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UNIVERSITY OF CALIFORNIA,
IRVINE

Hydro-nationalism: Effects of World-Systemic Processes and Nationalism on
Water Resource Sovereignty

THESIS

submitted in satisfaction of the requirements
for the degree of

MASTER OF ARTS

in Social Ecology

by

Matt Schneider

Thesis Committee:
Professor David Feldman, Chair
Professor David A. Smith
Professor Elliott Currie

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ABSTRACT OF THE THESIS

Hydro-nationalism: Effects of World-Systemic Processes and Nationalism on Water Resource Sovereignty

By

Matt Schneider

Master of Arts in Social Ecology

University of California, Irvine, 2018

Professor David Feldman, Chair

The privatization of water services has negative social and economic impacts on periphery nations. The hegemonic processes of the world-system generally result in the appropriation of periphery nations' resources; however, within certain contexts this may not occur. Crisis provides an opening through which International Financial Institutions can leverage periphery nations to adopt neoliberal reforms, but this may result in a nationalist response. The case of Cochabamba in Bolivia provides a clear outline of this pathway, and of the vital roles cultural ties and local elites play in mass mobilization. Through a fuzzy Set Qualitative Comparative Analysis extending this pathway across South America, I find that, if there is a lack of crisis or there is the presence of a socialist executive, privatization is expected to not occur; however, if the entity operating water services after privatization is an international corporation, a nationalist response and renationalization or remunicipalization are likely to follow.

INTRODUCTION

The end of the 20th century marked a moment of turmoil in the world-system. The United States' decline as the prime hegemon and declining global rates of profits resulted in new political movements by the transnational capitalist class (Harvey 2010; Sklair 2000; Smith & Wiest 2012; Wallerstein [1989] 2000). Overaccumulation of capital resulted in the broad leveraging of emerging markets in order to generate new sources of profit and new sites of extraction (Harvey 2004; Swyngedouw 2005). The advent of neoliberalism marks a specific secular moment in which the scale of politics and economics became embroiled in dramatic dynamic shifts (Harvey 2004, 2005; Sassen 2012). This moment marked a period of turmoil in South America, in which broad social upheaval was marked by debt crises, heavy presence of the World Bank and other International Finance Institutions (IFIs), and a reemergence of regional politics. In Chile, Pinochet's partnership with the Chicago School and IFIs opened the door for South America to become a laboratory for core institutions to test theories of "technocratic management of [debt crises] in favor of the interests of international lenders" (Fischer 2009:331). Hegemonic processes in the world-system generally result in the appropriation of periphery nations' resources by core nations; however, antisystemic forces occasionally push back against this. In regards to water resources, some countries in South America have been able to avoid or reverse neoliberal policy and appropriation by core nations. The complex political and economic dynamics of South America at the turn of the millenium and the intertwining effects of world-systemic processes and their influence on local water policies make the continent during this period a vital case to be studied. Here I seek to analyze the elements of the political economy and of the privatization process that generate socio-structural barriers to the privatization of water systems.

In this paper, I investigate the political-economic contexts of urban water delivery

privatizations, and renationalizations and remunicipalizations, and the influence of crises, world-systemic forces, and nationalism on resource sovereignty. “Privatization” refers to the selling off of public assets to private owners, in regards to ownership of resources, infrastructure, or operations, through investment or direct control (Harvey 2003; Hall 2008). “Reversal of Privatization” — also referred to in terms of “Renationalizations” or “Remunicipalizations” — refers to the reversion to public sector ownership and operation following privatization, either in terms of central national control or local municipal control (Hall & Lobina 2007). A national crisis occurs during “a situation in which the restitutive mechanisms of the system are no longer functioning well and therefore the system will either be transformed fundamentally or disintegrate” (Wallerstein 1984:23); therefore, in this paper, “Crisis” is referring specifically to either a drastic debt crisis or a coup resulting in a political crisis, which would necessarily need a fundamental transformation of the national political-economic systems (Smith & Wiest 2012; Wallerstein 1984). I posit that crisis opens the door for IFIs to institute neoliberal reforms, and that nationalist sentiment is the primary mobilizing force of resistance against world-systemic forces.

This paper begins with a discussion of neoliberalism, privatization’s impacts on periphery nations, the hegemonic structure of the world system, and theories of nationalism. This is followed by a case study of Cochabamba, Bolivia which will trace the process of the local privatization and remunicipalization of water services; this case allows the previously discussed concepts to be dissected and placed into a causal pathway. Finally, I conduct a fuzzy set Qualitative Comparative Analysis extending from the Bolivian case to compare all South American nations. This analysis is divided into two steps: the first investigates the causal conditions that lead a country’s urban water delivery systems to be privatized or not; the second investigates the causal conditions of whether, following privatization, they become

renationalized or remunicipalized, or not. These results allow me to delineate a causal pathway tracing critical junctures that determine the outcome in the process of privatization and reversal.

NEOLIBERALISM, PRIVATIZATION, AND SHIFTING GLOBAL DYNAMICS

Neoliberalism describes a set of ideologies and policies which center around the liberalization of markets and the use of the state as a mechanism to commodify more aspects of life and to transform previously public assets into sources of profit and speculation. Additionally, in contrast with classical liberalism, neoliberalism repositions the corporation as the primary unit of economic activity and envisions marketization through top-down mechanisms (Mirowski & Van Horn 2009:162). The advent of neoliberalism as a driving force in global economics and policy follows the decline of the United States as the prime global hegemon (Smith & Wiest 2012; Wallerstein [1989] 2000). It signals a new stage in advanced capitalism, one in which declining rates of profit are countered by leveraging privileged access to resources and through an increasingly complex political and economic system (Harvey 2003; Sassen 2014).

The World Bank, IMF, and the “Washington Consensus” — the consensus among core institutions that the American and British models of neoliberalism are the answers to international development — are the primary vectors of the spread and transmission of neoliberal policy around the world (Barlow & Clarke 2002; Bauer 2004:4; Harvey 2005:93). They do this most commonly through debt restructuring packages in poor nations. In contrast to historical attempts at debt relief, such as those in Europe after World War II, modern debt relief packages are aimed more at “transformative discipline” than at “reincorporation into the capitalist world economy,” involving strict austerity policies that involve heavy corporate appropriation of public

assets (Sassen 2014:90; Harvey 2004).

Neoliberal ideology relies upon an idealistic market essentialist dogma, promoting the privatization of public assets under any circumstances in order to subject them to market forces. This is in part due to a belief that markets are the most efficient mechanisms for the distribution of resources (Friedman 1962; Hall 2008). Utilities markets, however, are “far removed from the competitive ‘environment’ that neoliberal pundits hail as the savior of ailing economies in the Third World” and are marred by inefficiencies and many times tend toward monopoly (Swyngedouw 2005:95; Littlechild 1988; Rouse 2009:142). Friedman (1962:28) argues that “when technical conditions make a monopoly the natural outcome of competitive market forces,” private monopolies are more favorable than public monopolies or public regulation; however, natural resource markets do not mirror ideal markets as envisioned by neoclassical economics, even those tending towards a technical monopoly, and rely upon a number of scarcity, governance, and rent mechanisms to which a near perfect market would not be subject. Neoliberal fetishization of privatization and an adherence to market essentialism dictate policy that requires an idealized and unrealistic economy, one that is not borne out in real world situations.

