



## Water privatization in Latin America

### *Water privatization in Latin America*

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#### SUMMARY

With the expansion of neoliberalism from 1973 onwards in Chile, and from the 1980s/90s onwards in other Latin American countries, an intense process of water privatization occurred in which capital gradually appropriated this natural resource from several countries, transforming this liquid that is essential for life into *commodities* that can be traded like any other good, excluding thousands of people who do not have financial resources to have access to water.

**Keywords:** Privatization, Water, Neoliberalism.

#### SUMMARY

With the expansion of neoliberalism from 1973 onwards in Chile, and since the 1980s and 1990s in other countries in Latin America, an intense process of privatization of water has been taking place in which capital has been appropriating this natural resource in several countries, transforming this essential liquid for life into transportable commodities like any other for many years, excluding thousands of people. who do not have economic resources to access water.

**Keyword:** Privatization, Water, Neoliberalaslimo

### 1. Introduction

Water is undoubtedly the most important of nature's resources, fundamental for life in its various forms manifested throughout the planet. With the development of human society, this resource, in addition to human labor, was responsible for the emergence of several cities in the past, such as Ancient Egypt, which later became a powerful empire, along the Nile River, which was a fundamental river in Antiquity for the transport of goods from Sub-Saharan Africa to North Africa, and was also responsible for the robust agriculture of the various African civilizations it bathed. But also, the

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The presence of rivers has generated political greed, with the existence of several conflicts over water since the Antique

As the centuries progressed, in contemporary times, the spread of neoliberalism was very damaging to the economy and the way of life of the populations of countries in South America, including Brazil, where several state-owned companies basic sanitation were privatized with negative effects for the poor population of several outskirts of the country, which pay high prices to access sanitation services, in addition to socio-environmental problems and river contamination, exposing part of the population most marginalized by the capitalist system to various diseases due to the lack of sanitation.

The privatization of Sabesp (Basic Sanitation Company of the State of São Paulo) is undoubtedly one of the greatest examples of the delivery of natural resources to the capital, transforming water, which is a collective good, into a commodity that can be sold, only those who can pay can access it, and often with dubious quality. In this way, we understand that the appropriation of water by capital in the State of São Paulo, and in other Brazilian states, in addition to Brazil's neighboring countries, it is part of a process global geopolitical appropriation of natural resources by capital in different spaces of the planet and intensified by neoliberalism, especially from the final decades of the 20th century, thus increasing social inequalities due to the lack of access to drinking water in this context of climate change in which the poorest are also penalized by a precarious health system, without access to education, quality housing, in addition to drinking water, so that people can live a life with a minimum of dignity.

## **2. Access to Water**

In various regions of the world there are thousands of people who do not have access to quality water in sufficient quantity for their survival, as in Pakistan where more than 10 million people are affected by the lack of water, as well as in Afghanistan, which in the coming years could become a country that no longer has drinking water due to climate change and lack of infrastructure for its management.

In various parts of the world, affected by water shortages, and where tariffs for water access is high, the appropriation of water by private companies under the connivance of the State along with environmental problems, are the main reasons for the

its scarcity, in addition to the lack of investment in capture infrastructure to have a greater take advantage of available water resources.

In places where there is a certain availability, there is also, often, the presence of private companies and international organizations putting pressure on governments places to hand over water management to the private sector, often under duress, as the IMF (International Monetary Fund) does when negotiating the debt of underdeveloped and indebted countries to privatize the management of their natural resources, among them water, in exchange for renegotiating the debt or lending more money even under astronomical interest rates. Neoliberalism has intensified socio-environmental problems arising from human action on nature, situations that society faces to seek political, social and cultural alternatives so that in the future all of society has access to quality drinking water, without aiming for profit for big capital.

The natural resources existing on the American continent, especially in its southern portion, since the colonial period, has already aroused the interest of European explorers, sharpened by curiosity and imaginations about the legends and stories that circulated around European society about cities made of gold hidden from the greed of the rest of the humanity. The *Muisca* indigenous people who inhabited the territory of present-day Colombia, a region Andean, had the tradition of sprinkling gold fragments on chiefs initiated into command. The candidates for command were known as *El Dorado*, The Golden One.

