

Water: Commodity or Human Right?

A new kind of citizens' revolt has broken out in towns and cities across the United States. It's not made up of "the usual suspects," it has no focused ideology, and it's not the stuff of major headlines. The revolt often starts as a "not-in-my-backyard" movement to defend the character of a community or to assert a desire for local control. But quickly, almost spontaneously, the revolt expands its horizon to encompass issues of global economic justice, and its constituency grows to include people across party, class, and racial lines.

A number of issues have sparked local activism—the arrival of big-box stores like Wal-Mart, factory shutdowns, unwanted real estate development—but the new movement against the corporate takeover of water is shaped uniquely by its subject. Water is a necessity of life that touches everyone in their own homes. Because each community has only one supplier, the transformation of water from public asset to private commodity raises unavoidable questions about affordability, environmental impact, and local control. When a multinational water company comes to town, citizens are forced to recognize the arrival of globalization on their doorsteps.

This emerging citizens' movement coincides with the recognition that society faces the ticking clock of global warming. Scientists expect climate change to reduce available water supplies,

especially in areas dependent on winter snowpacks. The clean, reliable, and cheap water we have taken for granted for decades is now threatened. Water scarcity, already a crisis in much of the world, is a coming reality in the United States.

An environmental crisis cannot be dealt with ad hoc. It demands concerted action from citizens through government. But, over the years, national, state, and local governments have been weakened by those ideologically opposed to a strong public sector. They are against government intervention in economic affairs and against populist movements that aim to reassert values of environmental stewardship and public service.

This book describes how citizens and communities across the United States are fighting to defend their water and take back their government at the same time. These activists often have no idea what they are getting into when they start. But, ready or not, they are thrust into a battle that takes them far from their initial concerns about their personal water supply or their local government. They must confront an elaborate array of ideas that seductively meld the traditional utopian impulse of Manifest Destiny with a corporate project of global economic integration. They must grapple, first, with an almost religious belief in the marketplace as the route to a more perfect society and, second, with the unmatched financial and political power of multinational corporations.

Nevertheless, these people and communities have shown that when it comes to water, the ideologues and practitioners of globalization may have overreached. Water is what makes life possible on this planet. It is “of the body” and essential. Our reaction to it is visceral, and when we suddenly find we can no longer take it for granted, we react very rapidly. The unanswered question is whether the struggles for control of water described in this book are simply a last stand against a corporatized future—or the beginnings of a revolt that will redefine how people interact with the environment and how citizens define democracy.

A Limited and Defining Resource

More than food, guns, or energy, the control of water has defined the structure of civilizations. Ruling classes have always been water rulers, and cities and farms can exist only to the extent that they control their water resources. For thousands of years, the conflicts between towns and countries have been defined by the battle over who gets to use the stream. The words *rival* and *river* have the same root.

Water is not merely a medium of conflict, it is also a purifying, regenerative, and hallowed element. The essential nature of water is sanctified in Christian baptism, the Jewish *mikvah*, and Hindu submersion in the holy waters of the Ganges River. Muslims and Hopis have their sacred water rituals, as does virtually every spiritual group.

Water itself isn't just a substance, it's a flow—the hydrologic cycle—from cloud to rain to river to sea and back to cloud. Until recently, this marvelous circulation has blinded us to the very real limits of water. Whether we believe in a Creator or not, no one is making more water. We have only the amount that we've always had. We drink the tears of Leonardo da Vinci and wash in the saliva of dinosaurs. Fresh water is a finite resource that is quickly dwindling compared with the world's growing human population and the rate at which we are polluting the water we have.

Although the majority of the earth is covered by water, most of it is in the oceans—salty, undrinkable, and unusable for growing food. Much of the remainder is in polar ice caps and glaciers, leaving less than 1 percent for human use in rivers, lakes, streams, and aquifers. The plenty we imagine as we look at satellite photos of a blue planet dwindles quickly to those thin blue capillaries on the map.

