

WHY BOLIVIA?:

An Examination of Water Privatization

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Research Question

Through the use of historical events and capitalistic themes examine what factors caused the privatization of water in Bolivia.

Method

Examined scholarly articles, primary and secondary resources from various databases that discuss the situation before, during, and following the privatization. The appreciation model of analysis was also applied during the research process in order to create a dynamic analysis that examines several different views and opinions. Sources can be found in the bibliography.

Abstract

This essay explores the privatization of water in Bolivia in 1998. The historical and capitalistic factors that led to this event are examined in order to understand exactly why this happened in Bolivia. The historical factors include the country's mass debt and an increased belief in neoliberalism, while the main capitalistic factors are the role of the state, social classes, and the desire for profit. Together they all created the perfect scenario in which Bolivia privatizing their water was inevitable and subsequently detrimental to their people.

Historical Factors

Extreme Debt:

By the end of the 1980s Bolivia was one of the poorest nations in South America. Therefore, they received debt relief from an initiative led by the International Monetary Fund (IMF) and the World Bank.

Neoliberalism:

It involves the belief that the government should have little to no control over markets. At the time of the privatization this ideology was very popular.

Class:

Bolivian officials faced pressure from wealthy citizens, the World Bank, IMF and multinational corporations to accept the water contract that privatized water. However, the majority of the population was poor therefore, when the prices increased many were unable to afford their water.

Capitalistic Factors

Role of the State:

This is related to the amount of control that the government has over markets. At the time in Bolivia there was a strong movement for less government control as a result of the rise of neoliberalism.

Profit Motive:

Supporters of this contract pushed for it because they thought it would improve accessibility to water and their infrastructure. However, once the corporations were in control, the desire for profit overshadowed any of the previous social and environmental promises.

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Conclusion

Capitalistic themes played a major role in why Bolivia privatized their water system in 1998. It also demonstrates that profiting from necessities makes human needs a luxury and hurts several members of a society. The situation in Bolivia also shows that there are issues within capitalism that require attention and need solutions. Some of these issues include just how much control the government should have in the market, how profit agendas overshadow social and environmental goals, and how this system creates an inequality of wealth and power. Ultimately, I felt that there is a need for government control when the good being sold in a market is a human necessity. The government would advocate for all the citizens and as a result help to avoid situations in which the desire for profit overshadows social and environmental goals.