

**Even Flow:  
Water Privatization and the Mobilization of Power  
in the Philippines**

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A thesis submitted to the Department of Government of the London  
School of Economics and Political Science for the degree of Doctor of  
Philosophy, London, 2013

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## **ABSTRACT**

This thesis investigates the politics of privatization and contentious collective action in the water sector in the Philippines. It examines the complex interplay of diverse forces in the everyday politics of water in Metropolitan Manila with a particular emphasis on organized urban poor communities and non-governmental organizations. The thesis illustrates how these groups engage with regulatory agencies, multilateral institutions, transnational corporations, informal water vendors, and local machine politicians to play key roles in shaping the regulation of water provision in the developing world. Thus, to understand the material realities and lived experiences of the urban poor in cities like Metro Manila, close attention must be paid to patterns of contestation, competition, and collaboration among a diverse array of actors, across local, national, and international levels of analysis. Using Karl Polanyi's insights on the socio-political consequences of market extension as a point of departure, I show that although water privatization and social resistance can be understood in terms of a 'double movement', Polanyi's framework is insufficient for more detailed analysis. Hence, I develop new analytical tools to examine the nature of water privatization-related mobilization in the Philippines. Examining the micro-politics of the urban poor in their collective action for water at the local level, I argue that privatization has engendered countervailing power in the water sector that is neither fully transgressive nor completely contained, and steeped in local and historical legacies of radical resistance in the Philippines. At the policy level, I show how NGOs and local community groups undertake what I term "regulatory mobilization" to influence the new rules of the service delivery game, as well as to deliver much-needed basic services to urban poor communities. Depending on how local and sectoral politics are conflated, such regulatory mobilization may sometimes not only result in obtaining subsistence goods, but may also occasionally project countervailing power in the policy sector, and influence formal regulatory frameworks in surprising ways.

*To my parents*

## ACKNOWLEDGEMENTS

I am grateful to the following people: Haleh Afshar, Keith Alderman, Syed Muhd Khairudin Aljunied, Verania Andria, Haswinar Arifin, Gergely Baics, Jacqui Baker Naomi Beck, Michael Buehler, Lomel Buena, Guy Burton, Alex Callinicos, Bing Camacho, Neil Carter, John Chalcraft, Eka Chandra, Nai Yun Chng, Gladstone Cuarteros, Farimah Daftary, Shikeb Farooqui, David Howell, Donatella Della Porta, Jude Esguerra, Mervin Espina, Linda Gilroy, Daniel Haydon, Alexander Hemker, Laura Hering, Alexia Katsanidou, Daniel Large, Eunice Lau, Adrian Leftwich, Raphael Levy, Lim Thian Seng, Johnson Loo, Frances Lo, Braema Mathi, Petr Matous, Sean McMahon, Susan Mendus, Jessica Metcalf, Leo Metcalf, Bronwen Morgan, Roxanne Ong, Francisco Panizza, Athena Peralta, Kristine Quiray, Suneeta Raman, Vinita Mohan Ramani, Malini Ranganathan, Joel Rocamora, Risiandi Daniel Rumito, Isono Sadoko, Jago Salmon, Liliana Salvador, Angus Stewart, Shzr Ee Tan, Sidney Tarrow, Erik Villanueva, Markus Wagner, Agus Wandu, Nurul Widyaningrum, Edwina Yeow.

I also acknowledge the assistance of the following institutions: The Government Department at the London School of Economics and Political Science, the Institute for Popular Democracy, the Max Weber Programme at the European University Institute, the Politics Department at the University of York, the Tan Kah Kee Foundation, Transient Workers Count too (TWC2), The University of London, WaterAid, Yayasan Akatiga.

Special thanks to the communities of Sitio Imelda and Bagong Silang, and ‘The Left’ in the Philippines. To John Sidel, my supervisor, thank you for your mentorship.

Katie Hampson, my wife, thank you for your love, and for believing in me. Jack and Charlie, our children, thank you for the sleepless nights and sheer joy you have both brought into our lives.

Finally, this thesis is dedicated to my parents. Thank you, ma, pa. 我终于写完了啦!