Scarcity is the soul of profit—if profit can be said to have a soul. The water crisis is already here, and that means clean, fresh water can command ever higher prices. Eager investors are bidding up water-industry stocks and lining up at industry-sponsored forums to get into the “water business.” But because governments own most

water services, investors have few choices. “How do we take some of the market share away from the government?” asked the vice chair of Southwest Water at an investors’ conference. The water industry’s answer is to ally with the financial industry, which also wants to open up the market. “It sounds like an exciting opportunity,” an investment adviser told *Bloomberg News*, “but you have to have viable vehicles with which people can buy into the asset.”¹

Corporations hope to fill that void primarily by privatizing urban water systems, either by outright purchase or by operating them under long-term contracts euphemistically called “public-private partnerships.” The aim in both cases is to siphon profits from the flow.

Water is fast becoming a commodity to be bought and sold, rather than the medium through which a community maintains its identity and asserts its values. But for most people in the United States water is still just water—not the stuff of profit or politics. We don’t give it a second thought until the tap runs dry or brown or we flush and it doesn’t go away.

Public Water in the United States

In the past, most conflicts over control of water have been local, typically confined to a single watershed, the area drained by a stream or river. It’s difficult to see great national political trends or global corporate strategies at work when local politicians, technical consultants, and engineers personify the arcane power relations of our plumbing. Although hidden out of sight and scent, even sewers have a history. In the United States in the nineteenth century, water ownership and management were largely in private hands. River or well water was tapped for local needs by individuals and, as the country grew, by small private companies.

Historian Norris Hundley, author of *The Great Thirst*, has written about a chaotic period in the late nineteenth century when “entrepreneurs promised clean, bountiful, reasonably priced water

supplies” in return for a chance to make a profit. “These dream deals soon became nightmares of diversion facilities ripped out by floods, wooden pipes leaking more water than they carried, mud holes pitting the streets, pollution exceeding anything witnessed in the past, and an escalating fire threat.”² Across the country the pattern was repeated: private water management often meant leaky pipes, pollution, and disease.

In New York City, Aaron Burr’s early-nineteenth-century Manhattan Company (later to become Chase Manhattan Bank) was one of the most corrupt, incompetent, and disastrous experiments in water privatization on record. As the city grew, access to clean drinking water was uncertain at best. People drank beer rather than risk disease and death from fetid waters. Some customers received no water at all, and many fire hydrants failed to work. It took the devastating cholera epidemic in 1832 and the Great Fire of 1835—so huge it was seen as far away as Philadelphia—to push the devastated commercial center of the United States into taking its water future into its own hands.³

The story was similar in cities across the United States and Canada. As populations grew, private water companies did not have the resources to meet the need. Citizens demanded and eventually won modern public water systems, financed through bonds, operated by reliable engineers and experts, and accountable to local governments.⁴ The nation built a dazzling system of community waterworks, which provide clean, reasonably priced water and sewer systems that still rank among the best in the world. Approximately 85 percent of Americans are presently served by the thousands of publicly owned and locally operated water systems. For several generations, water has been a public trust.⁵

But the country’s once dependable public water systems now face a worsening crisis. In a survey of water professionals released in 2006 by the American Water Works Association, many utility managers chose the adjective *failing* to describe their water infrastructure rather than choosing the word *aging* as they had in previous years.⁶

The growing crisis arises not just from scarcity but also from the failure of politicians at all levels of government to invest in water and sewage works. Federal cutbacks, in particular, have devastated city budgets, forcing elected officials to choose which programs to cut. Water services have been high on their lists. Wenonah Hauter of the national consumer-rights organization Food & Water Watch warned of this danger in a 2005 letter to the U.S. Conference of Mayors: “The more financially troubled a city’s water system, the more receptive city leaders will be to ceding control over that system to a private operator in a long-term monopoly contract or through an outright sale.” A 2005 survey indicated that the mayors of two hundred cities, large and small, would “consider” a privatization contract “if they could save money.”⁷ In addition, local politicians have often raided profitable public water systems to pay for other programs, stripping local water departments of resources needed for maintenance or new equipment. And many rural water companies, public and private, are too small to afford the large investments necessary to upgrade their systems to meet environmental regulations.

In spite of these problems, public utilities in the United States are considered a model in many parts of the world. Public operation ensures transparency and documentation. It provides the opportunity for communities to work for positive outcomes through public hearings, citizen action, and elections.

