that they weren't leaving. At midnight Governor Galindo went on TV live, told city residents that he didn't want to be responsible for a "blood bath", and resigned. Bands of police started to appear at the doors of Coordinadora leaders and their families, arresting all those they could find. "At around midnight I was passing by the Los Tiempos [the daily newspaper] building and a reporter told me, 'The government is going to declare a state of emergency,'" recalls Omar Fernandez. "So I took off on my motorcycle and hid." Seventeen people in all were put on a plane in Cochabamba and flown off to a mosquito infested jail out of the way in Bolivia's remote eastern jungle. Those that escaped arrest, including Fernandez and Oscar Olivera, went into hiding.



On Saturday morning panicked city residents scrambled to local markets, which had been closed for four days, to stock up on food. At 10am President Hugo Banzer, the former dictator, declared a state of emergency, essential martial law. Soldiers shut off TV and radio broadcasts. A whole section of the city, the hillside where antennas continued to broadcast news, had its power cutoff, taking most of the remaining stations off the air. A curfew was instituted. Public meetings of more than two people were banned. Cochabamba was under a dictatorship.

The public response was quick and furious. Even with its leaders under arrest and in hiding, the Coordinadora called for an immediate reinstatement of the road blockades and work stoppages. In my neighborhood an old woman with a bent back laid out rocks in our street to block it. Young people, dubbed “the water warriors” headed back downtown to challenge Banzer’s troops. Women traveled door to door to collect rice and other food to cook for the people who remained camped in the plaza.

By Saturday afternoon the conflict turned violent. Protesters set fire to a vacant state office building, sending a huge plume of black smoke into Cochabamba’s clear blue sky. Soldiers switched from using just tear gas to live rounds. A local television station captured footage of an army captain, Robinson Iriarte de La Fuente, a graduate of the U.S. School of the Americas, disguised in plain clothes as he shot live rounds into a crowd of protesters. At that same time an unarmed seventeen year old boy, Victor Hugo Daza, was shot and killed with a bullet through the face. In the land of the Incas the battle over globalization, tragically, had its first martyr. His companions brought his bloody body to the plaza and held an angry, emotional wake.

Cochabamba had reached a bloody standoff. President Banzer, who now faced spreading protests on other issues in cities all across the nation, had made it clear that he was not about to cancel a contract with a major multinational corporation. His public relations staff went to work to spin a false story to foreign reporters that the price increases had only been 20% and that the Cochabamba protests were being orchestrated by “narcotaffickers” intent on destabilizing the government. The people of Cochabamba were also not about to back down. The streets were only getting fuller.

Meanwhile, while Bolivians were shedding blood the water company’s foreign owners and managers were escaping accountability altogether. The foreign managers sent in to run the company were laying low in a five store hotel, insistent in their demand to control the water, watching the suffering on television, and hanging up on reporters who got hold of their cell phone numbers. It was then that we decided that the company’s vague connection to Bechtel was worth another look.



On Sunday morning, as a funeral service was being held for Victor Hugo Daza downtown, I began looking into the Bechtel-Bolivia connection via the Internet. After two hours of examining the Web pages of Bechtel and its assortment of international shells and subsidiaries we had the smoking gun. Bechtel was not only a player in the Bolivian water company, it had been its founder and 55% controlling owner. We used The Democracy Center large e-mail network to send alerts to thousands of activists worldwide, calling on them to pressure Bechtel to leave the country. We also gave them the personal e-mail address of Bechtel's President and CEO, Riley Bechtel.

On Monday the confrontations continued, though more peacefully than on the bloody weekend. It was unclear how the conflict would come to its end. Then that afternoon the government made an announcement. Bechtel officials had left the country and the government declared the contract canceled. The national official responsible for the Bechtel agreement released a letter he had sent to Bechtel officials, "Given that the directors of your enterprise have left the city of Cochabamba and were not to be found...said contract is rescinded." The city celebrated as it would have a World Cup soccer victory, with cars parading along Cochabamba's avenues with horns blaring. The Coordinadora's leaders came out of hiding and were flown back from their jail in the jungle, greeted as heroes.