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## **GLOSSARY**

ADB – Asian Development Bank

AER – Action for Economic Research

APL – Alliance of Progressive Labor

AWCP – Associative Water Center Philippines

BOT – Build-Operate-Transfer

BAYAN – Bagong Alyansang Makabayan (New Patriotic Alliance)

BAWS – Bagong Silang Water System

BWSA – Barangay Water system Association

BT – Bayan Tubig

CA – Concession Agreement

CEC – Center for Environmental Concerns

CIBAC – Citizens’ Battle Against Corruption

COP – Committee on Privatization

CPC – Certificate of Public Convenience

CPE – Center for Popular Empowerment

COURAGE – Confederation for Unity, Recognition and Advancement of Government Employees

CPP – Communist Party of the Philippines

DAEP – Depressed Area Electrification Program

DFID – Department for International Development

DVWC – Dream Village Water Community

FDC – Freedom from Debt Coalition

FEBICO – Federation of Binangonan Cooperatives

FOCUS – Focus on the Global South-Philippines

GOCC – Government-Owned and Controlled Corporation

IFC – International Finance Corporation

IWSM – Interim Water System Management

KKMK-MWSS – Kaisahan at Kapatiran ng mga Manggagawa at Kawani sa MWSS (Unity and Brotherhood of Workers and Employees of MWSS)

KMU – Kisulang Mayo Uno

KPNE – Kalikasan People’s Network for the Environment

LGU – Local Government Unit

LUSRAI MPC – Lungsod Silangan Resettlers’ Association, Inc. Multipurpose Cooperative

MERALCO – Manila Electric Rail and Light Company

MEU – MWSS Employees Union

MFI – Multilateral Financial Institution

MWCI – Manila Water Company Inc.

MWSI – Maynilad Water Services, Inc.

MWSS – Metropolitan Waterworks and Sewerage System

MWSS-RO – Metropolitan Waterworks and Sewerage System-Regulatory Office

NAWASA – National Waterworks and Sewerage Authority

NGO – Non-Governmental Organization

NPA – New People's Army

NRW – Non-Revenue Water

NWRB – National Water Resources Board

PATTAK – Progresibong Alyansa ng mga Tagatangkilik ng Tubig sa Kamaynilaan (Progressive Alliance of Metro Manila Water Consumers)

PCIJ – Philippine Center for Investigative Journalism

PEF – Peace Equity Foundation

PKP – Partido Komunista ng Pilipinas

PnB – Partido ng Bayan

PO – People’s Organization

SSWP – Small-Scale Water Provider

SSIP – Small-Scale Independent Provider

TNC – Transnational Corporation

TPSB – Tubig Para Sa Barangay

USAID – United States Agency for International Development

WD – Water District

WPN – Water for the People Network

ZOTO – Zone One Tondo Organization

## 1 WATER PRIVATIZATION AND THE MOBILIZATION OF POWER

It was nearly midnight when the motley crew of engineers from the private water utility, residents of Sitio Imelda, curious onlookers and hangers-on gathered in the narrow and dank corridor leading from the entrance to one of the ‘waterless’ communities in Taguig City in southeastern Metro Manila.<sup>1</sup> Perspiring profusely in the small width of the corridor that measured barely a metre, just inches away from the entrances of two residences, they worked under torchlight in sustained silence. As they connected the mother-meter to the secondary pipes, Ruth and her compatriots formed a cramped circle around the engineers.<sup>2</sup> Holding hands, Ruth led them in a whispered prayer:

Guide us oh Lord, for the installation of the bulk-metre. Protect us from danger, especially from the municipality. We hope that this water will serve the community and prove to the people that our desire for clean and cheap water can be fulfilled. This is the end of our long wait for NAWASA.<sup>3</sup>

The next morning on 2 January 2004, Manila Water Company, Incorporated (MWCI) treated and distributed water from Angat Dam in the community-installed water pipes of Sitio Imelda for the first time in the neighbourhood’s history. MWCI is owned by one of the richest and most powerful families in the Philippines. Almost ten years after privatization, the private water utility serving the east zone concession still needed the help of the organized urban poor like Ruth’s ‘people’s organization’ in Taguig to provide water in the service area. For MWCI, this helped the utility to meet its concession service obligations and expand its market. The utility also claimed that this was part of its community programme for the urban poor. For Ruth’s organization and many others, it was more than just business and basic subsistence. It was a stand against local politicians, and a matter of community and individual pride.