Nevertheless, there’s lots of work to do. Industry and government studies calculate that water utilities need to invest enormous sums over the coming years to fix the aging network of pipes under every street and the outdated plants that clean drinking water or treat sewage. A report issued by the Congressional Budget Office estimates the cost at \$500 to \$800 billion through the early-2020s.⁸ Much of that investment is necessary to meet new federal clean-water mandates handed down without the funding needed to fulfill them.

In the past, meeting such challenges was a sign of national pride and purpose, but those days now seem like distant history. U.S. gov-

ernment spending for water infrastructure is being reduced, even slashed, year after year. Everywhere, we hear instead the language of private markets. “In recent years, what we have seen is a kind of theft of the commons,” says Maude Barlow, chair of the Council of Canadians, an independent, nonpartisan citizens’ group. “The notion [is] that absolutely everything should be commodified and put on the open market, and it is happening very, very fast. Basically, we see this as an issue of human rights versus corporate rights.”⁹

The conservative agenda of small government, deregulation, and privatization has given big business an opening to create a private water market to replace a public service. Repeating promises made by nineteenth-century entrepreneurs, the private water lobby praises the efficiency of corporate enterprise and demands that water become like other industries that are run for profit. The potential market is huge and extends beyond municipal drinking water and sewage systems to include the bulk transport of water, bottled water, and new technologies like desalination.

The Players

If you’ve seen Roman Polanski’s *Chinatown*, the classic film about obsession and corruption in a mythical, drought-stricken Los Angeles, or if you’ve read Marc Reisner’s brilliant *Cadillac Desert*, a study of the savage billion-dollar battles over western water rights, you know there have always been ruthless and colorful players in the water business. However, today’s corporate water executives are hardly the Horatio Algiers, risk-taking moguls, and colorful scoundrels of the past. There’s an entitled seediness rather than unbridled optimism to their efforts. Their wealth typically comes from buying and selling businesses rather than building them.

The railroad moguls’ crude collusion with corrupt government bosses in the nineteenth century has become Halliburton and Bechtel’s polished “public-private partnership” of the twenty-first. Close ties to the George W. Bush administration won both companies big

contracts in occupied Iraq in 2003. Bechtel was awarded what the *New York Times* called an “unacceptable” deal to fix and run Iraq’s ruined water systems: “The award of a contract worth up to \$680 million to the Bechtel Group of San Francisco in a competition limited to a handful of American companies can only add to the impression that the United States seeks to profit from the war it waged.”¹⁰

Old notions of public service seem to evaporate when water becomes a business and profit becomes the motive. Seeking to consolidate market share, private water companies are merging or buying other companies, creating a volatile and unpredictable market—hardly the kind of stability required for a life-and-death resource like water. The turmoil continues as control of this most basic resource has become as volatile as ownership in a game of Monopoly.

Three corporate players have controlled the water game—Suez and Veolia, based in France, and the German utility corporation RWE, which in 2006 announced plans to sell its major water assets.¹¹ Few Americans have heard of them, but the Big Three have dominated the global water business and are among the world’s largest corporations. Together they control subsidiaries in more than one hundred countries. When the Center for Public Integrity issued a report on these powerful companies in 2003, their rapid growth had already triggered “concerns that a handful of private companies could soon control a large chunk of the world’s most vital resource.” The title of the report was *The Water Barons*.¹²

Each of the Big Three bought subsidiaries in the United States after a 1997 Bill Clinton administration decision to change an Internal Revenue Service regulation that limited the potential market.¹³ Previously, municipal utility contracts with private companies were limited to five years. Now, such public-private partnerships could extend for twenty years. The rule change unleashed a wave of industry euphoria with predictions that private companies would soon be running much of what is now a public service. With 85 percent of water services still in public hands, “there’s a tremendous market

out there,” said Peter Cook, head of the National Association of Water Companies, an industry trade group.¹⁴ Eager to get in on the predicted boom, Veolia purchased U.S. Filter in 1999, and Suez acquired United Water. Two years later, RWE subsidiary Thames Water purchased American Water Works, the largest U.S.-based private company, taking on \$3 billion in debt in the process.

The companies moved quickly to gain market share. Between 1997 and 2002, the number of municipal water contracts with private industry tripled. The companies avoid the red-flag term *privatization*, calling the contracts public-private partnerships (or PPPs) because the contracts leave cities as the owners of the underlying pipes and treatment plants. The distinction is real, but it is also academic. Once a city goes down this path, especially for a twenty-year period, it becomes increasingly difficult to reverse course because long-term contracts undermine local governments’ in-house capacity to reclaim public control should things go wrong. Such PPPs are still considered the industry’s growth area in the United States.

