

WHO OWNS PUEBLA WATER?

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The City of Puebla, in Mexico, is known to most United States' (U.S.) visitors for its mole Poblano and talavera tiles, deservedly so. They are tasty and beautiful, in that order.

I started my visits a couple of years ago with anthropological colleagues at local universities. But since I work on water at home in New Mexico, I looked for that theme while I was there. At first I talked mostly with water experts, technical and environmental people. They were generous with their time but mostly we were speaking the same professional interest, same script, different languages. What, I wondered like a good anthropologist, was different about water in Mexico?

I noticed newspaper articles about something called the *Asamblea Social del Agua de Puebla*, "ASA" for short. ASA was inspired by popular protests against the privatization of the city water utility, known by its acronym of "SOAPAP" (*Sistema Operador de Los Servicios de Agua Potable y Alcantarillado de Puebla*).

Sometime in early 2014, a deal was cut between a group of private companies and the state. The Governor, a member of PAN, the conservative party, didn't announce the deal to the public until May of 2014, according to *Proceso*, the weekly news magazine (<http://www.proceso.com.mx/?p=372929>). SOAPAP was to remain the supervising agency, but a new entity referred to as *Concesiones Integrales* was to take over actual operation of the utility and billing of customers. That entity, in turn, consisted of an alliance of Mexican, Canadian, and Colombian companies.

The *Proceso* article reports that the public was assured that rates would not increase and that the new private company would invest substantial money to improve the infrastructure. In return, the state received a good sum from the sale – local media "speculate" 1,400 million pesos (about \$91,000,000) – and it got rid of a utility weighing them down with serious debt. According to *e-consulta.com*, Fitch Ratings, Inc., was concerned, slightly, because of that debt, said to have been 2,029 million pesos (about \$132,900,000) at the time of sale (<http://anuario.e-consulta.com/index.php/2013/mayo13/item/soapap-adeuda-2-mil-876-mdp-destaca-fitch-ratings>).

Contracting out public agency work to private companies is a strategy that became fashionable in the Reagan/Thatcher/World Bank heyday of the 1980s. Let the market take over from the bloated government bureaucracy, went the argument. Thanks to the efficiency and innovation of business, they will streamline operations, reduce costs, and better serve their customers courtesy of the competitive world of the marketplace.

There are some obvious problems here. The first is, this makeover of water utilities has been tried and it often does not work. In fact, in their 2014 report, Corporate Accountability International describes how many cities have “re-publicized” what was “privatized” earlier (<https://www.stopcorporateabuse.org/news/group-world-bank-stop-funding-water-privatization>). Among other reasons, it has not worked because of barriers to market entry. You cannot just go into a city and decide to set up a competing utility. No way a whole new set of pipes and pumps and drains would be connected into the same water sources. For this reason, utilities are called a “natural monopoly” by economists. The market competition among private firms that would supposedly create more efficiency and lower prices is not possible.

The second problem is, it is very difficult to take over an indebted water utility whose prices are already subsidized and then make a profit selling water to the same people. A profit-oriented company has to raise prices, or get subsidies, or skew the rate structures so that charges are higher for heavy water users or wealthy customers, or all of the above. Promises of no rate increase to soothe the citizens who are about to become customers are likely to be empty.

The third problem is the reputation of Mexico – and not only Mexico. Think of the current flow of election funds in the United States (U.S.). When large amounts of capital and government are brought into proximity in the name of general social improvement for citizens, watch your back. Corruption, lack of transparency, and benefits that accrue only to those directly involved in the deal are a common result. Even if it is not true in a particular case, I will bet this is what most *Poblanos* – as residents of Puebla call themselves – would assume, based on their experience, not on conspiracy theories.

The sale of their water utility provoked a widespread household crisis. In spite of what was promised, water bills went up right away and, according to many reports, a lot. A water rate increase, especially for those on the economic edge, was an unpleasant surprise, to put it mildly. And the fact that it was done in a high-handed way, after a deal behind closed doors with all the transparency of an opaque SUV window – no wonder I saw the word *impunidad* so often in local articles about the deal.

In response, the Asamblea Social del Agua arose out of the announcement of the sale like it was spring-loaded. City residents visited the state legislature and demanded a review of water rates within 15 days, or else they promised to file an “amparo” demand. This lawsuit has no equivalent in British or U.S. law. It is basically a demand for protection of an individual’s rights as

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guaranteed in the first 29 articles of the Mexican Constitution. The human right to water is the fourth article.

By July, not long after the late May announcement of the sale, the ASA Facebook page appeared with its first entry (photos in this article taken from that page).