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<sup>1</sup> According to the Philippine National Economic and Development Authority (National Economic Development Authority 2005), there were 212 ‘waterless areas’ in the Philippines, 30 of which were located in the city of Taguig in Metro Manila.

<sup>2</sup> The names of some individuals, organizations and places have been changed.

<sup>3</sup> Ruth, interview with author, 11 April 2007. ‘NAWASA’ is the colloquial term for piped water from the public water utility (previously known as the National Waterworks and Sewerage Authority).

Some of the money earned from delivering water to customers, who were their neighbours and friends, went back into the community in Sitio Imelda. Footbridges and pavements were built; roads and other public infrastructure were improved. Loans were made to poor customers who could not afford to provide decent funerals for their loved ones. When Christmas came, all customers of Ruth's people's organization received a little extra 'pocket money' for shopping. When there were leaks in the pipes, customers notified the people's organization. When tariff payment went into arrears, officers in the organization paid house visits to discuss the financial difficulties of their customers, and arrange for alternative payment schedules. It was an arrangement that worked well. Little did they know that they would stand accused of being syndicates and be threatened with closure by the Taguig local government and MWCI within three years.

The reaction of the waterless urban poor communities in Bagong Barrio in Caloocan City in northwestern Metro Manila to water privatization was a study in contrast. Unlike Sitio Imelda in the east zone, Bagong Barrio is in the service area of Maynilad Water Services, Incorporated (MWSI), the west zone concessionaire. Like Sitio Imelda, Bagong Barrio is also a waterless, urban poor area. On 22 November 2005, a network of local groups in Bagong Barrio affected by acute water shortages organized a protest march to the local office of MWSI. Demanding that MWSI fulfil its services obligations as stipulated in the same Concession Agreement which MWSI was also a signatory to, the groups denounced the prospect of 'another dry Christmas'. Two days later, water began to flow once again in the Maynilad pipes. Just like in Sitio Imelda, however, collective action by the local community was only a temporary solution. In a statement issued by a national network of campaigners, Water for the People Network (WPN), they proclaimed: 'The long-term solution is people's control' (Mortel-Baricaua 2006). Water privatization has provided the opportunity for Sitio Imelda, Bagong Silang, and other waterless areas in Metro Manila to mobilize around access to water, and take their grievances directly to the water utilities and, sometimes, the regulators. This could not have happened in the past. However, they also needed help.

Recognizing that gains by community mobilization through protests or more conventional engagements were likely to be short-lived and vulnerable to local politics without fundamental reform in the water sector itself, the newly-formed NGO network, the Associative Water Center Philippines (AWCP) declared in a founding document:

We define the associative economy as that section of the economy carried out by self help groups, cooperatives, and other membership organizations. In the case of water provision, the forms of organizations can vary from informal self-help groups, people's organizations (Taguig POs) to large water utilities owned by the consumer themselves (Sibonga in Cebu).

The common feature that distinguishes the organizations in the associative sector is that ownership and control of the water service rest with the consumers or users of the service in their capacity as users and consumers.

As users, they may capitalize the service fully on their own, contract financing to fully pay for the capital costs, or rent capital. They may also collectively perform the service of water provision on their own or contract a full time salaried staff or wage workers. They may own and/or operate their own water source or contract supply contract [sic] with water resource developers and/or suppliers. Aside from being consumers, they may also be equity contributors, workers (or volunteers), or suppliers. However, an associative water system is where consumers of water control and own the service in their capacity as consumers (Institute for Popular Democracy 2007).

In proposing both normative and practical, economic and political alternatives in a country that had already seen over a decade of water privatization, AWCP offered one of numerous challenges now witnessed all over the world, to water privatization. Not all challenges have offered alternatives.