Despite the speed and pervasiveness of privatization, few citizens knew about the changes, even in their own cities. Local officials often presented the deals as mere technical changes to save money. As a result, it took several years for Americans to begin recognizing the names Suez, Veolia, and RWE. Sometimes, this recognition occurred when ratepayers called customer service and found themselves talking to someone in another state. In other cases, the understanding dawned when residents noticed increased rates, poor water quality, and slower service than in the past.

While Suez, Veolia, and RWE have dominated the water industry, a different Big Three dominate the retail side, the exploding bottled-water business, which rakes in more than \$10 billion a year in the United States alone. Swiss-based Nestlé is the top-selling water bottler in North America, followed by U.S. multinationals Coca-Cola and PepsiCo.¹⁵

Water scarcity has also created an opening for a cadre of smaller water entrepreneurs, who are reminiscent of old-time salesmen of

sure-fire remedies. They've proposed schemes to harvest glacier water, drag icebergs to deserts, store water in underground aquifers, float giant water bags across the seas, and convert old oil tankers for the water trade.

Public vs. Private

Two parallel debates are being conducted over whether water services should remain public or go private. One is concerned with practical issues of efficiency and economics, and the other is about principle. In the first case, both advocates and opponents of privatization point to successes and failures that allegedly prove their case. The debate over principle is more fundamental and involves questions of ethics and moral values.

Privatizing water in the United States has often been a hard sell on both counts. Opponents such as Barlow of the Council of Canadians and Tony Clarke of Canada's Polaris Institute are against privatization in principle. They believe private companies can reasonably be involved in limited areas of infrastructure development but not in the ownership, control, or delivery of the basic service. "The commodification of water is wrong—ethically, environmentally and socially," they write. "It insures that decisions regarding the allocation of water would center on commercial, not environmental or social justice considerations. Privatization means that the management of water resources is based on principles of scarcity and profit maximization rather than long-term sustainability."¹⁶

Peter Cook of the National Association of Water Companies believes that if market principles are sound for other products, why not for water? "There's certainly nothing unethical about making a profit because investors' money is being used to benefit customers and provide them with services," he told us in an interview. "I never remember seeing anything in the Ten Commandments that said making a profit is a sin. . . . It really comes down to a philosophical

difference between the municipal sector and the private sector. We believe utilities should be operated as enterprises.”¹⁷

The practical debate over who can provide water better focuses on the issues of transparency, efficiency, rates, and sustainability. In public systems, major decisions must go through a deliberative process that not only is conducted in public but also involves the public. Such transparency gives citizens’ groups and individuals access to the information they need to understand the workings of their utility and to follow the money. The same cannot be said for private water companies. Yes, wholly-owned water systems are regulated by state public utilities commissions and public-private partnerships are overseen by city councils, but getting information out of a giant corporation—even information required by contract—is often a difficult and contested process. In addition, it is nearly impossible to audit the money flows between a local subsidiary and its parent multinational based abroad.

More than money is at stake. Lack of transparency can endanger lives. In 2006, two top managers at a Suez/United Water plant in New Jersey were indicted for covering up high radium levels in the drinking water. Prolonged exposure to radium is linked to cancer, and the communities served by the plant had a history of unusually high rates of childhood cancers. The two United Water officials face up to thirteen years in prison, and the city is now trying to revoke the contract because of nonperformance.¹⁸

The industry responds to such incidents by pointing to the many mayors who express satisfaction with their contracts and the money they save. For example, a 2006 *Los Angeles Times* exposé of private water industry “ethics scandals, violations, and irate consumers” quotes Mayor Dean Mazarrella of Leominster, Massachusetts, who praises Veolia’s U.S. Filter subsidiary for solving water-leak problems. “We’ve got nothing but good things to say,” he told a reporter. “They’re such a big company, they have the ability to tap into a larger talent pool, to reach for people on the cutting edge of technology and understanding.”¹⁹

Such economies of scale are one of the industry's biggest selling points, but many of the suggested economies can and are being realized by the public sector as well. Some also question how significant size is for a local service like water. A study of England's private water industry did not find significant benefits from economies of scale.²⁰ Even RWE's CEO Henry Roels admitted, "It's a very local business," in which a global water giant "just doesn't have outstanding advantages."²¹

The frequently made case for marketplace competition also doesn't apply in the water sector because sewage and water services are by nature a monopoly. Competition occurs only at bidding time for a contract. After that, for up to twenty years, competition is over. There is only one set of pipes in town.