These indigenous traditions, like the Muisca people, meant that many European explorers who ventured into the Amazon rainforest and the Andes Mountains in search of riches. Many died of disease, starvation, snake bites and murders due to the relentless search for gold in South America, most of the time decimating thousands of indigenous people, mainly through firearms, but also through diseases brought of Europe. However, gold in abundance was only found from 1693 onwards in the State of Minas Gerais, in Brazil, starting an economic cycle of gold exploration with a intense exploitation of enslaved African labor, marking a new economic regionalization in Brazilian territory.

Another example of mineral exploration was undoubtedly the extraction of silver in *Potosí*, capital of the province of Tomás Frias, has become the largest producer of this mineral in the world. still in the early 17th century under Spanish rule. The wealth of natural resources of the

Latin American countries activated Europe's greed and the consequent expropriation of wealth of the soil of indigenous peoples.

The exploration of gold in Brazil and silver in Bolivia are examples of the history of exploitation of South America's natural wealth by European countries and impoverishment, slavery and death of indigenous and black populations for the benefit of private capital and European crowns. For more than 500 years, South America's mineral wealth has been the fruit of greed, formerly England, Spain and Portugal as direct explorers, and in contemporary times, American and European capital appropriating natural resources via privatization of the exploitation of natural resources, including water.

### **3. Water Privatization in Latin America**

One of the paradigmatic examples of systematic water appropriation without a doubt it was in Chile, initially with the exploration of gold and silver in the colonial period, later, in the 20th century with the application of neoliberalism, there was an intensification of exploitation of these resources, including copper, which is abundant in that country. Companies private companies installed there began to progressively appropriate natural resources with disastrous impacts on nature for the enrichment of the local elite and capital foreigner.

The privatization process in Chile was so strong that in the 1980s, less than Ten years after Pinochet's coup, all water, from the source to sewage management, is now almost 100% under private control. The so-called Water Code, was developed throughout the 1970s/80s, separating water use from land use, enabling the purchase and sale and control of all basic sanitation. In this way, there was an overexploitation of river and lake water by agricultural and industrial activities also contaminating the water of the poorest population. Thus, thousands of Chilean families are affected by the lack of water due to scarcity and contamination by mining companies installed in the country. Chile was used by the United States as a test bed for the spread of neoliberalism, resulting in increased poverty due to the exploitation of its resources without any counterpart for social development. Privatization gradually advanced, reaching today, in addition to natural resources, the health, education and social security systems.

Several Latin American countries are experiencing problems with access to water. drinking water due to the State's negligence in solving this problem and due to the appropriations of this resource by private companies, many of which have foreign capital seeking in the privatization of natural resources the opportunity to obtain profit.

The Chilean case is emblematic because it reveals the authoritarian nature of the process of privatization that is applied without consulting the population and taking away from them the possibility of emancipation and sovereignty in the face of survival needs from the moment in which the privatization of all social, cultural and economic life is imposed by force of arms of the own country under the command of capital and internal and external political forces.

The coup d'état that took place on September 11, 1973, with intense Chilean air force bombing of state structures with the support of the United States United and local and international business community, forcibly removed the government democratically elected by Salvador Allende, with a socialist political orientation and linked to social causes. Once the coup was consolidated, General Augusto Pinochet took power, marking a permanent policy of persecution, increased social inequalities, deaths, torture and the handover of public assets and natural resources to foreign capital.

From this moment on, Chile began to be seen as a laboratory of experiment of neoliberal policies in a global school. No other country has carried out large proportions a policy of weakening the State and increasing the importance of companies in various sectors of social and economic life, as occurred in Chile. Sectors as education, social security and access to natural resources were widely appropriated by national and international capital, threatening national sovereignty.

The iron fist with which General Augusto Pinochet ruled Chile in such a way authoritarian from September 11, 1973 to March 11, 1990 was damaging to the economy, significantly increasing social inequalities with the constant enrichment of the country's elite and national and foreign companies that explored the various sectors of the country, notably, natural resources.