The privatization process and governance of resources still greatly involves government and an anti-democratic, highly politicized process. Both James Buchanan and Friedrich Hayek were explicit in the anti-democratic leanings of their neoliberal ideology. Buchanan argued in his paper “Limited or Unlimited Democracy” that “the only meaningful task of the government” is “to deprive the polity of its ability” to democratically oversee resources in order to “promote the most efficient allocation of scarce resources,” and Hayek believed that an authoritarian state was useful to push through neoliberal reforms in order to ensure rights that pertain to private property and markets (Fischer 2009:325-327). Contrary to common belief among neoliberals,

privatization many times leads to a broadening of the size of the State due to expansion of necessary regulatory frameworks (Littlechild 1988; Swyngedouw 2005:90). Privatization of water resources introduces managerial complications engendered from the divide between public consumption needs and private profit generation needs, making it increasingly difficult to synergize policies (Barlow & Clarke 2002; Hansmann & Kraakman 2000; Mikdashi 1976; Pint 1991; Sappington & Stiglitz 1987). Additionally, those managing water resources become no longer subject to public forms of accountability, such as elections, nor are they held to the same standards of transparency as public managers, opening up new avenues of kleptocratic corruption and exploitation of power dynamics (Hall & Lobina 2008; Mulas 2009; Rouse 2009; Swyngedouw 2005). The State encloses the market allowing the private partner companies to maintain a monopoly in a process which Swyngedouw refers to as “Stalinism of the market” (Swyngedouw 2005:89); capital becomes heavily centralized and is backed by the strength of the State to ensure the dominance of the monopoly, increasing rents and institutionalizing corruption (Harvey 2004; Swyngedouw 2005). The privatization process therefore hyper-politicizes the market, placing political economic benefits firmly in the hands of the shareholders. Through neoliberal reforms, profits are directed towards private owners, while risk is insured by the government and public money (Barlow & Clarke 2002; Pint 1991; Swyngedouw 2005). The dominance of neoliberalism constitutes a new era in which the dynamics of privatization and appropriation, along with economic oppression, have radically expanded beyond human scales (Sassen 2012). The era of neoliberalism has resulted in a “new wave of ‘enclosing the commons,’” resulting in market encroachment into previously untouched realms of social life (Barlow & Clarke 2002; Harvey 2004:75).

The enclosure of water markets by the State and the characteristics of infrastructure management drive these markets toward monopolization. Water management involves large

scale distribution, resource flows, and heavily fixed infrastructure. Water monopolies lead to increased prices because the burden of higher distribution costs can just be displaced onto the consumers (Beecher, Dreese, & Stanford 1995; Harvey 2010; Pint 1991). Scale makes innovative supply management and turnover of infrastructure more complicated, and, “as a result, public infrastructure often suffers from age, neglect, and lack of maintenance, especially in older urban areas” (Feldman 2012:103). This, paired with the displacement of maintenance costs to the consumer, disincentivizes the deployment of new technologies (Feldman 2012). At a global scale, economic crises lead to further consolidation of multinational firms, decreasing competition and increasing instances of exploitative practices. Global water delivery companies have merged rapidly, and currently, two companies (Suez and Veolia) control “about 70 percent of the global privatized water market” (Hall 1999; Swyngedouw 2005:94). These two companies have an extreme level of dominance in the market as a whole, giving them disproportionate control of the distribution and pricing of those resources. Additionally, many of the large water delivery companies operate as trusts and conspire for many global water management projects, exacerbating the effects of non-competition. They split profits on joint projects, or cooperate to divide geographical areas for monopolistic control to boost prices and profits (Hall 1999; Swyngedouw 2005:94-5). These partnerships destroy any aspects of a competitive market that would be left in the industry. Privatization has not resulted in introduction of competition to the market, and, in fact, removes the checks associated with democratic processes.

Chile under Augusto Pinochet, partnering with the IMF, was South America’s earliest adopter of neoliberal policy. Pinochet’s economists, named the “Chicago Boys,” were trained at the Chicago School by Milton Friedman, and Friedman himself went to Chile in 1974 to meet with Pinochet (Fischer 2009). The creators and propagators of neoliberalism, using Chile as their entry point, made South America their political laboratory to experiment with neoliberal policy

and economics. The case of Chile demonstrates clearly the disconnect between quality, cost, and privatization. Chile is the most commonly cited example of successful neoliberal reform; this success was often characterized as being due to efficiency, a “high level of professionalism, [and a] lack of corruption,” in the water delivery corporation (Baer 2014:159). Evidence shows, however, that the quality of Chile’s water system cannot be attributed to neoliberal economic policy. Despite the revision of Chile’s water code shortly after Pinochet came to power, the state maintained control of water companies for another two decades (Baer 2014:pg. 155). During the years prior to full privatization, the Chilean government invested heavily in restructuring the country’s water system, developing a “well-functioning system that had been carefully created, monitored, and funded” (Baer 2014:159). When the state finally started selling its water company shares in 1999, citizens “did not experience a sudden shift in quality or prices following privatization,” as Chile’s urban water service was already one of the most efficient in the region (Baer 2014:157-159). Therefore the mantra that marketization would result in a more efficient distribution of resources was unfounded. This dynamic will be further explored later in this paper through the quantitative analysis.

GLOBAL HEGEMONY, CRISIS, AND INTERNATIONAL INSTITUTIONS

The international structure of the world system is characterized by hegemonic processes in that it generates rents for those in the core derived from the exploitation of those in the periphery (Wallerstein [1974] 2000; Harvey 2003). The international hierarchy of the world system is caused by the unequal economic divides that have resulted from colonialism, the sequence of industrialization, and unequal distributions of natural resources, and has been reinforced by the currents of economic globalization and the policies of international economic and political institutions (Smith 2004:312). These divides construct an international division of

labor from which a transnational capitalist class can extract surplus value (Wallerstein [1974] 2000:99-102; Sklair 2000a; Robinson 2001). Within the political relationship that results from these structures, politicians in periphery nations are regularly forced to cede some of their state's sovereignty in order to receive support from core nations (Smith 2004:313). These cessions reduce local control over their countries' policy, resources, and economies, further fortifying global economic structures and driving wealth out of the periphery into the core.

Crisis is a common precedent to the push for neoliberal reform. In the case of Chile, neoliberalization was preceded by a successful right-wing coup, which was backed by international hegemonic institutions; other instances are preceded by debt crises, upon which IFIs capitalize to force neoliberal policies on periphery economies. Following recent economic shocks, increasing scarcity, and decreasing returns on capital, the transnational capitalist class has regularly attempted to privatize public assets in order to generate new sources from which to extract value and generate profit. The exponential increase in unsustainable resource use has caused "the growth of natural scarcity," which "is seen as a golden opportunity in which to further privatize the world's commons" (Foster, Clark, & York 2010:70). Harvey (2004:181-182) refers to the tactics states and firms engage in to push for total privatization of water resources as "accumulation by dispossession," defined by "periodic bouts of predatory devaluation of assets in one part of the world or another." This imperialist tactic allows the appropriation of periphery resources at low costs to the core. For example, "Structural Adjustment" programs mandate debt repayment, penalizing poorer nations with harsher regulations, driving governments to sell off large amounts of public assets. Economic slowdowns and crises are therefore fundamental to generating the climate for these reforms. They provide a narrative of fear surrounding the dangers of economic slowdown, environmental issues, and governmental inefficiencies, allowing hegemonic discourse to justify economic reforms that

favor the wealthy and reify transnational class structures (Sklair 2000b; Harvey 2010:11). Large multinational corporations and “open markets” are promoted as the answer to issues of supply and scarcity (Foster, Clark, & York 2010:70; Harvey 2010). These policies leverage crises in order to remove common ownership of water resources and turn them into sites of profit extraction.