In the wake of Bechtel's departure, Cochabamba's water company, SEMAPA, was turned over to a public board appointed by the Coordinadora and Cochabamba's city government. Water rates were rolled back to what they had been before Bechtel's price hikes and local water users lined up to pay their bills. Coordinadora leaders turned from the high drama of street protest to the headaches of trying to make a water company work more efficiently. Management and system problems remained, but a series of new neighborhoods were added to the water grid and the company accomplished something else extraordinary. Even at the old pre-Bechtel rates, Cochabamba's water company was operating in the black. It also began qualifying for loans, from the Inter American Development Bank and others, to allow for expansion of the water system. Even the powers of international finance had begun to accept that, in Cochabamba, the water was to remain in public hands.

### **Why They Fought and Why They Won**

The privatization of water is a trend and a concern all over the world, and even in other parts of Bolivia (the water system of the capital, La Paz, was leased to the French firm, Vivendi, years before). Why was Cochabamba different? Why did Cochabambinos resist? Why did they win?

"The privatization of the water was the straw that broke the camel's back," says Tom Kruse, a US researcher who lives in Cochabamba and was an active advisor to the Coordinadora. Cochabambinos had endured one privatization



after another, always with resistance by those directly affected – the airline workers union, for example – but never with enough force to make a difference. The revolt over water was a revolt over everything, a reaction to official corruption, economic decline, and the clear and broad belief that the government was looking out for everyone but the people. In one neighborhood a sixteen year old boy explained to me how he received his political awakening over a piece of bread. “My mother sent me to the store one morning to buy bread but told me she had no money, not even one Boliviano [about 15 cents at the time] to pay for it. She told me to ask the store owner if we could pay later. I thought to myself, How can it be that my mother works so hard and we don’t even have even one Boliviano to buy bread? It was then that I realized something was really wrong.” When the Coordinadora came to his neighborhood to organize resistance to the water privatization, he saw his chance to do something.

“Older people told us stories about the dictatorships [Banzer’s and others that plagued Bolivia in the 1960s and 1970s] but we had never been directly involved in struggles like those,” explains Leny Olivera [no relation to Oscar], a 23 year old university student. She adds, “I think it was a way for our generation to show our courage.”

Water was also something essential to life, not like an airplane or even electricity in a poor country. People knew that if they lost control of their water they lost control of their lives. The Coordinadora gave people a hope that was new. After years of protest that seem to accomplish nothing, the Coordinadora gave people hope that they could actually come together and win. It also unified people from the rural areas and people from the city, which was absolutely key. “Many people say it is impossible to fight against the neoliberal model,” says Leny Olivera, the university student. “But we showed that you can, not just in Bolivia but in the world. The humble people are the majority and are more powerful than multinational corporations.”

Inadvertently both Bechtel and the Bolivian government helped the revolts success enormously. If Bechtel had raised rates slowly over time, the revolt would never had gained the broad support that it did. If the Bolivian government had let the February protest take place without resistance, it would not have ignited the fierce public anger that made virtually everyone a Coordinadora loyalist. In the end it was a revolt not just about water but about arrogance, against an attitude by the World Bank, Bechtel and Banzer that said, “You are losing control of your water and you are going to pay more for it, take it and shut up.” And it was as a revolt against arrogance that the Bolivian revolt over water had such deep and powerful resonance with the larger battle over globalization imposed from on high.



## Birth Of An International Symbol

In its aftermath, Cochabamba's water revolt became an international symbol, a modern day victory of a humble David against a giant corporate Goliath. The water revolt drew broad international media attention. Oscar Olivera was awarded the prestigious international Goldman Prize for environmental activism. Cochabamba became synonymous with the struggle for global economic justice, a source of great inspiration and hope. How the water revolt went from being a local struggle to an international icon is a story in itself, the product of the Internet, a great story, and the luck of great timing.

During the water revolt, the official outlet from Bolivia to the world was reporting from the Associated Press (AP), which ran in the New York Times and other major world dailies. However, the AP's Bolivian correspondent wrote all his stories from faraway La Paz and mainly just repeated the Bolivian government's spin of the day. It later turned out that, while he was covering the water revolt, AP's man on the scene was also lobbying the Bolivian Congress to approve a project to export Bolivian water to Chile, a revelation which would cost him his job.

