

Another Lost Decade

Privatization, neoliberalism and access to water in Buenos Aires, Argentina

By Fernando Rouaux

This bulletin provides a synopsis of a Brown Bag Seminar delivered on March 6, 2007, by Fernando Rouaux, an MES Candidate at York University's Faculty of Environmental Studies. The event was sponsored by CERLAC and York International. Fernando discussed his recent field work in Argentina, where from July to December, 2006, he was conducting research and filming for a short documentary on the privatization of water in Buenos Aires. His research was supported by grants from CIDA's Students for Development Program, IDRC's Latin American and Caribbean Research Exchange Grant (LACREG), and the CERLAC and Osgoode-based Latin American Human Rights Education and Research Network (RedLEIDH). Fernando's film will be screened at York University in early 2008.



In 1993, Argentina's state-owned water and sewage company, Obras Sanitarias de la Nación (OSN), was privatized in the midst of a wave of privatizations that included virtually all services that had been provided by the national or provincial governments. The privatizations were one component of President Menem's new neoliberal policies, introduced as part of a shock therapy program meant to crack down on inflation. These policies—or “structural reforms”—were imposed by the World Bank and the International

Monetary Fund as conditions for any loans the country would receive. The company Aguas Argentinas S.A. (AASA) took over OSN after a bidding process open to any national or international company. The offer AASA made prevailed over all of the others in part because of the low service charges it promised and its plans to provide almost all of the population with drinking water by 2010 and to amplify the range of sewage service, especially in Greater Buenos Aires (GBA). AASA was owned by the French company Suez, with shares also held by other European multinational corporations. The World Bank also held five percent of the shares. The concession was to last thirty years, with the first major evaluation of the results of the privatization to take place after the first five years.

Water scarcity is not a problem in the city of Buenos Aires. The Rio de la Plata provides billions of litres of water that can cheaply be treated to provide the city's 12 million dwellers with potable water. On average, 500 litres of drinking water per person are used each day. But while the Metropolitan Area (MA) of the city enjoys almost complete coverage with both water and sewage systems, most of the GBA does not.

During my field work in Argentina in 2006, I worked as part of a team

at the Centre for Social and Legal Studies (CELS) on a project concerned with the right to a healthy environment. We worked in a neighbourhood in the GBA called Conet. Located just a few kilometers from the MA, and after thirteen years of private service, Conet still does not have access to water and sewage systems, although it is one of the many neighbourhoods that were supposed to be provided with these services by the newly privatized water company.

Conet residents obtain their water from wells dug in their own backyards, pumped by electric pumps that bring the water up to tanks on the roof, from where the

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water then runs to indoor taps. Sewage is directed into septic tanks that are in these same backyards, just metres away from the wells, resulting in the contamination of the water table, and therefore, the private wells. The septic tanks fill up quickly and residents have to pay for them to be emptied, so most households instead of filling up their septic tanks send all the dirty water that does not come from toilets directly onto the sidewalks, converting the streets into an open sewage system. Many households do this even with their toilet water.

The contaminated well-water is used in most cases only for washing, cleaning and personal care. Those who can afford it, buy expensive bottled water for cooking and drinking. (The cost of a 20-litre jug, enough for less than a week for a family of four if used only for drinking, is about the same as what a resident of the GBA connected to the water system spends for one month of unlimited water service.)

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Those who cannot afford such a cost get their water from public water taps. People walk 15 blocks and more with big empty plastic jugs to get to an AASA building with two taps on the sidewalk. They stand in long lines to fill up their jugs and then have to either carry them back home or pay for transportation. The poorest families, often with many children, use this water only for their babies, while the rest of the children and their parents have no other choice but to drink contaminated water. Many of the poorest children spend many days a year in hospital due to severe diarrheas.

During the thirteen years of privatized service, AASA failed to meet all the goals that were laid out in the original contract, both in terms of service coverage and sewage treatment (resulting in the contamination of rivers and soil with untreated sewage). As a general pattern, the company invested little or nothing in the areas with less capacity to pay for the service (precisely where more investment was needed and basic needs were not covered), while improving service in the middle and upper-class neighbourhoods, where little investment was needed. The regressive fee structure meant that

the poorest spent about 10% of their income on these services and the richest only spent 1.3%. The World Health Organization recommends that no more than 5% of income should be spent on access to clean water.

In the southern part of the GBA, AASA brought in water from the Rio de la Plata, but did not provide a sewage system. As a consequence, millions of litres of water were brought in and ultimately discharged into private septic tanks, which elevated the water table, causing floods and serious damage to the foundations of houses. One resident told me how her backyard had become a pond, how she could no longer use her toilet because the water simply had nowhere to go, and how the floor of one of her neighbours' bedrooms suddenly sunk, revealing a 3-metre-deep hole in the ground. She described how for her, life without a washroom was a life without dignity; she felt that she had no rights at all.

In 1997, with the first review of the privatization contract approaching, the mismatch between the company's goals as set out in the contract and the actual quality of the service was patent. The neoliberal solution, one that would maintain a 'favourable business environment,' was simple: if the goals have not been met, let's erase the goals. The government and AASA then negotiated a substantial change in the original contract that was overwhelmingly beneficial for AASA: The company's new investments would depend entirely on its earnings, meaning any new investments would entail zero risk, fundamentally changing the terms under which the company won the bidding. Further modifications were made to increase the company's

profits at the expense of the lower and middle classes.

In 2006, confronted with the unwillingness of the private company (as well as any other private investors) to make the desperately needed investments, the Kirchner administration had no other option but to re-nationalize the company (now called AySA). In more than a decade of privatized service, the state lost hundreds of millions of dollars that were sent abroad, and many more in the health and environmental costs caused by bad service.

The state of the water and sewage systems in the GBA today is just an example of the consequences of the application of neoliberal policies to the distribution of resources and services, which inevitably results in an uneven distribution of environmental damages. In other words, as the poorest suffer the harshest impacts; these policies exacerbate and even entrench environmental injustice. Ultimately, giving the control of such an essential service to a foreign, profit-oriented company produces a redistribution of power within society, transforming the relationship between government and multinational corporations, and between these organizations and society in general.



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