A comparison of Chile and Paraguay demonstrate the complexity in defining a dramatic event specifically as a crisis. Although coups would normally be constitutive of a political crisis, in specific contexts this is not the case. During the latter half of the 20th century, both Chile and Paraguay had right-wing coups resulting in regime changes; however, the coup in Paraguay stands in stark contrast with that in Chile, providing a clear example of a coup that cannot be defined as political crises. Chile’s coup resulted in a massive overhaul to its water sector and full implementation of neoliberal reforms. Following the election Salvador Allende, a Marxist socialist candidate, Chile’s conservative military launched a coup, backed by the CIA and various IFIs, which installed General Augusto Pinochet as the “supreme commander of the nation” (Policzer 2009:56). Pinochet’s regime was marked by an extreme reversal of the nation’s previous policy; relying heavily on neoliberal theory and economists, Pinochet’s government crafted a new Constitution and Water Code, reversing land expropriations and liberalizing land and water rights (Bauer 2004). The coup in Chile heralded an abrupt break in continuity from the previous socialist regime, resulting in a political crisis, which economic elites capitalized on to halt land reforms and liberalize the nation’s water markets.

Paraguay’s coup, on the other hand, resulted in no changes to the nation’s water policies. Paraguay was under the authoritarian control of General Alfredo Stroessner beginning in 1954; however, during the 1980s, unrest built within Stroessner’s own Colorado Party due to rampant government corruption and Stroessner’s seeming disinterest in governing. Backed by “the

majority of the military, the US, the church, business sectors and the opposition,” General Andrés Rodríguez led an inter-party coup against Stroessner, deposing him after 35 years in power (Lambert 2000:382). Despite a superficial appearance of liberalization, including expansion of voting rights and the adoption of a new constitution, the coup was followed by military action to ensure a continuity of power under the Colorado Party. The broader State and power structures remained intact, along with the kleptocratic control by economic, military, and political elites over national resources, which, unlike in Chile, resulted in institutional continuity and a lack of political crisis. In other words, Chile’s coup resulted in a fundamental transformation of the national political economy, while Paraguay’s remained constant.

Crises represent moments of upheaval and uncertainty in the world system. Although crises are oftentimes exploited by core institutions to reinforce world-systemic hegemony, certain circumstances can result in crises having the opposite effect. In two countries, Argentina and Uruguay, economic crises resulted in the renationalization of water services in both countries; however, structural factors resulted in two very different mechanistic pathways towards these ends. After debt-relief packages were leveraged by the IMF and World Bank in order to decentralize Argentina’s national water system and instigate privatization of these services, Argentina became one of the earliest adopters of these reforms (Hall & Lobina 2002, 2007, 2008). Over the long timespan of these policies, multinationals took root and firmly embedded themselves within the Argentinian water markets. Markets were indexed to the US dollar in order to promote the involvement of multinational water corporations; when the Argentinian peso collapsed during the country’s economic crisis in the early 2000s, water markets became unstable and eventually led to the large-scale withdrawal of water multinationals from the country and the renationalization of water services. Ultimately, Argentina’s 2002 economic crisis combined with the structure of its water market to produce a large-scale exodus

of private water suppliers, resulting in a mixture of national, municipal, and private ownership that is unique among South American markets.

In the 1990s, the IMF provided loans to Uruguay under the conditional privatization of their water delivery systems, resulting in two relatively small concessions (Hall & Lobina 2002, 2007, 2008). Horrible implementation, excessive costs, poor quality, and hazards to public health, paired with dissatisfaction with the IMF's loan behavior, worries about corruption in the public utility, and concern for environmental and sustainability issues, prompted Uruguayans to begin a campaign for referendum to water policy. At the turn of the millenium, Uruguay was hit by a large scale financial crisis, causing poverty and social insecurity to spike. The crisis galvanized social movements and led to the election of a center-left government for the first time in the nation's history, as well as to sweeping reforms in social policy and public spending (Hall & Lobina 2007; International Monetary Fund 2015; Weinstein 2007; World Heritage Encyclopedia 2016). Directly following the election, a constitutional amendment was implemented that would declare water a human right and would renationalize Uruguay's previous concessions, forcing the water corporations out of the country and bringing water delivery systems under state control (Baer 2014; Hall & Lobina 2007, 2008).

Economic crisis was the primary initiator of the exodus of water corporations in both Argentina and Uruguay; however, these currents impacted water market dynamics from opposite directions: in Argentina from the top down through deep ties to the global economy, and in Uruguay from the bottom up through broad social upheaval. These cases demonstrate the differential effects and complex dynamics of crises and their influence on local water markets. Crisis may not necessarily result in hegemonic appropriation of national resources, but it represents an instability in the world system, resulting in the circumstantially dependent reallocation of resources. Additionally, Uruguay demonstrates that within periphery nations there

is possibility of local political resistance to world-systemic currents. Anti-imperialist national movements with broad support from lower strata can help to build a popular socialist state (Berberoglu 1999: 81). Uruguay was one of a number of South American nations that took part in a wave of socialist political movements on the continent, mobilized in resistance to world-systemic currents and neoliberal policy. This form of socialism centered itself around equality, sustainable development, and communal ownership of natural resources, and was therefore inherently opposed to adopting the types of reforms pushed by the propagators of neoliberal theory and policy (Foster, Clark, & York 2010). These socialist movements were also heavily tied to correlated nationalisms. The following section will discuss the dynamics of these nationalisms, their benefits, and their pitfalls.

NATIONALISMS IN THE WORLD SYSTEM

The international currents of neoliberal restructuring provide a context that can result in a nationalist backlash against the world system. As Jackie Smith (2004) writes:

“When national boundaries give way to transnational flows of goods and capital, and national governments relinquish some of their authority to international institutions and privatize state functions, what remains of our notions of citizenship and the protections that it implies?” (317).

Benedict Anderson ([1983] 2016:6) defines the nation as “an imagined political community — and imagined as both inherently limited and sovereign.” This sovereignty extends to multiple facets of the imaginary: laws, government, land, natural resources. Nationalist movements occur when groups organize to “establish new sovereignty rights” and to make demands toward “securing control of the distributive system in a society” (Hah & Martin 1975:362; Hunt & Benford 2004:668). Interaction with the hegemonic order of the world system produces qualitatively different nationalisms in the periphery as compared to the core. Whereas

nationalisms in core nations can be viewed as devoted to promoting hegemonic power and expelling “foreign” elements’ access to hegemonic rents, nationalisms in periphery nations are devoted to resistance to the world-system and to external hegemonic powers (Arrighi, Hopkins, & Wallerstein 1989; Wallerstein [1974] 2000:92; Wallerstein [1987] 2000:307).