The major challenge for companies that do win contracts is providing good service while making sufficient profit to satisfy corporate headquarters and shareholders. Like any other enterprise, a private water company ultimately has two ways to do that: cut costs or raise prices. Private companies are under heavy pressure to do both. The industry cites these pressures as an advantage. The need to cut costs "incentivizes" efficiency, but all too often that efficiency is achieved through service cutbacks, staff layoffs, and failure to invest in the preventive maintenance necessary to avoid deterioration of the underlying infrastructure. In Stockton, California, a citizens' watchdog group reported that water leakage doubled in the first year after OMI/Thames took over system operations. In Indianapolis, customer complaints nearly tripled in the first year of Veolia's contract, and inadequate maintenance resulted in hundreds of fire hydrants freezing in the winter. In Milwaukee, Suez subsidiary United Water discharged more than a million gallons of untreated sewage into Lake Michigan because it had shut down pumps to reduce its electricity bills.²²

As for rates, private systems usually charge more than public systems right next door. In Lexington, Kentucky, a study found that the city's privatized water rates were higher than those in ten nearby

cities. In Connecticut, the attorney general stated that a private water company's proposed rate increases were "outlandishly excessive" and ordered a rate reduction instead. The company had been charging nearly twice the rate of nearby public systems. In California, similar complaints have been made in Felton and Thousand Oaks.²³

Although most public systems cover their day-to-day costs through rates, the private industry complains that rate comparisons are unfair because public systems can issue tax-exempt bonds and apply for low-interest federal loans for new infrastructure. That helps keep the cost of public water low. Public water departments also don't pay taxes and don't have to make a profit. The private water industry says these factors make for an uneven playing field. "The water industry should be financially self-supporting just like every other utility industry in this country is," said Peter Cook. "We don't subsidize telephone costs. We do not subsidize gas costs or electricity costs in general. Why should the federal government be providing large amounts of money to the water utilities to help pay for the costs of replacing infrastructure and pay for the maintenance of their systems? We believe that customers should pay through their rates the full cost of this service being provided."²⁴ As a result, industry lobbyists oppose proposals to provide federal grants or additional low-interest loans for public water infrastructure because doing so would undermine a key rationale for privatization.

Conservation may be one of the most decisive arguments for public systems. Profit-making enterprises want you to use more water, not less, in order to maximize profit for their shareholders. The Pacific Institute for Studies in Development, Environment and Security concludes, "One of the greatest concerns of privatization watchdogs is that [water-conservation] efficiency programs are typically ignored or even cancelled after authority for managing public systems is turned over to private entities."²⁵

There are other critical differences between public and private water services. Public utilities are not against large-scale real estate developments, but they are not inherently for them either. Private

companies, however, are eager to expand their customer base and thus their profits. The result has been a close alliance of big developers and private water companies against citizens' groups trying to limit growth, preserve agricultural land, or establish greenbelts. In addition, there is another powerful argument for maintaining water as a public trust: climate change is a warning that uncontrolled abuse of the earth's natural resources is leading toward planetary catastrophe. Who is to set the necessary limits to the abuse of the environment? Private companies fighting for market share are incapable of doing so.

Strategies of Corporate Control

Billions of dollars and the future of our water resources may be at stake in the debate over public versus private control, but for the most part public water agencies aren't active participants in the debate. They don't have significant advertising budgets, and they are required to stay out of politics. Private companies, however, are aggressive in shaping public opinion and influencing elected officials. They employ teams of publicists, lobbyists, lawyers, and political-campaign consultants as part of a concerted effort to expand and maintain their control of the water market.

