

A map of South America with Brazil highlighted in yellow. The map shows the outlines of neighboring countries: Venezuela, Colombia, Suriname, Guayana Francesa, Guayana, Chile, Argentina, Uruguay, and Bolívia. Major cities in Brazil are labeled, including Belem, Fortaleza, Brasília, Belo Horizonte, Vitória, Rio de Janeiro, São Paulo, Santos, Corumba, and Porto Alegre. A scale bar at the bottom right indicates distances in kilometers (0, 300, 600) and miles (0, 300, 600).

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**DISTINCTION BETWEEN PRIVATIZATION OF
SERVICES AND COMMODIFICATION OF GOODS:
THE CASE OF THE WATER SUPPLY IN PORTO
ALEGRE**

Introduction

- In the last two decades, many water provision were privatized, specially in the South. In this context, processes of **social struggles** emerged, and many have achieved to re-nationalize the services.
- The ‘water war’, in Cochabamba, Bolivia, became a symbol of the discourse of **water as a common**, instead of an economic good (as stated in the Dublin Principles).
- DMAE, in Porto Alegre, is another symbol against privatization: it is a public service with quality and social control (MALTZ, 2007; VIERO, 2004)

Introduction

- Publications on this issue (water as a common good) have shown two shortcomings:
 1. **Superficial analysis:** focus on the failures of the private companies. Fails to consider deepest mechanism of the capitalist system that are on the origin of the privatizing process.
 2. **Utopic analysis:** attempts to find solutions to equality in the distribution of water through discursive struggles, awareness and diplomacy, advocating the promotion of policies and social contracts between governs and companies: proved to be utopist.

Introduction

- My PhD project: to develop a theoretical approach capable of articulating different appearances of water phenomena, considering the ways by which they are part of capital accumulation processes; to indicate theoretical contributions to the development of the concept of water as a common good.

While commodification, in one hand, refers to turning water from a public good into a marketable commodity subject to principles governing a market economy (regardless of nature of the ownership of both water and the water companies), privatization refers to changing ownership of water infrastructure and/or to the private management of water services. (SWYNGEDOUW et al., 2003, p. 129).

- This paper develops this specific argument, reflecting on the case of the city of Porto Alegre.

Argument

- The structuring of the water supply in Porto Alegre, considering the loans of institutions from the North, shows that there is a process of commodification of water even if the institution remains as a public property.

Material and methods

- Epistemological paradigm: dialectical materialism (Marxism). To understand ‘the world contradictory structures and relationships’ (LEFEBVRE, 2009).
- Qualitative case study.
- Secondary data: scientific publications, articles in newspapers and magazines, institutional documents and information available on the Internet.
- Primary data: official documents dating back to the historical moment of the creation of the DMAE, as the minutes and drafts of laws.

Results and discussions

- The structuring of the water supply in Porto Alegre had three key moments:

First moment, 1928: construction of the Moinhos de Vento Plant. The necessary amount was loaned by the U.S. Londeburg Thelmann & Co.: hydrometers were used for the first time and the users would be charged for excess of water consumed.

Results and discussions

Second moment, 1961: creation of an autarchy (DMAE) and loan by Interamerican Development Bank (IDB) in order to improve and expand the services. The conditionalities were:

- to take the necessary measures to produce enough revenue to cover at least the costs of operating and maintaining these systems;
- to establish an adequate system of administration and accounting;
- to install hydrometers so that by 1967, 80% of water was to be measured;
- to hire a high-level consultancy for the preparation of a reorganization plan in Porto Alegre, to be approved by the IDB.

Results and discussions

Third moment, 2002: increasing in the sewage capacity, funded by the Brazilian Government and the IDB. Tariff and accountability systems were redesigned.

- Water supply and sewage have, besides a utility function required by a booming city, an exchange function, by which water would be transformed into a mean of payment of loans. Besides the use-value, water and sewage have an exchange-value.

Results and discussions

- The **use-values** are the qualitative aspects of something, that make it useful for some purpose. "Use values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth" (MARX, 1999).
- **Exchange value**, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place (MARX, 1993).

Conclusion/contradiction

- The main contradiction to be overcome lies in the different ways in which water can be appropriated.
- Porto Alegre's water and sewage services are a model of public services, and a symbol in the struggle against the privatization of water supply.
- At the same time, the very establishment of this public service was made through a process of commodification of water, which is a different way by which water can be appropriated.