ASA went to the office of the new company, now called Grupo del Agua, and claimed that rates had increased as much as 300 to 500 percent. According to a report in an international global water newsletter called OOSKANews (<https://www.ooskanews.com>), the federal consumer protection office responded to citizen complaints and told the company it had to suspend operations, alleging rate increases between 250 and 5000 percent and poor delivery of water in both quantity and quality. On August 9, ASA held a demonstration on the main city square with the theme of “no to privatization.” Local media picked up on its activities and ASA’s own Facebook page chronicled them. Interested readers can scan that page and ASA’s Twitter account for themselves. The organization was on a roll. This is probably typical of successful crisis-driven grassroots movements. If they happen, they happen quickly. They are more like earthquakes than erosion.

How did it happen so fast? ASA exploded out of a simultaneous and widely distributed household/individual experience – a sudden increase in the water bill. *Poblanos* connected rapidly on the basis of this shared negative experience because they shared a “place,” and by “place” I mean both geographical and mediated. They were within “reach” of each other in multiple ways. The main square, the *Zocalo*, was and is a center for social and political activity, as were certain well-known government buildings and neighborhood gathering spots. As far as media go, the city has daily newspapers and official and informal Internet sources. ASA joined the digital fray with its own social media. The new group began to meet regularly, organize public protests, provide instruction on what to demand from the water utility in terms of information and what rights customers had *vis-a-vis* company actions.

There is more to tell here as the story continues on into the present. ASA grows and develops. It links to a national organization called *Agua Para Todos*, “Water for Everyone,” a group in Mexico City developed in 2012 to take on the proposed reform of Mexico’s national water law, *Ley General del Agua* (<http://aguaparatodos.org.mx>). The national government, like the state, is encouraging more investment of private capital. The energy of ASA and the energy of the national movement feed off each other. In fact, this suggests some general hypotheses about successful social movements, but that academic discussion is not my purpose here.

ASA represents an impressive and hopeful story, from my outsider’s point of view. Even as I send this article off, on July 23, 2015, a news item reports a *Poblanos*’ successful amparo lawsuit against Grupos del Agua for trying to cut off services (<http://www.retodiario.com/columna/Contrastes-Carlos-Gomez/Declaran-inconstitucional-corte-de-agua-de-Concesiones-Integrales/3402.html>). ASA bodes well for the general push for change in Mexican governance going on today and for its water policy in particular. But as I headed back to New Mexico and continued to follow ASA on social media, some questions came to mind. On a recent trip to Puebla this past June, I had an opportunity to sit down with two ASA leaders and ask them the questions in person.

My first question was this: ASA’s “anti-privatization” argument is clear. A big international corporate takeover of Puebla’s urban water is a bad idea. Numerous case studies in the water literature, and the actual performance of Grupo del Agua to date, all support that conclusion. But

where is the “pro” argument? Is this only about preventing “privatization?” What is the alternative that ASA advocates?

The argument can’t be pro-SOAPAP, the traditional government utility. That public utility had not done a good job with the provision of water. I have been following local media stories about SOAPAP for a while now – treatment plants not working, industries polluting, the Atoyac River poisoned, floods, diminishing rural aquifers, infrastructure breakdowns. And recall that SOAPAP had built up a debt that was part of the reason the state wanted to sell it off in the first place. The state itself, by the way, is the biggest deadbeat on back payments due at the moment, according to the *e-consulta* newsletter (<http://e-consulta.com/medios-externos/2015-03-17/gobierno-poblano-le-debe-al-soapap-mas-de-45-mdp>). If state management is the utopia to which one is supposed to return if privatization is dumped, I am



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guessing it would be difficult to drum up wild enthusiasm.

Then my second question: Privatization on a smaller scale was and continues to be part of Puebla’s water system outside of the formal water utility. Potable water does not come out of the faucets. My partner Ellen and I learned to handle this problem like most Poblanos do. And the irony is, commercial products made it possible. There were two eleven-liter plastic jugs in the apartment we rented. When one ran out, I would take it to the corner store, pay 20 pesos, and trade the empty jug for a full one. The second thing we had to do was buy a product called Microdyn. Before we used any fruit or vegetables we soaked them in a pot of water with a few drops of the liquid added to make them safe to eat. The bottled water and the Microdyn were commercial products, easy to obtain and use once you got the hang of it. And they were not monopolies like the new water company.

The “anti” privatization movement against Grupo del Agua made sense to me. But then “pro” what alternative? Surely not the old state system. And surely ASA did not want anti-privatization to prohibit those little stores on the corner or the companies that produced inexpensive purifying agents.