The only international reporting directly from the scene was mine. I was in Cochabamba because that is my home. Each morning as the revolt deepened I would walk down the long hill into the city center and to the center of the protests to get the story. Then I would walk back up the hill in the afternoon and send out dispatches to the 2,000 press outlets and activist organizations on The Democracy Center's e-mail list. How far and fast these spread through the Internet was astonishing. My reports were syndicated by Pacific News Service and picked up by publications all across the US and Canada. These stories later sparked other writers, from the New Yorker, the San Francisco Chronicle, and elsewhere to write their own stories.

More important, activists from all over the world picked up Cochabamba's fight and made it their own, sending my alerts far and wide and pummeling Bechtel with messages of "Get out!" Water activists in New Zealand received my alerts and asked what they could do help. With the revolt still raging across the world in Bolivia, activists in Auckland got hold of a fire truck, covered it with anti-Bechtel and anti-Banzer signs, drove to the local Bolivian government consulate and before the amazed eyes of local media, hosed it down at high pressure. They sent pictures of the event to us in Cochabamba which we gave to the local press. One Cochabamba daily, Gente, dedicated its first three pages to the story, amazing Cochabambinos with the fact that their local rebellion was drawing the attention of the world.

Also, quite by accident, it turned out that Cochabamba's revolt over water was unfolding just as tens of thousands of young people a hemisphere away were on



their way to Washington DC to protest at the joint meeting of the World Bank and IMF, the first major globalization action since Seattle five months earlier. With Oscar Olivera in hiding to avoid government capture, my colleague Tom Kruse came up with the idea that we could buy him some political protection by getting groups in the U.S. to invite Oscar to attend the events in Washington. The idea was never that Oscar would go but that these invitations, which we gave to the Bolivian press, might make the government hesitant to arrest someone who now had an international profile.

On Wednesday, with the water revolt just ended and with the smell of tear gas still hanging thick over the city center, Oscar told us that he thought he really should go to Washington, to share Cochabamba's story. The Washington protests were just two days away and Oscar had neither a Bolivian passport nor an entry visa from the U.S. (which generally take months to secure if they can be gotten at all). On Thursday morning Oscar went to the local passport office which, by chance, was run by an old schoolmate, and has his passport in less than an hour. Later that same morning Oscar and Tom flew to La Paz to attempt the doubtful task of convincing the US Embassy that it ought to grant an immediate entry visa to a man with wearing a Che Guevara wristwatch who had just led the booting out of a major US corporation. While Oscar sat in the Embassy waiting area, back in Cochabamba I received a call from a reporter for a major newspaper chain in the U.S., begging for help to secure an interview with Oscar. I suggested a bargain. If he would agree to call the US Ambassador and ask if she were going to give Oscar a visa, I would set up the interview. He agreed and a few hours later Oscar strolled out the Embassy doors with the seal of the USA stamped in his fresh passport. On Friday Oscar, Tom, and I flew to Washington.

On Friday night, minutes off the plane following the long flight from the south to the north, Oscar was addressing a packed room of activists. "Oscar arrived at the Church where we were holding our big Teach-In against the World Bank just at the end of the evening, recalls Maude Barlow, national chair of the Council of Canadians and a leading water rights campaigner. "When Oscar marched up to the stage, people stood on their chairs and cheered him with a 10-minute standing ovation. There was not a dry eye in the Church, including mine. It was one of the most powerful events of my life."

On Saturday, Oscar was among a group that went to the home of World Bank President James Wolfensohn, with media in tow, to deliver a message about the real impact that Bank policies have on poor countries. On Sunday, still wearing his leather worker's cap, Oscar addressed a rally of 10,000 on the Washington Mall, just beyond the White House. That afternoon Oscar was at the head of a procession of thousands through the streets of the capital of the most powerful country in the world. Just a week earlier he had been in hiding, Victor Hugo Daza was being buried, and Bolivia was under a state of martial law. Walking



next to him I asked Oscar, “So, what do you think of the United States?” He paused a minute and said to me in Spanish, Es como Cochabamba. Hay policias y jovenes en todo lado. “It is just like Cochabamba. There are young people and police everywhere.”