The neoliberal paradigm, ideologically and epistemologically grounded by Chicago School, with thinkers like Milton Friedman and George Stigler, advocated the economic liberalism with the free market and minimal state participation in economy, being an economic policy aimed at economic growth with the



accumulation of capital, the culmination of which is the hegemony of big capital on a planetary scale as this paradigm advanced to other parts of the world as happened in Chile that needed to carry out anti-democratic measures such as the deposition of the president democratically elected so that the neoliberal model could be implemented by the ruling class Chilean with the strength of the military and supported by the United States government and the CIA. The persecution and demobilization of social movements and arrests and torture of activists left, arbitrary arrests and deaths against any opposing threat was the recipe applied by the elite and the armed forces so that there would be no opposition or resistance against the appropriation of the country's wealth, under the justification of freeing Chile from communism and corruption of traditional politicians.

The UN General Assembly on July 28, 2010 declared water, the sanitation is a fundamental human right for the enjoyment of life and other social sectors.

Proponents of neoliberalism defended the idea that capitalism and communism in its purest forms had failed everywhere. According to Harvey (2014, p. 20): "The only way left was to arrive at a correct combination of State, market and democratic institutions to ensure peace, inclusion, and well-being and stability".

In contemporary times, neoliberalism still underpins the Chilean economy, as in the sectors of education, health, social policies, pensions, among other sectors that were appropriated by capital and transformed into commodities under the logic of accumulation.

Water privatization in Chile was gradual and extremely damaging to the population. Under the Pinochet dictatorship, the so-called *Water Code* was gradually implemented between the 1970s and 1980s, establishing the separation of water use rights of the land, which allowed the purchase and sale of this common good like any other commodity, currently configuring itself as the only country in the world where water is almost 100% privatized in perpetuity. Even sanitation management itself is an activity private, a service that aims for profit. The Chilean dictatorship was long and aggressive in such a way that even with the end of authoritarianism and with free elections, the current Chilean Constitution is the the same one implemented by Pinochet and the country's elite, opening up the market's activities and reduction of the State.



In the early 1980s the IMF and the World Bank began to propagate the implementation of free market ideas across the planet. Countries that had debts to renegotiate them or aim to loans should undergo institutional reforms such as implementation of privatizations, social spending cuts and more flexible labor laws, that is, a series of austerity measures whose beneficiaries would be the economic elites and capital.

Thus, the neoliberal state must protect individual rights, property private and free trade. Harvey (2014, p. 77) analyzes the danger of a breakdown in the process democratic, when it says that:

Neoliberal theorists have (...) a deep suspicion of democracy. The governance by majority rule is considered a potential threat to rights individual rights and constitutional freedoms. Democracy is considered a luxury that is only possible in conditions of relative affluence, associated with a strong presence of the class average to ensure political stability.

Neoliberal states prioritize economic growth by deregulating financial institutions to the detriment of the quality of life of workers, programs social, and environmental problems aggravated by climate change. The State is used to rescue indebted companies to avoid the worsening of the economic crisis.

In this way, the World Bank and the IMF exist to protect institutions international financial institutions of bankruptcy. Harvey (2014, p.83/84) explains how countries poor countries subsidize rich countries when it says that:

This practice of prioritizing the needs of banks and financial institutions and at the same time reducing the standard of living of the debtor country had as a pioneering event the New York City debt crisis. In the international context, this translated in extracting surplus value from impoverished Third World populations to pay the international bankers.

To combat the economic crisis, neoliberal states apply austerity. Vladimir Safatle (2021, p. 24/25) shows us a deeper transformation in society with the suffering of the psyche and intense social control by neoliberal policies. According to with the author:



(...) what neoliberalism advocated were direct interventions in the configuration of social conflicts and the psychic structure of individuals. More than a model economic, neoliberalism was social engineering. In other words, neoliberalism is a mode of profound social intervention in the dimensions producers of conflict. For freedom as entrepreneurship and free-initiative could reign, the State should intervene to depoliticize society, the only way to prevent politics from intervening in the necessary autonomy of action of economy. It should primarily block a specific type of conflict, the knowing, the one that questions the grammar of regulation of social life. This means, specifically, removing all pressure from instances, associations, institutions and unions that aimed to question this notion of freedom from the awareness of founding nature of the class struggle.