Indeed, one of the industry's key strategies in winning or keeping contracts is the aggressive use of sophisticated public relations campaigns. In Chapter Five we tell how a private water company in Lexington used four public relations firms to fight the city's attempt to take over the utility. Their efforts even included the creation and funding of a pro-company "grassroots" coalition. In American Water Works's company history, *A Dynasty of Water*, author Gilbert Cross called the public relations process "a kind of 'magic money machine' that spent the customers' money to persuade the customers that it was all right to charge the customers still more money."²⁶

The calculated use of language is a key part of these campaigns. The companies insist that they don't control or "own" the water.

They simply “manage” systems. They are correct from a legal standpoint. No one really “owns” water. Legal rights to use water are generally either the right to reasonable use in the eastern United States or the right of prior appropriation (first come, first served) in the West. But it is disingenuous to assert that operation and management of an essential and monopoly resource for twenty years does not mean de facto control.

Local politics is the key arena for winning water contracts, and the bulk of industry political spending takes place locally. However, the wheels of national campaigns are also greased. Since the mid-1990s, water firms have contributed more than \$4 million to federal campaigns, according to the nonpartisan Center for Responsive Politics.²⁷ Although companies usually can’t give directly to candidates, their employees have made large donations to help swing elections in towns where contracts are at stake. However, even though community groups that have put privatization on the ballot in cities like Felton, Stockton, and Monterey have been outspent many times over, they often still win.

Another important strategy has been to finance and influence key national associations of city officials. As we’ll see in the chapters that follow, the U.S. Conference of Mayors has become an engine of water privatization through its Urban Water Council (UWC). One mayor described a Conference of Mayors session he attended as a kind of feeding frenzy, with companies bidding to take over everything from his city’s school-lunch program to its traffic lights to its water services. Financed by the private water industry and staffed by former industry officials, the UWC works hard to give its corporate sponsors “face time” with mayors. Peter Gleick, director of the Pacific Institute for Studies in Development, Environment and Security, said, “The advice mayors are receiving from the Urban Water Council is heavily biased toward the interests of the private water sector, which funds and supports the Council.”²⁸

Communities Take Action

Citizen reaction to the challenge of water privatization has been swift and strong. Both in the United States and around the world, privatization efforts have galvanized citizens to assert not only that water should be a human right and a public trust but also that they themselves must be involved in the reform of public water services. These tenacious movements have become catalysts for a broad agenda to reclaim local government and the political process from corporate influence.

Although this book focuses on the United States, many domestic coalitions have found models or inspiration in the conflicts that have driven global water companies out of a growing number of cities and countries in the developing world. One of the key international leaders of this effort is Oscar Olivera from Cochabamba, Bolivia's third largest city. A shoemaker and union leader, he led a citizens' coalition against heavy odds, taking on Bechtel and the Bolivian army in what became known as the first of the new global "water wars" in the spring of 2000.

After the World Bank had pressured that impoverished country to accept loans conditioned on water privatization, an international consortium led by Bechtel imposed enormous price hikes—even for water in residents' own backyard wells. Everyone from farmers to hotel owners opposed the privatization, and even the World Bank pulled out. But only when Olivera's coalition organized massive strikes and, finally, a virtual insurrection did the Bolivian government throw out Bechtel and hand the utility to a community-based organization accountable to the residents. To put the scale of this event in perspective, at the time Bechtel took over Cochabamba's water system, the company's annual receipts were larger than Bolivia's gross national product.²⁹

The popular victory reverberated around the world as a symbol of communities' ability to overcome vast disparities in power with persistence and militancy. Despite their governments' dependence

on World Bank loans, communities in the global South became the real founders of the movement against water privatization. In South America, they formed a continent-wide coalition called Red Vida to coordinate and support antiprivatization campaigns, and Olivera has toured the world to spread his message of self-reliance and the human right to water.

Worldwide, public water companies still provide more than 90 percent of water and wastewater services, but privatization has increased dramatically since the mid-1980s. Private companies provided service to fifty million people in 1990. By 2002, they were servicing more than three hundred million.³⁰ They were also eyeing new opportunities in spite of successful grassroots efforts to stop water privatization in Argentina, India, Tanzania, Germany, and France, among many other places. As they encounter increasing resistance in the developing world, the global water companies have turned to new, perhaps less militant regions: Eastern Europe, China, and North America.