### **Epilogue – The Water War, Round Two**

In November 2001 the Bechtel Corporation launched round two in the Cochabamba water war, filing a demand of \$25 million against Bolivia in a secret trade court operated by the World Bank, the same institution that forced the Cochabamba privatization to begin with. Bechtel’s aim, it says, is simply to get back what they invested. “We’re not looking for a windfall from Bolivia. We’re looking to recover our costs,” explains Michael Curtin, the head of Bechtel’s Bolivian water company. Just as the water revolt became an international symbol for the abuses of privatizing basic services, Bechtel vs. Bolivia has become an international symbol for everything wrong with rigged international trade law.

Bechtel didn’t invest anything close to \$25 million in Bolivia in the few months it operated in Cochabamba. Bechtel officials paid for its rental cars and five star hotel rooms with funds from the public water company it took over and Bechtel left behind an unpaid electric bill of \$90,000. Bechtel’s use of the World Bank’s secret trade court (the International Centre for the Settlement of Investment Disputes – ICSID) is a case study of globalization run amok. Bechtel is masquerading as a Dutch company, shifting its Bolivian registration to an Amsterdam post office box in hopes of getting covered by a Bolivia-Holland treaty that makes the Bank the arbiter of their investment disputes.

The stakes in the Bechtel vs. Bolivia case are high. \$25 million is what Bechtel earns in half a day. In Bolivia that is the annual cost for hiring 3,000 rural doctors, or 12,000 public school teachers, or hooking up 125,000 families who don’t have access to the public water system. But the stakes in this case go well beyond Bolivia. The World Bank’s secret trade court is the prototype for the proposed Free Trade Act of the Americas (FTAA). The same tool Bechtel is using today against Bolivia could be used by other corporations to repeal of environmental laws in California, health regulations in New Hampshire, and worker protections in Venezuela – all in the name of knocking down barriers to trade.

In August 2002 more than 300 citizen groups from 41 different countries – environmentalists, peasants, labor leaders, women’s groups, indigenous leaders, and others – launched their own round two in the Bolivian water revolt, filing an International Citizens Petition with the World Bank, demanding that the doors of its secret trade court be opened up to public scrutiny and participation. “The actions of Bechtel in Bolivia left a city of more than 600,000 people in turmoil for four months,” wrote the groups. “They left hundreds injured and one young boy



dead, and jeopardized thousands of peoples' access to the most fundamental element of life.”

“The Bolivian water revolt has had an enormous impact on the global fight for water rights,” says Maude Barlow. “Many people feel that if some of the planet's poorest and disenfranchised people could stand up to the World Bank and Bechtel, so can all of us. The personal stories of heroism and struggle of the Bolivian people are very powerful and have been recited over and over all around the world.”

[1] Eduardo Galeano, *Open Veins of Latin America*, (New York: Monthly Review Press), 32.

[2] Vincent Gouarne and John Briscoe, “Don't shut the tap on private sector water”, *Globe and Mail*, May 18, 2000

[3] "Banco Mundial es Claro: Sin privatizacion de SEMAPA no hay agua potable para Cochabamba [The World Bank is clear: Without Privatization of SEMAPA there will be no potable water for Cochabamba]", *Primera Plana* (La Paz), February 29, 1996, 10.

[4] "Organismos mulilaterales, presionan al Gobierno: Condonaran \$US 600 millones de deuda si privatizan SEMAPA de Cochabamba [Multilateral organizations pressure the government: They will forgive \$600

million of debt is SEMAPA of Cochabamba is privatized]...", *El Diario* (La Paz), July 1, 1997, 5.

[5] Iriarte was later put on trial in a Bolivian military court and was acquitted. Immediately following his acquittal the army promoted him to Major.

[6] Transcript of “Leasing the Rain”, aired by PBS, July 5, 2002:  
[http://www.pbs.org/now/transcript/transcript125\\_full.html](http://www.pbs.org/now/transcript/transcript125_full.html)

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