Other organizations and local groups have continued to mobilize against water privatization in a more conventional manner. Close to the ten-year anniversary of water privatization in Metro Manila, a network of NGOs (the Freedom from Debt Coalition) held a public forum.<sup>4</sup> In attendance were minority legislators, numerous NGOs and civil society groups, and representatives from the water regulators. Even as some became business partners with the water

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<sup>4</sup> 'Shaping people's agenda towards a legislative action on water services', organized by the Freedom from Debt Coalition at the Philippine House of Representatives, Batasang Pambansa Complex, Quezon City, Metro Manila, 30 August 2007.

concessionaires, and others were proposing radical alternatives, there were some who were still urging legislators to ‘drop water privatization’ in a press conference that would ultimately have very limited impact on the Philippine House of Representatives and the wider public. Such ‘protests’ in Metro Manila have continued since privatization. They have been relatively small-scale, largely peaceful, and even perfunctory, going by the Philippines’ own standards of ‘people power’ spectacles in the past.

What is the significance of Ruth’s water people’s organization in Taguig City, protest groups in Caloocan City, and the NGOs in Metro Manila? All of them represent some kind of society’s collective response to the privatization of the water sector in Metro Manila. However, there appeared to be a distinction between the collective action of these groups and that of other groups. While some groups did not regularly involve local communities in their mobilization, other groups that did so involved communities from outside Metro Manila. Frequently, these community groups appeared to be mobilized for other issues. Even where community groups were involved, there was often a ‘gap’ between the issues advocated by these NGOs, and those facing the communities. For the latter, these were issues that were unique to local contexts like access to water by specific communities, while issues raised by the former were usually general to the urban water sector as a whole.

Furthermore, while it was relatively straightforward to categorize the mobilizations of two groups at opposite ends of the spectrum of claim-making activity (either disruptive or contained), much of the collective action in fact was located somewhere in the middle range of the spectrum. ‘Disruptive’ protests that appeared to challenge and undermine power rarely went beyond the rhetorical and symbolic demonstrations of ‘people power.’ Demands articulated to the regulators and water utilities came to resemble reform proposals to improve water privatization rather than demands for its demise. Conversely, what appeared to be ‘contained’ mobilization of communities working with the private utilities was in reality more complex. At first glance, they provided surprising examples of successful ‘private-public partnerships’ in the context of privatization. Yet they were also quickly regarded as ‘profiteering syndicates’ by some. They also

revealed the disruptive potential of organized urban poor groups involved in water service delivery to power relations of patron-clientelism, while activating the regulatory capacities of a 'weak state.' It was mobilization that represented both 'regulation and resistance' at the same time. In other words, there was another heretofore less visible scale of collective action in response to water privatization that animated much of the mobilization that can be observed at the sectoral or industry level, where 'civil society' is ostensibly active. This is where the urban poor has unexpectedly been introduced into the contentious arena of regulatory politics.

The water sector is a technically complex policy area for non-expert/citizen participation. However, since privatization in 1997, the water sector in Metro Manila has become more contested than ever before. There remains ongoing and sustained low-intensity mobilization at multiple levels (local and sectoral in policy space) of the urban water sector in Metro Manila in an inhospitable mobilization space. The Philippines is increasingly recognized in the literature as one of an ever-growing group of formally democratic countries that, far from consolidating themselves into the liberal democracies, are instead experiencing new and more sophisticated forms of authoritarianism both nationally and sub-nationally (Rodan and Jayasuriya 2009). The Asian economic crisis of 1997 had left a large trail of economic reforms targeting liberalization and deregulation in its wake. In the past two decades, Southeast Asia had witnessed privatization in social security (Ramesh 2002), finance (Arestis and Glickman 2002), electricity (Henisz and Zelner 2001), water (Hall et al. 2004), and aviation (Findlay and Goldstein 2004). Like many developing countries that needed external economic assistance, the Philippines followed the neoliberal policy prescriptions of multilateral financial institutions (MFIs) like the World Bank and privatized strategic sectors of its economy according to the market-extension principles of neoliberalism (Bello et al. 2005).

In the context of economic liberalization and political decentralization worldwide, one finds in the Philippines, like much of the world, signs of greater complexity in forms of mobilization and engagement by citizens in neoliberal institutional reforms that are sweeping across the developing world. Although mobilization has



been observed in both developed and developing countries of different political systems, that this mobilization is further contextualized within a background of oligarchic domination, in a period of general demobilization in a country like Philippines, where political passivity and withdrawal is on the rise, makes resistance to water privatization after a full decade even more puzzling still. Why and how does such mobilization persist even in countries where they appear to be ineffectual? This thesis intends to uncover the nature of the mobilization of people in Metro Manila around issues of water privatization. This thesis poses a 'simple' question: How can such variegated forms of collective action around the privatization of water be understood? What, if any, are its unique characteristics?

