

Uruguay and Water Privatization

by Frances Sure

Soon after arriving in Uruguay, I was duly informed by our guide that I was not on a tour, as I had thought, but was part of a “delegation” to this small country about the size of Oklahoma and with 3.4 million residents. I was looking for education and adventure, and found it, beyond my expectations. Thanks for this goes to the Marin Interfaith Task Force on the Americas (our sister organization in California). They had organized this delegation to celebrate the new progressive government of Uruguay for their electoral victory of October 31, 2004. Soon I would learn the significance of this historic event, but still had no idea that besides meeting with NGOs, we would also be meeting with ministers of the new government itself.

History and Culture: Uruguay obtained independence from Spain in 1828 and, like Switzerland, was to be a buffer state between its large neighbors, Brazil and Argentina. Immigrants from Spain, Italy, France, Germany, as well as a significant number of Jews settled this land. There is very little indigenous presence here. The original inhabitants resisted what they considered an invasion with such violence that they were soon killed off by the equally violent Spanish. So, as I walked the streets of Montevideo, the capital, where half of Uruguayans live, I could easily have been in Spain, France, or Italy of the early 1900s...except for...that drum beat! Following it, I came upon a small parade of mostly black folks, a “candombe” group practicing for the upcoming “Carnival”—the men (mostly) in regimented lines playing a simple but infectious beat, and the women (mostly) dancing in front of them in hip-swaying sensuality—just as they would a few nights later for the spectacular Carnival parade down the main street of this European-style city.

The immigrants arriving in Uruguay were full of European ideas and ideals of that time, such as anarchism, socialism, and communism. Jose Batlle y Órdoñez served twice as president between 1903 and 1915 and instituted free medical care and pensions for the elderly. Under his guidance Uruguay also made progress in separating church and state, legalizing divorce, and giving full legal status to illegitimate children. While much of Latin America was under the oppressive thumb of colonialism and dictators, Uruguay expressed its progressive ideals: it “instituted free public education before England, women's suffrage before France, the eight-hour workday before the United States, and divorce before Spain...”¹

Then things changed fast and drastically. Due to excessive dependence on cash crops, the economy failed; corruption in government grew; and circa 1968, the famed Tupamaro urban guerrilla group excelled at civil disobedience and creating embarrassment for the corrupt government. The Tupamaros avoided violence until violence against them snowballed into violence from them. The government suspended constitutional rights and political parties of the left were banned. Citizens were detained, tortured, or disappeared. During this military dictatorship, 1973–1985, there were more political prisoners per capita in Uruguay than any other nation in the world. And, surprise, the U.S. was involved, evidenced by the presence of Daniel Mitrione, police chief of Richmond, Indiana, who taught the fine art of torture techniques to this military junta. (See the movie, “State of Siege”, or the book, Hidden Terrors, by A.J. Langguth, on this dark time.)

Knowing they were reviled, the dictatorship allowed democratic elections in 1985 contingent upon a law being passed giving them impunity for the torture they committed as well as other abuses of power. The law was passed. The Colorado and Blanco parties then continued their vying for power. (With little difference between them they are much like the Democrats and Republicans here.) They both supported the neo-liberal economic policies of the day, and the result is a country \$12 billion in debt with International Monetary Fund (IMF) and World Bank pressure to privatize national resources and industries.

Since 1999, poverty grew by 108% capturing nearly 40% of the nation's population. Montevideo shantytowns have grown 10% annually from 1999 to 2003 as people, unable to pay rent, squat on vacant land, building small homes with recycled materials. In 2002, following the Argentinean financial collapse, Uruguay's peso was severely devalued, real wages plummeted, and unemployment reached an historic high of 23%. During this time, 30,000 citizens, mostly the young and educated, left Uruguay annually for jobs in other countries.

The last government, headed by Colorado Party Jorge Batlle carried favor with the Bush administration by backing the U.S. bid to isolate Cuba, supporting the invasion of Iraq (in spite of polls showing 90% of the population opposed it), and sending peacekeeping troops to Haiti.

Historic Election

That brings us to the present. Last fall, Uruguay joined the ranks of other South American countries opposing neo-liberal economic policies promoted by Washington, the IMF, World Bank, and multinational corporations. Examples are President Luis Ignacio "Lula" da Silva of Brazil, Néstor Kirchner of Argentina, Hugo Chávez of Venezuela, and Ricardo Lagos of Chile. After many defeats in years past, on October 31, 2004, Uruguay left behind 174 years of Colorado and Blanco party rule to elect as president the physician and socialist, Tabaré Vasquez, under the Frente Amplio (Broad Front) coalition.