Nationalism has become increasingly salient in post-colonial states as a response to imperialism and the continued effects of colonialism by core nations (Berberoglu 1999:78; Calhoun 1993:211). This may result in mass organization in order to articulate demands for rights, autonomy, and control of resources within the world-system (Arrighi, Hopkins, & Wallerstein 1989; Calhoun 1993:216; Hah & Martin 1975:362-363). Resource nationalism “encompasses efforts by resource-rich nations to shift political and economic control of their energy and mining sectors from foreign and private interests to domestic and state-controlled companies” (Bremmer & Johnston 2009:149). Resource nationalism is shown to occur in cycles; it occurs during periods of hegemonic decline and during moments of crisis, during which material processes are expanded (Bremmer & Johnston 2009; Kaup & Gellert 2017; Smith & Wiest 2012; Wallerstein [1984] 2000). During these periods, unrest and shifts in commodity markets cause periphery nations to vie for greater control over domestic production and over gains from national resources and whose form is “shaped by the strategies of hegemons and their challengers” (Kaup & Gellert 2017:275). Nations vying to become the next prime hegemon compete with the declining prime hegemon, who is attempting to maintain market dominance in the global economy, in order to gain privileged access to resources (Bunker & Ciccantell 2005). Kaup & Gellert (2017:296) describe the most recent cycle of resource nationalism as being “shaped by the intensive and corporate-national regime of accumulation deployed by the United States and emerging responses to neoliberalization,” and as a direct result of the decline of the United States as the prime hegemon and the widespread financialization of markets during this

period.

Local elites can capitalize on nationalist sentiment in order to generate social mobilization (Calhoun 1993). They are able to do this by applying resources, such as organizational infrastructure, human resources, and social, economic, and physical capital, to a mobilized public in order to push toward a desired social goal (Almeida 2014; McCarthy & Zald 1977; Edwards & McCarthy 2004; Lachmann 1990). These local elites many times become leaders in the social movements themselves, appropriating direct control over the direction of the movement (Morris & Staggenborg 2004). Elites' interests are defined by their social relations; their ability to pursue those interests are defined by patterns of resource availability, the range of accessible resources, the structures of society, and of the relations between elites therein (Edwards & McCarthy 2004; Lachmann 1990).

Although nationalist movements can result in the reassertion of local control over resources, they many times have negative consequences. This is due to the fact that even antisystemic nationalisms operate within internal national hierarchal structures and the hegemonic structure of the world-system (Arrighi, Hopkins, & Wallerstein 1989; Kaup & Gellert 2017). Reaction to international hierarchies can push nations to side with an aspiring hegemonic power, relinquishing control of resources through an oppositional partnership against other hegemonic states or institutions (Kaup & Gellert 2017). They can also have the effect of spreading reactionaryist or fundamentalist ideologies, or they can serve to reify national hierarchies. Nationalization of resources can be detrimental to the nation; it can harm relationships with foreign actors and “can deprive them of the foreign technology and expertise they need to expand, or even sustain, the output and revenue streams they need for long-term survival” of resource markets (Bremmer & Johnston 2009:152). Elites utilizing nationalist sentiment in order to centralize power over local resources can cause political or economic

destabilization (Bremmer & Johnston 2009). For example, Venezuela's nationalization of oil reserves led to an over-centralization of the control over resources and the state's over-reliance on income from oil; the country therefore opened itself up to deep crises caused by fluctuations in the price of oil in international commodity markets.

Integration of discrete groups into a singular national identity can be the result of wider social communication within the group, allowing broader solidarity between group members, or from a common positive attitude toward building the nation state, most likely as a result of the disruption of traditional social structures (Hah & Martin 1975). Those who do not share these attitudes or are not envisioned within the "imagined community" are therefore differentiated from the nation, instigating a heightening of group identification and a drive to control the system of distribution. Turmoil introduced by mass social change causes a redefining of the boundaries of the nation as well as demands towards sovereignty over resources and the distributive system. Technology allows for increased integration of groups into the nation through advances in communication and transportation, generating tighter social and economic connectivity. Media and propaganda are particularly influential in the development of national consciousness and the crafting of "nation-ness;" mass rapid distribution of media builds this national consciousness through collective consumption, the generation of a national vernacular, and the construction of "peoplehood" (Anderson [1983] 2016). Disparities within the context of technological advancement become more pronounced and cultural divisions become defined and increasingly salient (Hall 1998). These divisions cast a spotlight on the strata and inequalities produced within the world system, particularly in the context of periphery nations, making them relevant to the construction of the nation as it becomes further embedded into the world-system (Smith 2004). Social inequalities are themselves exacerbated by technological changes and incorporation into the global economy, causing those who lose out on social changes to reject the

system of distribution and to organize for change (Hah & Martin 1975:378).

Social changes due to technological advancement and incorporation into the world system operate within the class structure of the nation, more often providing a greater benefit to those in the upper strata (Hah & Martin 1975:373). Additionally, groups that are more highly disadvantaged within the social hierarchy also have fewer resources with which to organize and mobilize against world-systemic forces. Local elites with access to resources with which to mobilize are therefore vital to the instigation and success of anti-systemic social movements. “Conditions of inequality” may be “important sources of [the mobilization of] nationalism only to the extent that they cause value expectations to outpace value capabilities” (Hah & Martin 1975:380). Additionally, “the extent to which a group experiences relative deprivation is related to the level of [technological advancement and integration into the global economy, as well as] the degree of integration [into a national imaginary]” (Hah & Martin 1975:382). Therefore, nationalist consolidation may result from the appropriation of resources by foreign actors undermining the socially predicted reality of the nation’s imaginary future, cutting across intranational class divides, and prompting a reactionary movement vying for sovereignty over resources (Berberoglu 1999; Hah & Martin 1975:370). This can lead to a support of monopolistic control over resources and economies, either by state or corporate national actors, in order to bar foreign nationals from partaking in the system (Bremmer & Johnston 2009; Hah & Martin 1975:370). Nationalism causes members to act in opposition of international class interests in support of national ones (Berberoglu 1999). Conflict can provide “the basis for the consolidation of group identity,” prompting movements “for solidarity, rather than shared interests” (Fominaya 2010:395). Usually this results in the working class supporting the nation over their class interests; however, occasionally local elites support the nation over the transnational capitalist class. Periphery elites frequently partner with the transnational capitalist

class in order to cut deals which they believe will shore up personal wealth or power, or which hegemonic discourse dictates will be beneficial in some way; however, when perceived self-interests favor national solidarity over transnational class solidarity, economic elites are likely to choose a course of nationalism.

WATER WAR IN COCHABAMBA, BOLIVIA

Cochabamba, Bolivia contains one of the most turbulent and definitive movements against the privatization of water resources. This case provides a clear demonstration of how neoliberal privatization, global hegemony, and nationalism interact in the political economy of water resources. Following the privatization of Cochabamban water resources, a nationalist sentiment, derived from economic anxiety and traditional relationships to water resources, was fostered by local elites to instigate a massive popular mobilization. Elite rhetoric and actions defined the direction and success of the movement, pushing toward the eventual remunicipalization of water services.