Surprisingly, the dominant political science literature on water privatization and regulatory governance in political science has little to say about privatization-related mobilization even though it has been widespread and contentious. Rooted in a political economy framework informed by neoclassical economic theory, the focus has been mainly on institutional design, and regulatory governance and incentives.<sup>5</sup> Revolving around various formulations of the principal-agent problem, explanations have centred on explaining why, and how, privatization can (or should) occur, how it can be successful or subverted, leaving very little consideration for collective behaviour by citizens and consumers and especially 'disruptive' mobilization. This is even though they have had a significant role, if not impact, in privatization processes and outcomes. Explanations for such collective action in regulatory politics have therefore been overly generalized,<sup>6</sup> limited to certain countries,<sup>7</sup> or simply fail to take into account citizen activism in regulation altogether.<sup>8</sup> As Rhodes (2005: 9) observed in her study of consumer

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<sup>5</sup> See for example, Levy and Spiller (1994).

<sup>6</sup> See for example, Henisz and Zelner (2004; 2005).

<sup>7</sup> Existing literature examining contentious collective action in regulation has focused excessively on Latin America. See for example studies on water regulatory politics by Swyngedouw (2004), and Nickson and Vargas (2002). Even comparative accounts do not venture beyond the region. See for example Rhodes (2005) on mobilization in telecommunications. Although Morgan's study is one of the few that does (2008).

<sup>8</sup> Mainstream political science has generally overlooked the contentious aspect of regulatory politics. See for example, special issues from major journals like *Governance: An International Journal of Policy, Administration and Institutions*, vol. 18, no. 3, July 2005; *Journal of European Public Policy*, vol. 9, no. 6, December 2002; and *West European Politics*, vol. 25, no. 1, January 2002, focusing on the emerging trend of

movements in the telecommunications industry in Latin America, consumers and citizens have simply been left out of the story. Even where organized resistance against the dominant actors in regulatory politics have been recognized, little has been done to further such scholarship.<sup>9</sup> Therefore, one needs to look elsewhere, in the fringes of political science and beyond.

### 1.1 Movement and Countermovement

One obvious way to understand this is in terms of Polanyi's notion of society's response to the extension of market relations. In *The Great Transformation*, Polanyi (2001) argued that an increase in market liberalization extracted high social costs and was countered by social responses. "This was more than the usual defensive behaviour of a society faced with change; it was a reaction against a dislocation which attacked the fabric of society..." (Ibid.: 136) Indeed, there have been previous mobilizations against private water utilities, most notably during Victorian England when private companies undertook water provision especially in large cities. Then, Victorian 'water wars' in the nineteenth century had played a role in turning mobilized users of waters into modern 'consumers' and active 'citizens' (Trentmann and Taylor 2005). A water counter movement had arisen then in the face of inadequate and inequitable water service provision by private water monopolies. Similar organized responses elsewhere at that time thus constituted the water counter movement in the nineteenth century that led to the municipalization of water utilities.

A replay of market extension into water provision occurred in the 1990s when privatization suddenly became the policy trend, along with other similar neoliberal institutional reforms supported by the post-Washington consensus. This was seen as one of the more ideological aspects of encroaching neoliberal capitalist expansion, and water was not an exception (Carroll 2010). From the 1990s, the participation of private initiatives in the water sector mushroomed from almost zero to more than 2,350 private enterprises by 2003. The private sector

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regulatory politics and non-state actors, but barely mentioning civil society, if at all.

<sup>9</sup> See for example, Braithwaite and Drahos (2000).

