

“The next world war will be over water.”

— Ismail Serageldin, former World Bank vice president

In early 2000, the World Bank demanded that the nation of Bolivia privatize its municipal water supplies as a condition of renewing a \$25 million loan. In response, the government of President Hugo Banzer signed a 40-year \$2.5 billion contract with a multinational firm, Aquas de Tunari, to supply the City of Cochabamba (the country's third-largest) with water. Aquas de Tunari was the sole bidder for the concession.

As part of the law passed to secure the contract, the government prohibited citizens from collecting rainwater from their rooftops without a license.

One week after taking control of the city's water supply, Aquas de Tunari raised monthly water rates by 35% to an average of \$20 per month.

While this seemed minuscule in the developed nations that the Aguas de Tunari staff had come from, many of their new clients only earned about \$100 a month and \$20 was more than they spent on food. The minimum wage in Bolivia at that time was \$70 per month.

The inevitable outraged response was massive. Thousands of protestors took to the streets, effectively shutting the city down for four days.

On February 4, 2000, the protestors were met by troops and law enforcement from Oruro and La Paz. Two days of clashes ensued with the police using teargas on the protestors. Almost 200 demonstrators were arrested; 70

protesters and 51 policemen were injured.

The protests spread, and soon, activists had barricaded most of the major highways in Bolivia. Even some police officers joined their ranks, refusing to obey orders to stop the demonstrators.

Banzer's government declared a “state of siege,” establishing curfews, suspending freedom of press and banning gatherings of more than four people.

As police attempted to crack down on the demonstrators, the violence escalated. Intense public anger erupted after a televised recording was aired, showing a Bolivian Army captain, Robinson Iriarte de

la Fuente, firing a rifle into a crowd of demonstrators, wounding many and hitting high school student Víctor Hugo Daza in the face, killing him.

At that point, police told the executives of Aquas de Tunari that they could no longer ensure their safety. In April, 2000, the government officially repealed the water concession and gave control of the city's water system to La Coordinadora (the Coördinator for the Defense of Water and Life), an alliance of trade unions and activists who had been at the core of the opposition to water privatization.

Aqus de Tunari responded by suing the Bolivian government in a World Bank court for \$40 million. The suit was resolved in 2006, with the company dropping all monetary demands in exchange for being absolved of all responsibility for the crisis.

[Source: Wikipedia]