The exacerbated individualism concomitant with the increase in the participation of private initiative in all social instances, where having, the power of money is the only foundation of prosperity and projection with participation in society, the marginalized of consumption in this capitalist society internalizes guilt due to its own exclusion. Neoliberalism is a great propagator of mental illness in contemporary times where The individual is solely responsible for his success or failure in the sphere of private life in a extremely competitive and functional society of the capitalist mode of production.

The application of neoliberalism in Bolivia occurred from the decades of 1980/90 with the phrase *less State and more market* right at the beginning of the democratic period after the fall of the dictatorship that lasted 20 years.

In 1985 the government of Victor Paz Estenssoro launched its economic plan via decree, with the name of New Economic Policy with the aim of restructuring the economy Bolivia after decades of dictatorship. To this end, it resorted to neoliberal policies seen as the only solution to the low-growth economy and political crisis. Neoliberal policy was applied even in the governments that succeeded Victor Paz, such as Gonzalo Sanchez de Lozada which further deepened the privatization policy with the systematic sale of state-owned companies from the mining, oil, telecommunications, transportation and electricity sectors, acquired mainly by American and Italian capital.





Bolivia is a particular case of water appropriation by private companies in a country that has had its natural resources exploited historically, initially silver since the beginning of the colonial period in the 16th century, passing through the exploration of other minerals such as gold, zinc, tin, and copper. In the early 2000s, the government of the department of Cochabamba privatized its water supply. The company *Aguas del Tunari*, a consortium formed by companies multinationals were the ones who appropriated this important natural resource. However, society came together to wage the Water War, forcing the government to back down and renationalize this public good (PFRIMER, 2009).

The privatization of water resources in the context of neoliberalism is a process of appropriation of natural resources by capital as a mechanism generating exclusion due to lack of access to water by the poorest in Latin America, being a stage important aspect of capitalism for the accumulation of capital by private companies.

We found through bibliographic research and field work that the lack access to basic sanitation in Brazil and in several Latin American countries is a reality still far from having an end with universal access to treated water and sewage piped. So much so that the incidence of diseases linked to the lack of access to sanitation is high, such as such as diarrhea, hepatitis A, typhoid fever, worms, schistosomiasis, among other diseases, constitutes a serious threat to human rights.

The appropriation of water under the neoliberal paradigm and without responsibility socio-environmental and without the concern of bringing drinking water to those who need it most is a reality which unfortunately has a tendency to increase in the Brazilian case due to the New Framework Sanitation Law sanctioned in 2020 by then-president Jair Bolsonaro, which encourages attracting private investment in the sanitation sector in Brazil.

### Final considerations

The privatization of water in Chile was the most emblematic because it was a model that completely transferred water management to the private sector. In Cochabamba, Bolivia, the privatization of water, but the strong reaction from society forced the State to review the privatization, returning to the government model of water management. In Brazil, after the Legal Framework of Sanitation Bolsonaro, there was a great opening for the privatization of water in

practically the entire national territory, a fact that made the privatization of Sabesp in the State possible of São Paulo, the largest sanitation company in the country was appropriated by capital in 2024 leaving little government participation in the shares of this company, causing the private companies have a greater leadership role in managing a resource that is essential for life.

Mexico has also faced a gradual process of privatization of water in some states, a fact that is leaving society in that country concerned amid climate change with droughts and floods in several places. In Argentina, President Javier Milei announced the beginning of the privatization process of the state-owned company AySA, which is responsible for supplying water to the Buenos Aires region.

In several European countries and in the United States, renationalizations of sanitation because they realized that the private sector only aims for profit, and for a efficient water management requires a sanitation policy focused on society seeking to universalize access to water without prioritizing profit above social needs. In this case, the State is par excellence the one that must promote universal access to water. without plundering society with high tariffs.

The process of water privatization is occurring with greater force and speed in countries in Latin America, especially Brazil with the advance of neoliberalism. It remains to be seen stance that society and governments will take at a time when river levels are decreasing and increasing drought in many places due to climate change. A responsible management of water resources is necessary and the State has a fundamental role for its maintenance and management, so that society has sovereignty over its natural resources aiming at preservation and enabling access to water for the whole society without the ambition for profit being at the forefront of decisions about basic sanitation.

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