The World Bank, in conjunction with the Bolivian government, leveraged an economic crisis to push for water sector reforms and privatization of water services. Beginning in 1996, the World Bank began “aggressively pushing” Bolivia towards privatization of their water sector (Baer 2008:291). They drafted an omnibus package of economic restructuring initiatives that were mandated as requirements for the provision of debt relief loans; among these initiatives was a push to place the maintenance and delivery of Bolivia’s water resources into the hands of private corporations. In 1999, Cochabamba’s water supply was sold “to the only bidder Aguas del Tunari, a subsidiary of the United States corporation, Bechtel” following rushed negotiations (Baer 2008:292). Additionally, the Bolivian government passed Law 2029, which represented the subsumption of these water resources from traditional leaders by the government and

international corporate elites. The law was passed “with little public knowledge, deliberation or public support... It outlawed traditional water practices, such as cooperative water systems and individual homeowners’ wells, and banned collection tanks used by many peasants to collect rainwater” (Baer 2008:292). Resources were therefore appropriated from locals and their water-gathering rituals were made illegal.

The lack of popular consultation by the government enraged a number of groups. Local experts in the fields of agriculture, engineering, and the environment were not a part of the privatization process and were not consulted by the government (Finnegan 2002); this disregard engendered a backlash from these groups. A number of key Bolivian engineers — Osvaldo Pareja, Gonzalo Maldonado, and Jorge Alvarado — were instrumental in the creation of the Committee for the Defense of Water and the Popular Economy. This committee served as an early leader in the resistance against water privatization. They warned that massive price hikes would result from the restructuring. This warning was met with pushback from government officials and others involved with the contract (Assies 2003:22).

When rate hikes went into effect following the transfer of resources to Aguas del Tunari, complaints started to pour in from locals who could no longer afford their water. In response, the Basic Sanitation Superintendent, Luis Uzin, in advance of a reelection campaign, downplayed the rate hike, stating that it would be reduced; however, “once the elections were over,... Uzin declared that he had been misinterpreted and that the rate hike would be implemented as foreseen” (Assies 2003:23). The deception by this government official served as a catalyst, igniting the opposition to the privatization. Groups that had previously supported the privatization began to turn on the government and Aguas del Tunari. A number of local elites began to voice their concerns about the rate hikes and the contract with Bechtel:

“The new president of the Civic Committee, Mauricio Barrientos, expressed

objections to the rate increase and doubts about the contract, and Germán Mercado, president of the Federación de Juntas Vecinales (Federation of Neighborhood Associations—FEJUVE), stated that the citizenry was not disposed to pay high rates for a service that it had yet to receive. Interim Mayor Néstor Villazón said the same, and Mayor-elect Reyes Villa joined in” (Assies 2003:23).

With the flood of the local elites, which included prominent members of, labor groups — such as Oscar Olivera from Fabriles, an industrial workers’ organization, and members of the Committee for the Defense of Water and the Popular Economy — civil groups, and the government, expressing their support for the opposition, the anti-privatization coalition started to organize more strongly. A number of previously disparate opposition groups started to come together, in addition to labor, civic, agricultural, and other social sector groups, to form the “Coordinadora por la Defensa del Agua y la Vida (Coordination for the Defense of Water and Life)” (Assies 2003:24, Baer 2008:293; Olivera & Lewis 2004). From that point forward, La Coordinadora would serve as the primary source of resistance.

Water bills started to reach the public in January 2000, the month after La Coordinadora’s first organized protest. Additionally, Aguas de Tunari seized traditional water accumulation and distribution systems from local individuals (Assies 2003:24). With the public’s first confrontation with the reality of the rate hikes, the opposition was further galvanized; more community and labor groups, as well as large amounts of regular consumers, joined La Coordinadora’s efforts (Baer 2008:294). La Coordinadora and the Civic Committee organized a general strike for January 11. Additionally Mayor Reyes Villa pushed FEJUVE to organize a large-scale march (Assies 2003:24). Streets were blockaded and masses of people filled the streets. The city was effectively shut down. Although the Civic Committee and irrigators’ trade unions had only shut down strategic roads, the protests snowballed, with spontaneous protests spiderwebbing throughout Cochabamba, resulting in the mass immobilization of the city (Assies 2003:24-25).

Through the next few months, “La Coordinadora organized [further] demonstrations and highway blockades that paralyzed most of the country” (Baer 2008:295). As a result, the government was pressured to review the contract that had been negotiated with Aguas del Tunari; however, La Coordinadora was still not satisfied with the government’s response, calling on them “to modify Law 2029 and to cancel the contract with Aguas del Tunari” (Baer 2008:295). As protests continued to rage, La Coordinadora worked to uncover the process that had led to the seizure of the water system. Their efforts “consistently exposed the policy negotiation process between the government and Aguas del Tunari as undemocratic and nontransparent” (Baer 2008:294). Because of this, the protests took on a new form; rather than just protesting the rate hikes, they began to focus on the structural issues that had resulted in the appropriation of their communal resources. These protests reached an apex in April of 2000:

“Over 100,000 citizens from Cochabamba and the surrounding areas participated in a general strike and multiple highway blockades across the nation, which led the government to declare martial law. Conflicts between protesters and police left dozens wounded, and one person dead. When it became clear that the protesters were too numerous and too angry to back down, Aguas del Tunari executives fled Cochabamba. Shortly after, the government revoked the contract with Aguas del Tunari.” (Baer 2008:295).

These final pushes by La Coordinadora led to the return of Cochabamba’s water system to the people. It “was returned to the public utility with a new board of directors that included Coordinadora representatives” (Baer 2008:295).

The elites in Cochabamba capitalized on a nationalist sentiment in order to ensure the success of the movement. In demonstration of this, nationalist language was heavily used in the communiqués put out by La Coordinadora (see Methodological Supplement, Section 3). In these communiqués, the organization makes frequent references to “the people,” to “unity,” and to “sovereignty.” They place themselves as the voice of the nation, and make claims towards localized, national sovereignty over water resources. Additionally, they attempt to enfold the

plurality of their constituents into the national body, referring to the diversity of occupations and identities of their supporters, and speak of autonomy and of ownership over their nation and its resources. When they speak of “our humble, simple and industrious working people,” “our” and “people” are specifically referring to fellow nationals, placing a specific symbolic barrier between those who are and those who are not members of the nation. The use of this language generates an imagined cohesing of the disparate groups of people in Cochabamban society, placing them in the context of a community and a “people,” and is clearly indicative of the building of a national consciousness to generate support from Cochabambans and to mobilize constituents (Anderson [1983] 2016).

The World Bank acts as a hegemonic international institution that promotes the interests of core nations and the transnational capitalist class (Smith 2004). This, along with the international nature many of the other parties involved in the privatization, was a primary source of the nationalist sentiment. A transnational firm descendent from a core nation appropriated Cochabamban resources and subsequently used them to extract profit. The Cochabambans viewed their wealth as being drained by foreign entities, and therefore saw a gap in their own and their national brethren’s attainable wealth, leading them to support the state’s monopolistic control over water resources. Local elites’ fostering of nationalist sentiment in Cochabamba should not be viewed as “selfless” and entirely pro-democratic, however; economic globalization causes increased competition within the transnational capitalist class, and made Cochabamba a battleground for conflict among international elites. Transnational flows of capital seeking to appropriate local resources erode the capacity for wealth of local elites and make notions of citizenship and the nation salient for these elites. Cochabamban engineers saw their control over the industry slipping to outside interests, business owners saw their costs rising, and political elites saw an opportunity to garner increased popular recognition and support

(Assies 2003; Baer 2004). The rejection of the market by local elites can be seen as a reaction to the weakening internal hierarchy of the nation by external international hegemonic processes, and, therefore, was a rational response in favor of local class solidarity over the transnational class (Perrault 2008:847).