With its aging infrastructure, often-uninformed public, and conservative political leadership, the United States—the supposed architect of corporate globalization—has become one of globalization’s favored targets. Olivera’s message of resistance has been slow to reach the United States. Many major environmental organizations are only now beginning to see the connection between their traditional issues of wildlife preservation and pollution and larger political issues, including corporate privatization. “It’s just too much outside of what we’ve ever worked on,” said one veteran environmentalist. “I hadn’t connected the dots.”³¹

But our huge country has a history of grassroots, democratic rebellion that runs counter to the move toward corporate privatization. The Boston Tea Party, the movement for the abolition of slavery, the Vietnam War protests—each revolt against authority has deepened our national character and furthered our understanding of global politics. In the same way, local fights over water in the United States are alerting participants to the concerns of people in

faraway places like Cochabamba. As Dale Stocking, a water activist in Stockton, told us, “One of the things that I’m being exposed to is the web, the global web that is developing. This privatization here in Stockton could be part of an overall puzzle.”³²

Resistance to the commodification of water is also percolating through North American culture with books, videos, Internet satires, and even standup comedy. Edgy comic Lewis Black took on the bottled-water craze in his 2004 HBO special *Black on Broadway*. “Try to go through this logic,” he shouts. “Our country had water coming to our homes . . . clean water. And we said, ‘No! Fuck you! I don’t want it to be that goddamned convenient. I want to drive and drive and drive and look for water like my ancestors did!’”

In 2005, Varda Burstyn, a Canadian environmental activist, published *Water Inc.*, a thriller about a plan by corporate moguls to pipe Canadian water to developers in the United States. It’s fiction, but not farfetched. Unlike the behemoth to the south, Canada has vast freshwater resources, making it a prime target for speculators who believe that U.S. demand will eventually overwhelm what Burstyn’s scheming moguls consider to be Canada’s pitiful pretense of sovereignty.

North American entrepreneurs have long floated ideas about changing major features of Canada’s topography to quench the U.S. thirst. One such plan involved siphoning water from Alaskan and British Columbian rivers into the Rocky Mountain Trench, creating a five-hundred-mile-long reservoir to serve thirty-five states. Another proposal called for a giant dike across Quebec’s James Bay and a string of nuclear power plants across Canada to pump the water into Lake Superior and then down to the arid Southwest or to midwestern farmers in danger of exhausting the giant Ogallala Aquifer. Other plans aim directly at the Great Lakes, which hold 20 percent of the earth’s fresh water and are already threatened by withdrawals, pollution, and border disagreements between Canada and the United States.³³

Some version of these plans for bulk water transport reappears regularly. Whenever there is a drought, the arid South jealously eyes the water-rich North. Perhaps that's why some of the leading activist and intellectual opposition to privatization has come from Canada. Barlow of the Council of Canadians and Clarke of the Polaris Institute in Ottawa are pioneers in the fight for water as a human right. Their 2002 book, *Blue Gold*, was a landmark in the international campaign against water privatization.

Canada's lakes and rivers, as well as many U.S. rivers and streams, may be the ultimate stakes in the fight over privatization of water utilities. Once multinationals' control over local water reaches critical mass, their lobbyists will be in an even more powerful position than they are now to challenge the public sector for water rights and bulk delivery. It won't be an oddball Alaskan entrepreneur proposing to suck river water into offshore condoms anymore (see Preface). It will be oil-company-sized water conglomerates aligned with pipeline giants like Bechtel and Halliburton lobbying in international trade talks to define water as a product to be sold to the highest bidder.

Unexpected Coalitions

Serious challenges call for unusual alliances. When is the last time you saw conservative evangelicals on the same side of a political campaign as body-pierced antiglobalization activists? Or rowdy union activists strategizing with straight-laced advocates of good government? Or local-control Republicans allying with public sector Democrats? When it comes to water, such unlikely coalitions have spread like wildfire.

Across the country, the impulse to defend water has regularly produced election supermajorities for state water bonds and, in a recent poll, 85 percent support for the idea of a federal clean-water trust fund like those that exist for highway and airport construction.³⁴ In

hamlets like Felton, California, and Lee, Massachusetts, hundreds of people show up at community meetings to protect their water rights. And in diverse cities like Lexington and Stockton citizens overflow city-council meetings to debate and oppose privatization. Lots of work goes into making grassroots action happen, but when an issue clicks with people, the rapid response may appear to be almost spontaneous. Dedicated organizers like Wenonah Hauter of Food & Water Watch and Ruth Caplan of the Sierra Club's Water Privatization Task Force have worked on this issue for years, but now they're hard put to keep up with the numerous community groups emerging to oppose water privatization in their hometowns.