Frente Amplio is a coalition of far left to center left parties including the Communist, Socialist, and the Christian Democrat parties. (Progressives working together rather than fragmenting? A historic first?!) Since there is no allowance for absentee voting, up to 60,000 economic and political émigrés arrived by plane, bus, and ferry from countries such as the U.S., Argentina, Europe, Mexico, Brazil, and Australia simply to place their vote in this election. The Frente Amplio also now controls both the senate and legislative seats in the Lower Chamber of parliament where there is a parliamentary system of proportional representation. *The new government includes politicians who endured imprisonment, torture, and exile under the former military dictatorship.*

This victory represents not only vindication of those abused by the dictatorship, but a popular repudiation of the neo-liberal economic policies of the Colorado and Blanco parties, also evidenced by a December, 2003, vote on a referendum to overturn the privatization of the state petroleum company ANCAP. Even more important, in this October 31, 2004, election, *65% of the population voted for a constitutional amendment which makes the privatization of water illegal. Tiny Uruguay, has thus become the first country in the world to outlaw the merchandising of water.* (More on this later.)

Prognosis for Recovery?

What can we expect from this new government? In order to learn the answer to this, our delegation met with individuals and NGOs including Hiber Conteris, author, playwright, professor, and former Tupamaro who suffered eight years of imprisonment and torture during the military regime; Gabriel, a young teacher who took us to the Tobagán community, a squatter area; SERPAJ (Service for Peace and Justice) which has a library documentation center second only to one in Costa Rica; Amigos de la Tierra Uruguay (Friends of the Earth) who played a major role in the victory against water privatization; CNDAV (National Commission for the Defense of Water and Life), a coalition of 40 groups working to pass the constitutional amendment on water; the Madres y Familiares de Uruguayos Detenidos Desparecidos (Mothers and Families of Detained and Disappeared Uruguayans) who work to get the 1985 law of impunity declared unconstitutional; and PIT-CNT (the workers union).

We also met with some members of the incoming government including: Dr. José Díaz, Minister of the Interior, who told us that the law of impunity “is a law, and a law you can eliminate or change.” From Ms. Belela Herrera, Deputy Foreign Minister, we learned of the U.S. pressure to sign a document insuring that U.S. military and officials would not be charged with war crimes. She said that not one of the four MERCOSUR countries (Brazil, Uruguay, Argentina, and Paraguay) signed this agreement. The U.S. retaliated by saying they will, therefore, not supply military assistance to these countries. We also learned that Uruguay will reestablish relations with Cuba. Lastly, four members of our delegation met with the incoming Defense Minister, Dr. Azucena Berrutti, who stated that under her watch, Uruguay would seriously consider sending no more military personnel for training at the School of the Americas!

From the CNDAV, we learned disturbing information regarding the Tri-Border Area (where the borders of Argentina, Brazil, and Paraguay meet). The Tri-border area has been rumored (by the U.S.) to harbor or finance terrorists. It is also home to the Guaraní Aquifer, the world's second largest supply of sweet water. There is grave concern by CNDAV members that the U.S. may want to invade this area militarily on the pretext of fighting terrorism, but with the actual agenda of gaining control of this Aquifer. One member said, “Remember when Bush spoke of the Tri-Border Area? That is at the very heart of the Guaraní Aquifer. Bush was very clear that he wanted to send troops to the Tri Border Area. ‘That is where terrorists from al-Qaeda are,’ he says. So this is related to not only economic control, but political control. The U.S. wants to control the entire area from Tierra del Fuego to Central America.” We were told that the Tri-Border Area has a number of Palestinians and other Arab speaking peoples who have been living there peacefully for decades. She continued emphatically, “We want the people of the North to know we are a sovereign people....”

An internet search revealed that Argentina, Brazil, and Paraguay are cooperating with the U.S. in the effort to find terrorists and have signed numerous agreements regarding this. Also from the U.S. Army Military Review, the article, “Terrorist Threat in the Tri-Border Area: Myth or Reality?” we find that in December, 2002, Argentina, Brazil, Paraguay, and the U.S. agreed that “no concrete, detailed tactical information...support(s) the theory that there are terrorist sleeper cells or al-Qaeda operatives in the TBA.”

The Guaraní Aquifer is beneath the surface of four countries: 75% is under Brazil, 16% under Argentina, 4-5% under Uruguay, and the remaining under Paraguay. However 70% of the surface of Uruguay has the Aquifer under it.

“Between a wall and a sword” is the saying in Uruguay which loosely translates as “between a rock and a hard place” and describes the position of the new government: if it does not create more jobs in this economically depressed country, it may not remain in power. And yet, if this government enforces the new constitutional amendment outlawing water privatization, forcing the corporations who already control water rights out of business here, it could be seen as “unfriendly to business.” (For this reason, as well, the new government will continue paying on its foreign debt, as immoral as these debts are. Since the conservative judiciary branch of the government was not renewed in the election, it remains to be seen how the courts will “interpret” the new amendment.

Pledges to initiate social programs may have to be subordinated to the demands of Uruguay's debt. However, in spite of pressures from Washington, Tabaré Vasquez opposes the FTAA and the Iraq War. However, whether or not he will rescind the peacekeeping missions remains to be seen.