So I went for a coffee with two ASA leaders and asked my questions. They answered them both. ASA is “pro” a lot of things. In fact, working together with the national *Agua Para Todos* organization and its network of regional groups, they had prepared a detailed draft of their own “general law of water.” Rather than more private capital from investors as the central premise, it builds first and foremost on the human right to water in the Mexican constitution. You can read this proposal, in Spanish, at <http://aguaparatos.org.mx/la-iniciativa-ciudadana-de-ley-general-de-aguas/>. It looks to me like a sophisticated plan that is ready to enter into legislative debate. They – Puebla and Mexico City and other sites – have an alternative that they have put on the table.

And what about their anti-privatization argument? No room for business in there anywhere? What about opening up entrepreneurial possibilities? What about business competition producing advances in water technology? What about the nice lady in the little corner store, I shamelessly asked in an ad hominem manner? The answer over coffee was immediate, without hesitation. Of course business, but as a part of an *economia social*.

After our interview, I went to the Internet. I was not sure what they meant. “Social economy” in English – and in some Spanish translations based on the English concept – means economic activity that is not clearly private or public sector. But another meaning of *economia social*, in Spanish as found on the Internet, means something different. It means an economy based on both social and economic considerations and on widespread local participation, as opposed both to traditional capitalist models, which are neither inclusive nor socially oriented, as well as to government models, which work against local context sensitive management because of their mania for micro-managed distant control. [A Spanish language summary from a group in Argentina was useful in

my education (<http://www.econlink.com.ar/economia-social>.)] Postwar Germany’s “social market economy” was mentioned as a historical model, an approach that raised that country from destruction and defeat to a booming economy in a brief period of time.

A large international conglomerate like Grupo del Agua, oriented only to its own bottom line, one that has a monopoly on water services for the city, clearly does not fit an *economia social* model, neither in theory nor in its practices over the last year. But, said my ASA colleagues, there is plenty of room for business and entrepreneurial activity, just not – I mentally translated it to myself – for robber baron conglomerates whose only goal is to maximize their corporate bottom line.

One day soon I would like to spend more time in Puebla – and with members of the national organization *Agua Para Todos* in Mexico City – to learn more about this social movement, as a researcher, as a journalist, and as a water policy activist (all three). But for now I will finish this article with one of the major threads that link ASA and New Mexico, one that I had not expected to find.

A key to the success of both ASA and *Agua Para Todos* is the incorporation of stakeholder participation in water governance. “Stakeholder” is an overused word that generally carries two meanings. First, “stakeholders” include everyone involved in the use of a water resource who should then be involved in the management of that resource. The second is, “everyone” should

include more than the institutional and academic experts. “Ordinary people” who use water should be involved as well. An interesting thing that struck me as I walked back to my apartment after our coffee shop conversation was that the same concepts are key in many recent models for water management in the U.S. The call for implementation of such models is widespread and increasing in U.S. proposals to deal with environmental change.

This stakeholder business, it turns out, is much easier said than done, for many reasons that go beyond this article, but reasons that I imagine many readers know from experience. I think it is fair to say that many cases that march under the banner of “stakeholder participation” in the U.S. have not worked it out very well. Often they do not work because of what that earlier definition of *economia social* implied – big business can only be trusted to maximize its own bottom line and government will not release authority to local autonomy. Those are the traditional dominant forces in water management. Besides, mechanisms for organizing stakeholder participation are not a traditional part of water management training. In such situations, “stakeholder participation” can be reduced to a parody. Hold a meeting, invite “them” in, tell them what you are going to do, and ask if there are any questions.

And then even in the best of all possible roles for stakeholders, it is still not clear exactly how “inclusion” or “participation” of “stakeholder” is supposed to work out in living color. You can see the rough edges today in media coverage of California’s water crisis, where the “water knives,” to use the title of Paolo Bacigalupi’s recent novel, are already emerging.

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When profit and hierarchy have all the historical inertia that they do in water management, and when many different kinds of people want their share of water for different purposes, and when there is not enough to go around, how do you create a system of transparent collaboration to decide how to equitably share the pain of a shortage? Or, more demanding still, how does management evolve to quickly and collectively innovate in the face of surprising changes?

Whether for Mexico or for the U.S. or for the rest of the planet, we need to get the Anthro part of the Anthroocene to play its role in more cooperative ways. Believe it or not, that is a charter for optimism. If ASA and *Agua Para Todos* could emerge from the historical flow so quickly and become such a political force, maybe it is possible that other forces in other places will emerge as well and, like those two groups, merge into larger organizations at higher levels of scale in a way that naturally grows the participatory structure that so many new management models seek. The next question is whether those new structures, in turn, can be incorporated as partners

into the complicated issues and traditional hierarchy of water management. Stay tuned. Hope springs – “spring” being the appropriate double-meaning here – eternal.

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