A primary contention of the movement was the seizure of traditional water resources and the banning of customary practices; irrigators perceived this as a direct threat to their rights and productive capacity (Perrault 2008). Bolivia has a history of mobilization around indigenous and customary issues (Fabricant 2012; Hylton & Thomas 2004; John 2009). Therefore, when a number of deeply entrenched Bolivian customary water practices — rainwater collection basins, cooperative wells, and communal stewardship of canals — were disrupted and appropriated by privatization, the people of Cochabamba were primed for resistance (Baer 2008; Perreault 2008; Zimmerer 2015). The scale of the protests shows the “severity of water rights as social issue in Bolivia” and the vitality of locals’ traditional relationships with water for the strength of the movement (Perrault 2008:844). The local relation to water resources, both in terms of production and daily life, imbues it with high value to the local people. Bechtel’s inability to embed its appropriative processes within this relational system ensured that their gains in power were merely transitory, augmenting the sentiment that resulted in this popular response (Lachmann 1990:404). This disruption of the traditional social structures surrounding water drove the Cochabambans towards an imaginary of national solidarity and provided a key role in the generation of a nationalist movement.

Cochabamba represents a reaction to the world system and core nations’ exertion of their influence over periphery nations. The encroachment of neoliberal currents on the country of Bolivia resulted in a mass antisystemic social movement to dispel foreign powerful interests and reclaim local control over natural resources. The aftershocks of Cochabamba were felt past the

immediate community. New national laws were implemented providing protection of traditional practices for water, and mandating public involvement in the control and pricing of water resources (Baer 2004:295). Additionally, the water wars led to the formation of a nation-wide irrigators' association, and prompted water and other resource sovereignty campaigns across the country (Baer 2004:320; Olivera & Lewis: 2004; Perrault 2008:842). The organization of these social movements helped elect an indigenous socialist president, Evo Morales, who declared that water should be free for the people, and that control of resources would not be given to private companies (Foster, Clark, & York 2010:47). Despite these advancements, however, Bolivia's political restructuring was still embedded within hegemonic processes. Much of the promise felt from the election of Morales was unrealized. His administration overcentralized certain sectors of resource governance, particularly their hydrocarbon resources, opening up the nation to shocks from global commodity markets (Bremmer & Johnston 2009; Kaup & Gellert 2017; Zimmerer 2015); additionally many shifts in the shape of governance were reduced to simple changes in semantics (Fabricant 2012; Zimmerer 2015). He partnered with international corporations to continue many of the neoliberal practices of previous regimes and clamped down on resistance movements (Fabricant 2012). Despite these backward steps, however, gains were made in the passage of a new constitution in 2009, which instituted new rights for indigenous communities, customary practices, and access to water (Baer 2015; Fabricant 2012). The nationalist response to privatization in Cochabamba, filtered through the direction of local elites, eventually led to a relocalizing of the Cochabambans' relationship with their water.

EMPIRICAL ANALYSIS

The object of this study is to see whether the causal pathway delineated in the case of Cochabamba can be expanded and reproduced across South America. Here, I analyze the

political-economic contexts of urban water system privatizations and reversals of privatization — remunicipalizations and renationalizations — in South America. The issue of privatization of water resources became salient with the adoption of Chile’s Water Code in 1981. The privatizations of South American urban water delivery systems analyzed in this study begin in 1991 in Argentina and continue through 2005. The analyzed reversals of privatizations begin in 2000 and continue through 2006. The full list of years of privatization and reversals listed by country can be found in Table 1. Through this study, I hope to parse out the influence of crises, world-systemic forces, and nationalism on these processes, as well as to analyze the validity of neoliberal arguments in favor of privatization.

Table 1. Years of privatization and reversals

Country	Year of privatization	Year of reversals
Argentina	1991	2006
Bolivia	1996	2000/2004
Brazil	1995	-
Chile	1999	-
Colombia	1995	-
Ecuador	2000	-
Paraguay	-	-
Peru	2005	2005
Uruguay	1998	2004
Venezuela	2001	2003

Methods

The analyses in this study utilize fuzzy set Qualitative Comparative Analysis (fsQCA) (Ragin 2008). fsQCA studies provide cross-case comparative analyses of set-theoretic variables or conditions in medium-n studies, allowing the dissection of causal complexity in social processes. In fsQCA studies, the researcher gives each case a score for how fully said case is a

member of each set-theoretic condition. This score ranges from 0 to 1; 0 implies a negative case, or non-membership, and 1 implies a positive case, or full membership. These scores can then be used to evaluate complex causal conditions of social processes across these cases. fsQCA allows the researcher to determine which causal conditions are sufficient or necessary for an outcome. Causal conditions are necessary if they are “shared by cases with the same outcome” and are sufficient if “cases with the same causal conditions ... share the same outcome” (Ragin 2008:20). Data for these analyses were retrieved from Baer (2008, 2014), Bauer (2004), EPMAPS, Agua de Quito (2017), Hall (2010), Hall & Lobina (2002, 2007, 2008), Hall, Lobina, & Popov (2014), Laeven & Valencia (2012), Powell & Clayton (2011), WHO/UNICEF Joint Monitoring Program for Water Supply and Sanitation (2015), World Bank, Development Research Group (2016), and World Heritage Encyclopedia (2016) (raw data can be found in Section 1 of the Methodological Supplement).

In fsQCA studies, the presence of a causal condition in a causal combination is denoted with an uppercase letter, absence is denoted with a lowercase letter (for example, P = Privatization, p = No Privatization). Raw coverage and unique coverage describe the total ratio of the cases covered by the individual causal combination (raw) and the ratio covered by the individual solution, subtracting out areas of coverage that intersect with any of the other solutions (unique). Consistency describes the ratio of consistency with which a solution results in the coded outcome (full fsQCA readouts can be found in Section 2 of the Supplementary Index).

An fsQCA analysis gives three sets of solutions for the chosen outcome: Complex, Parsimonious, and Intermediate. The Complex Solution lists all causal combinations which result in the desired outcome while avoiding combinations that result in counterfactuals (negative cases); the Parsimonious Solution lists the simplest causal combinations which can result in the desired outcome by taking into account the counterfactual cases; and the Intermediate Solution

lists the causal combinations which result in the desired outcome while taking into account the researcher's assumptions about the presence or absence of certain causal conditions. The Parsimonious Solutions are therefore necessarily a subset of the Intermediate Solutions, which are a subset of the Complex Solutions.