It's not easy to define the spark that ignites local rebellion and transforms it into a national movement. It may be the widespread sense of frustration people feel about national politics in an era of conservative hegemony and globalization. Donations to progressive policy groups and letters to Congress seem like money and messages stuffed in bottles and tossed out to sea. Perhaps as a result, there's a renewed focus on issues at the local level, where having an effective voice seems possible and where the forces of globalization are more immediate and more easily confronted than they are on the national scene—whether those forces are developers, high-handed politicians, or distant multinationals that must beam down representatives to convince locals to let them in. At the local level, the grassroots has the potential to win. Stockton mayor Gary Podesto learned this lesson the hard way. He warned other supporters of privatization among his colleagues on the Urban Water Council, "Don't begin this process if you are fainthearted."³⁵ Podesto spent two terms battling for privatization, a bitter fight that contributed to his defeat when he ran for higher office.

The little-known coalitions like the one that opposed Podesto in Stockton are described in the following chapters. These groups and individuals are waging a kind of guerilla war against sophisticated political lobbying, huge campaign contributions, public relations SWAT teams, fake grassroots coalitions, and pro-privatization

alliances of real estate developers and Chambers of Commerce. Despite the power imbalance, the hardball tactics of the corporate water industry have not deterred local activists, who have had to advance on a steep learning curve to confront the global reach and deep pockets of multinational companies.

Landscape of Battle

Scores of privatization battles are taking place in the United States today. We chose to tell the stories presented here because they provide an overview of the conflict. Together, the places in which these battles are occurring represent many regions and types of communities. The stories reveal the conditions of our drinking water and sewage systems under both public and private control, and they show the successes and failures of both community groups and corporations. Moreover, these stories have a compelling cast of characters, surprising twists and turns, and some shocking conclusions.

The next six chapters of this book deal with battles for control of drinking water and sewage in three different regions of the United States. They reveal company strategies, citizen initiatives, the rise of new coalitions, and the role of government in either protecting or selling off this resource.

In Chapters Two and Three, we tell of new water wars in the West. In Stockton, California, a strong mayor played hardball in an effort to win approval of the largest privatization contract in the West, while a grassroots coalition went to the ballot box and the courts to stop him. In tiny Felton, California, a creative and feisty citizens' group had to create not only a sense of community but also the structures of local democracy to buy the town's utility from corporate giant RWE.

We head to the South in Chapters Four and Five, first to look back at Suez's effort to privatize Atlanta's dilapidated water system. The largest such privatization in U.S. history, it was a major test of industry promises, which imploded in charges of corruption and

incompetence. In Lexington, Kentucky, wealthy racehorse breeders and environmentalists united to take public control of the city's private water company after it was bought by a multinational giant.

In Chapters Six and Seven, we visit New England, where small towns are increasingly the focus of corporate attention. In Lee, Massachusetts, community and union activists used the tradition of town meetings to fight an imminent corporate takeover by Veolia. And in nearby Holyoke, elected officials got hoodwinked into giving up their right to vote on the mayor's plan to privatize.

Finally, in Chapters Eight and Nine, we examine the front lines of the new bottled-water controversy, which raises a different set of billion-dollar issues, including the commodification of water and the transport of bulk water. In Wisconsin, a tenacious citizens' movement took on Nestlé, the world's largest food and bottled-water company, to stop it from pumping a valuable spring. In Michigan, student antiglobalization activists and an Indian tribe joined with a rural community group to stop Nestlé; their actions led to a dramatic lawsuit in the state's highest court.

We are only at the beginning of this epic power struggle, which will spread to every corner of North America. Each side is testing tactics and strategies in an effort to control the most valuable natural resource we have. The courts, the streets, the media, and individual families are all part of the landscape of battle. So far each side has won some fights and lost some. The final outcome will depend not simply on access to money and connections but on the political skill, creativity, and tenacity of new citizens' coalitions. Most of all, for individual citizens, this is an existential fight that goes well beyond issues of efficiency and cost. Today, water is where we are taking a stand on our basic values as individuals and on who we are as a society.