Uruguay Rejects Water Privatization

Privatization of water is a trend and a concern around the world. It is thought by some that “water is the new oil,” meaning that future resource battles will be fought over fresh water supplies rather than petroleum. These battles have already begun in the developing world. Students of water rights say that in just a few years a handful of companies will control almost 75% of all potable water in the world, as governments continue to privatize water and sewerage services. Presently, the largest firms are the French Vivendi-Généale des Eaux and Suez-Lyonnaise des Eaux. Maude Barlow, in her book, Blue Gold, informs us that the IMF and World Bank have actively encouraged the privatization of water resources in the developing South, making privatization a condition for granting loans. Barlow states, “The concentration of power in the hands of a single corporation and the inability of governments to reclaim management of water services allows corporations to impose their interests on government, reducing the democratic power of citizens.”

Recently, water privatization has been strongly rejected in several Latin American countries including Argentina, Chile, and Bolivia. In 2000, the world watched in awe as Bolivian citizens in the city of Cochabamba revolted against Bechtel's preposterous raising of water prices so that they consumed 25% of many people's income. In El Alto, water privatization left tens of thousands of poor families with no access to water whatsoever, as the cost of getting a water hook-up exceeded a half-years' income at the minimum wage. The government could see that it would be at war with the people, so canceled the contract. Bechtel now is suing Bolivia in the World Bank's international tribunal, the International Centre for the Settlement of Investment Disputes, for \$25 million, for “loss of future profits.”

The people of Bolivia did not choose to privatize their public water systems, some of which consisted of irrigation canals and wells that the citizens themselves dug and constructed without

government help. It was forced on them by a contract the government signed in secret with Bechtel, as has been the case in many poor nations around the world.

This lesson was not lost on Uruguayans. Two provinces of this nation already had privatized water, and the result was potable water jumping 10 times in price. In addition, pipes to poor neighborhoods were removed by the corporations forcing the government to subsidize them by providing water to these communities, and water supplied by these corporations became contaminated and unfit for drinking, whereas water supplied publicly was drinkable from the tap. It was also known that the government had signed a “Letter of Intent” with the IMF to “introduce new regulatory frameworks in several areas including electricity, telecommunications, water, sanitation, trains, transport, etc.” and the privatization of water was to be extended from two provinces to the whole nation.

Carlos Santos from Amigos de la Tierra Uruguay informed our delegation that in working to find a strategy to defeat this “Letter of Intent,” activists thought of passing a law through a popular referendum. However, at this time the FTAA was being discussed which would have the power to supersede the national law of any country signing it (as CAFTA does in Central America). So it became clear that Uruguayans had to amend the Constitution itself to defeat this give-away of national services and resources by the government to the multinational corporations. With this constitutional amendment, Uruguay cannot sign any treaty which allows for the future privatization of water.

The text of MERCOSUR, the Common Market of the South, does not supersede constitutions or national laws. And since Uruguay wants Europe to engage in trade with MERCOSUR, it is also important to take into account the fact that two corporations which currently own water rights in Uruguay are European.

In order to qualify for a plebiscite to amend the Constitution, activists from over 50 organizations within Uruguay collected the required signatures of 10% of the electorate. They had few resources, but held workshops, met with small groups, as well as used local newspapers and radio to educate citizens and obtain signatures. 230,000 signatures were required and 283,000 were presented.

The text of the amendment is brief, but includes crucial wording that makes it an historic document. It declares that:

- water is a basic human right, not a “need” that can be satisfied by private corporations in exchange for profit, and therefore, social criteria prevail over economic criteria;
- water for human consumption is given priority over all other uses of water;
- corporations cannot pump water and export it without limits, either as bottled or bulk water;
- a majority approval in parliament is required to provide water to other countries facing water shortages, for solidarity reasons;
- private provision of water delivery and sanitation services are illegal, and can only be provided directly by state or government entities;
- the participation of consumers, communities and civil society in all stages of water management is required in order to protect against corruption of public utilities;

- all water resources must be managed sustainably, which will mean an emphasis on water conservation and the prevention of water contamination;
- and finally, affected corporations will be compensated and debts will be honored, but there will be no room for any lawsuit for “lost future profits.”

While a very happy event, the passage of this constitutional amendment is, unfortunately, not the end of the story. Water corporations have already threatened to use international arbitration panels to negate the will of the Uruguayan people. Tiny, courageous Uruguay is leading the world in their efforts to retain democratic control over water supplies, and since what happens in Uruguay may herald what happens to water rights around the world, including our own, defending this constitutional reform may require world-wide support, including our own.

Thank you, Uruguay! For re-assuming your role in the world as leaders in progressive social reform and setting this historical precedent in South America and the world!(2)

1. The Progressive: “Where the People Voted Against Fear,” by Eduardo Galeano, January, 2005 Issue
2. Thanks to our guide, Andrés Conteris, for checking for accuracy and editing this article.