Analysis 1: Privatization

The first pair of analyses had the outcomes of Privatization (P, score of 1) and Not Privatization (P, score of 0), respectively. Here, Privatization refers to the transfer of water delivery services in urban municipalities from public to private operators. The primary unit of this study is the country; therefore, differences between municipalities are accounted for within the fuzzy score given to each country. Additionally, mixed types of contracts complicate the given score. For example, Public-Private Partnerships and Build Operate Transfer (BOT) contracts receive lower scores than do full privatization; additionally, two municipalities in Brazil (Minas Gerais and Sao Paolo) listed their public water resources to be traded on a public stock exchange, accounting for a very small increase in Brazil's privatization score. These analyses utilize the following conditions: Political or Economic Crisis (C), International Financial Institution (B), Socialist Executive (S), and Water Coverage (W). Here, Crisis is defined specifically as a coup or debt crisis. A positive case indicates that a crisis precipitated privatization attempts. The condition International Financial Institutions alludes to multiple banks and financial institutions involved in these processes, including the World Bank, the Inter-American Development Bank, the International Monetary Fund, and, in one case in Peru, KfW. For this condition, a positive case implies that an IFI was directly involved in promoting privatization and stipulated said privatization as a requirement for debt relief. A positive case of the condition Socialist Government describes the presence of an executive belonging to a

socialist party during the privatization attempt. Water Coverage denotes the percent of the urban population using improved water resources piped onto their premises, using data provided by the WHO/UNICEF Joint Monitoring Program for Water Supply and Sanitation’s country reports. I calibrated the upper bound, implying full water coverage (score of 1), to be equal to 90% or greater coverage. I calibrated the lower bound (lack of water coverage, score of 0) to be equal to 60% coverage. C demonstrates world-systemic dynamics; B shows the hegemonic structure in the world system; S represents a firm local institutional barrier to privatization, as an explicitly socialist executive (even as compared to other left-oriented executives) would be stated as in direct opposition to privatization, and would be ideologically committed to some form of public control of resources; and W provides a control for the technocratic arguments put forth by the propagators of neoliberalism, investigating whether efficient distribution of resources is really a vital factor for privatization.

Table 2. Privatization fsQCA Data

Country	Privatization (P)	Crisis (C)	IFI Involvement (B)	Socialist Executive (S)	Water Coverage*	Water Coverage (W)
Argentina	1	1	1	0	0.95	1
Bolivia	1	1	1	0	0.85	0.80
Brazil	0.5	1	0	0	0.95	1
Chile	1	1	1	0	0.99	1
Colombia	0.1	1	1	0	0.97	1
Ecuador	0.5	1	1	0	0.81	0.64
Paraguay	0	0	0	0	0.77	0.48
Peru	0.1	0	1	0	0.83	1
Uruguay	0.2	1	1	0	0.95	1
Venezuela	0.1	1	1	1	0.89	0.96

* = Uncalibrated

Results. In the first analysis, I set a positive result of Privatization (P) as the outcome,

with Crisis, International Financial Institution, Socialist Executive, and Water Coverage (C, B, S, and W respectively) set as causal conditions (results in Table 3). The intermediate solution, which takes into account causal assumptions (that C and B are present and S and W are absent), and the parsimonious solution both resulted in the causal combination CBs. This solution has a raw and unique coverage of 0.844 and a consistency of 0.633.

In the second analysis, I set a result of No Privatization (p) as the outcome with the same set of causal conditions as the previous analysis (results in Table 3). For the intermediate solutions, the assumptions were coded such that C and B are absent and S and W are present. This resulted in causal combinations of cb, cW, and SW. Next, c and S were evaluated as sufficient conditions (subsets) of p. S was a sufficient condition with a consistency of 0.900 and a coverage of 0.164. c was a sufficient condition with a consistency of 0.959 and a coverage of 0.345.

Table 3. Privatization Results (numbers in parentheses denote raw coverage, consistency)

Outcome	Complex Solutions	Parsimonious Solutions	(Assumption) Intermediate Solutions
P	CBsW (0.80, 0.662)	CBs (0.844, 0.633)	(CBsw) CBs (0.844, 0.633)
p	cbsw (0.0945, 1) cBsW (0.164, 0.90) CBSW (0.164, 0.938)	c (0.345, 0.95) S (0.164, 0.9)	(cbSW) cb (0.182, 1) cW (0.251, 0.932) SW (0.164, 0.938)

Analysis 2: Reversal (Renationalization or Remunicipalization)

The second pair of analyses had Reversal (or, Renationalization/Remunicipalization, R, Score of 1) and No Reversal (No Renationalization/Remunicipalization, R, Score of 0) as their respective outcomes. Cases which did not have a sufficient level of privatization were not relevant to these analyses. All cases that had a score for P less than 0.2 were removed before

running the analyses, eliminating four cases from this data set: Colombia, Paraguay, Peru, and Venezuela. Two causal conditions were used in these analyses: Inequality (I) and International Corporation (M). Inequality is derived from the World Bank’s calculated yearly Gini Coefficient scores. I calibrated full Inequality (score of 1) to be equal to a Gini score of 0.6, which is the average inequality of the entire world. I calibrated the lower bound (full equality, score of 0) to be a Gini score of 0.4. For countries that did not have positive cases for Reversal, data were averaged values of all available data points from years following privatization until 2010. A positive case for International Corporation implies that the corporation operating water delivery is based internationally, while a negative case implies that it is local. Differences between municipalities are accounted for within calculation of the fuzzy score. These conditions describe how class and nationalism are linked to and influence mobilization for control of resources.

Table 4. Reversal fsQCA Data

Country	Reversal (R)	International		
		Corp. (M)	Inequality*	Inequality (I)
Argentina	0.8	0.5	0.48	0.40
Bolivia	1	1	0.59	0.95
Brazil	0	0.2	0.57	0.87
Chile	0	0.2	0.53	0.67
Ecuador	0	1	0.52	0.62
Uruguay	1	1	0.47	0.35

* = Uncalibrated

Results. I set a positive result of Reversal (R) as the outcome in the third analysis, with International Corporation and Inequality (M and I respectively) set as causal conditions (results in Table 5). For the intermediate solution M and I were both assumed to be present. This resulted in an intermediate solution of M with a coverage of 0.893 and a consistency of 0.641 (identical to the parsimonious and complex solutions).

For the final analysis, I set a result of No Reversal (r) as the outcome with the same causal conditions as the previous analysis (results in Table 5). For the intermediate solution both M and I were assumed to be absent. This resulted in an intermediate solution of m with a coverage of 0.563 and a consistency of 0.857.

Table 5. Reversal Results (numbers in parentheses denote raw coverage, consistency)

Outcome	Complex Solutions	Parsimonious Solutions	(Assumption) Intermediate Solutions
R	M (0.893, 0.641)	M (0.893, 0.641)	(MI) M (0.893, 0.641)
r	mI (0.522, 0.893)	m (0.563, 0.857)	(mi) m (0.563, 0.857)

Analysis

The results for the outcomes of Privatization (P) and No Privatization (p) provide strong evidence for the World-Systems perspective on the international political economy of water resources. The causal combination of a Crisis, the influence of an International Financial Institution, and a lack of a Socialist Executive (CBs) result in Privatization. This solution has a high amount of coverage (0.844), but a relatively low amount of consistency (0.633), implying that this combination may be necessary, but not sufficient, to result in Privatization. This provides a clear link between IFIs' use of political and economic crises to privatize public resources, and the success of these attempts being linked to the political party in power in the target country (Harvey 2003).

In the analysis of No Privatization, lack of Crisis (c) and Socialist Executive (S) both are shown to have modest coverage (0.345 and 0.164 respectively), but high consistency (0.95 and 0.9 respectively). This shows that these individual conditions are sufficient, but not necessary, conditions of No Privatization. The presence of either of these causal conditions is therefore

strongly linked to an outcome of No Privatization. These results strongly support the primacy of crisis events in the process of privatization, and the impact of local politics on resisting these currents. Water Coverage (W) is present in the complex solution for P, indicating that high water coverage is linked to Privatization. This betrays technocratic neoliberal theory that these positive cases are due to poor management by public sources and that markets are necessary for efficient distribution of resources (Friedman 1962; Hall 2008). Two intermediate solutions for p contain W as a causal condition (cW and SW); however, these do not add much consistency or coverage above the parsimonious solutions (c and S). Additionally, w is a causal condition in one of the complex solutions for p. Water Coverage's confused conditionality and its small effect on any solutions for No Privatization definitively indicate that lack of coverage is not a causal condition of Privatization.

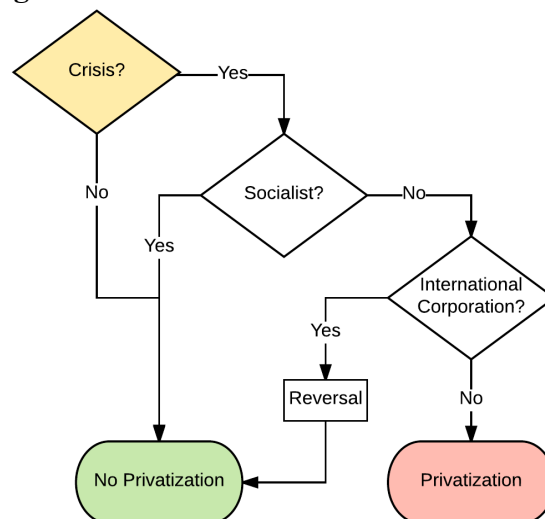
The results of the analysis of Reversal (R) indicate that the transfer of water resources to International Corporations (M) is the primary factor leading to outcome R. M has a high rate of coverage (0.893), but a relatively low rate of consistency (0.641). The international nature of the corporation is therefore a necessary, but not sufficient, condition of Reversal. The results for No Reversal (r) show that lack of an International Corporation (m) has a high consistency as the causal condition for outcome r (0.857), indicating that m is a sufficient condition for No Reversal. These results validate the theory that nationalism in regards to sovereignty over resources is a primary mobilizing factor behind reversals of privatization of water resources (Bremmer & Johnston 2009; Kaup & Gellert 2017).

Conversely, Inequality (I) is not a strong indicator of Reversal (R). Inequality is not present in any solutions for R; additionally, Inequality is present in the complex solution for r, providing evidence in direct opposition to this theory (although its effect is small). These results indicate that high inequality is not necessarily a primary factor in mobilization towards

reclamation of resources, including during nationalist movements. This suggests that the backlash against privatized water resources is not due to internal inequality, but rather due to an external appropriation of national resources. This perhaps conflicts with theories of mobilization centered around class solidarity, and points to nationalism's ability to cut across intranational class divides to galvanize social mobilization (Gould 1995; Olivera & Lewis 2004).

These results taken in concert show a causal pathway or sequence of events that culminate in water resources being in either public or private hands. Figure 1 provides a visual demonstration of this process. The instigating event of this sequence is the presence or absence of a crisis. If a crisis does not occur, water resources will remain public. If a crisis does occur, the country is led to a critical juncture. Here the determinative factor is whether the government is headed by a socialist executive. If a socialist executive is in power, water resources remain public; if not, International Financial Institutions use the opportunity to push countries to relieve their water resources to private corporations. Here is the final critical juncture, whether the corporation is international or local. If the corporation is international, a nationalist backlash may be initiated, leading to a renationalization or remunicipalization of water resources. If the corporation is local, no nationalist backlash will occur and the resources will remain private.

Figure 1. Water Privatization Causal Pathway



CONCLUSION

This paper examined the political economic and socio-structural factors that result in different outcomes of water privatization, specifically in South America. International Financial Institutions' campaigns for restructuring of water economies have largely not produced the expected outcomes; Chile, for example, the country most often lauded and pointed to as a model for neoliberal reform, had invested heavily in water services and expanded coverage to most of its urban population prior to privatization, accounting for their positive results, and Bolivia's privatizations resulted in massive price hikes and water access cutoffs (Baer 2008; Baer 2014). Despite this, neoliberal policies continue to be pushed by IFIs; however, there is a complex web of socio-structural factors in the world system that determine how shocks to a nation's social, political, and economic systems are expressed and which causal pathway will be taken in the process of the appropriation of resources. The mass mobilization against the appropriation of water resources in Cochabamba, Bolivia's outlines a causal pathway of resistance to international financial institutions and hegemonic processes; the disruption of traditional social structures from forced neoliberal policy, following a national crisis, generated a nationalist sentiment that was fostered by local elites in order to regain control over resources. The quantitative analysis extended this process to the rest of South America in order to investigate whether this causal pathway holds true throughout the region. This study confirms that the presence of crises and the state of local politics dictated the IFIs' success in the privatization of water resources in South America. Following privatization, the nationality of the contracted water corporation becomes salient. If the corporation is international, a nationalist response to privatization may result in renationalization or remunicipalization of resources. These results show the IFIs' opportunistic utilization of crises to push their agendas, as well as the failure of neoliberal policy. Additionally, they indicate that class solidarity is not necessarily effective in

social mobilization, and that deep attachment to the imagined community of the nation is a much more potent mobilizer (Gould 1995; Olivera & Lewis 2004).

This study helps to trace the feedback pathways which result in different outcomes of water privatization; however, part of what remains to be addressed is how these processes differ in core nations. How is nationalism involved in movements towards resource sovereignty in core nations, and in which forms does it take shape? Does crisis play as major of a role in determination of resource ownership? How do the roles of ethnic minorities in core nations differ from those in the periphery? How do differential internal and external power structures affect resource ownership outcomes, and how does more dominant placement within the hegemonic structure of the world system influence these results? Additionally, this study focused on South America specifically; do these processes differ regionally, even within the periphery? Further research along these lines could help provide a broader understanding of the interactions of resource sovereignty, nationalism, and world-systemic hegemony.

Currents of globalization are more tightly binding local economies to the world system, necessitating a reimagining of the political economy of the world and a better understanding of the interaction of global social systems. Thomas Piketty (2014:573) writes that “only regional political integration can lead to effective regulation of the globalized patrimonial capitalism of the twenty-first century.” As the global economy increases in complexity and brutality it becomes increasingly difficult and vital for people to organize to fight for their rights and their freedoms (Arrighi, Hopkins, & Wallerstein 1989; Sassen 2014; Smith & Wiest 2012). This study demonstrates how localized undercurrents and political mobilization serve as the primary defense against world-systemic hegemony and the appropriation of resources. This study adds to the literature demonstrating that nationalism is an effectively galvanizing mobilization tactic, and suggests Left social and political leaders in periphery nations could use nationalist sentiment to

drive anti-hegemonic economic and political shifts. Popular mobilization around common social interests can drive more favorable economic restructuring for lower social strata and for periphery nations as a whole, and can ultimately disrupt the broader hegemonic currents of the world system.

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