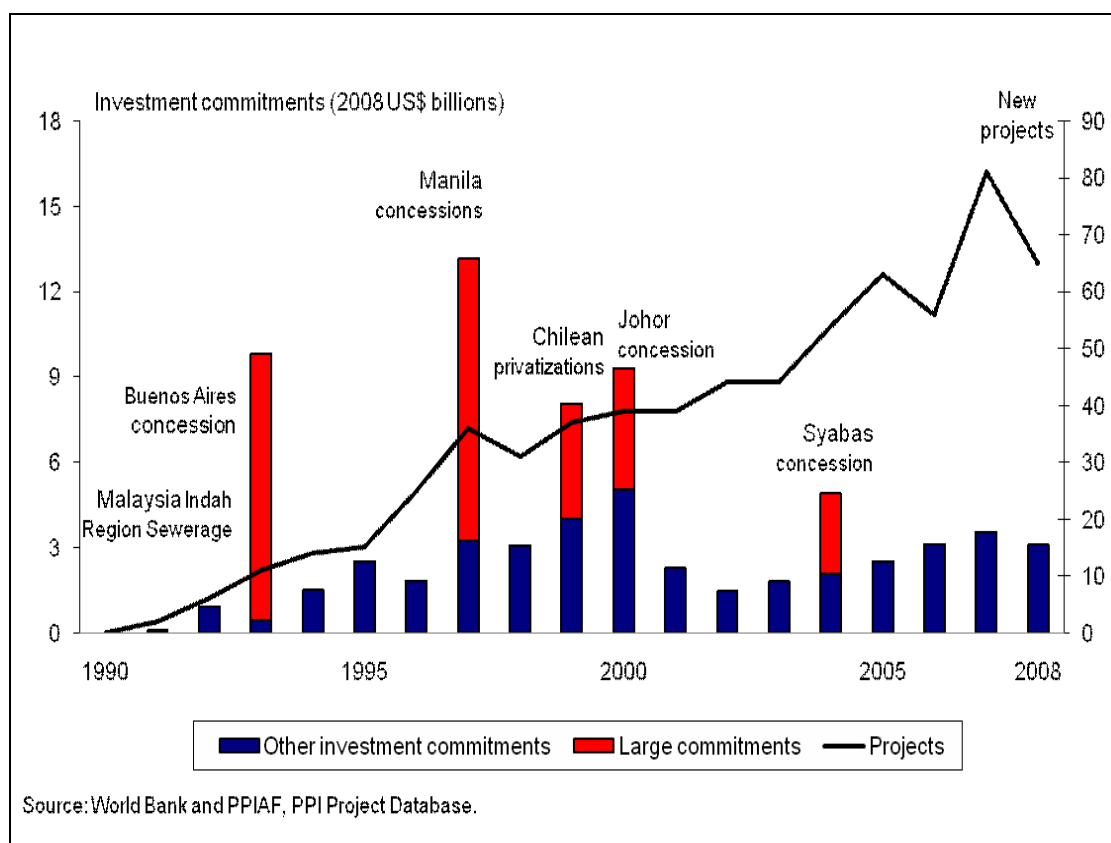
was estimated to have spent US\$25 billion on water supply and sanitation in developing countries between 1990 and 1997, compared with US\$297 million in 1984–90 (UNESCO and World Water Assessment Programme 2006: 69). Between 1990 and 2008, 60 countries saw the private sector investing in the water sector, with the East Asia and Pacific region receiving the biggest investment share (49 per cent) (World Bank and Private Participation in Infrastructure Advisory Facility 2009). In 1999, five per cent of the world’s population was served in some way by the private sector. By 2007, this had increased to 11 per cent, or around 707 million people (Owen 2007: xii).

From a Polanyian perspective, the privatization of water and social responses is a dialectical “double movement” rather than unrelated, unexpected, or secondary phenomena. Therefore, widespread mobilization can be expected in the form of a counter movement in response to the fictitious commodification of water. As publicly-owned water utilities in cities around the world undergo privatization along with attendant regulatory changes,<sup>10</sup> this was accompanied by direct citizen involvement in the politics of the urban water sector through their collective mobilization. By 2007, the trend of increased privatization in water had reversed (UNESCO and World Water Assessment Programme 2006: 70). After hitting a new peak in 2007 with 81 projects, the number of private water projects fell to 65 in 2009 (World Bank and Private Participation in Infrastructure Advisory Facility 2009).

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<sup>10</sup> ‘Privatization’ in the water utility sector refers to a range of different private sector participation. This thesis also recognizes that the type of privatization and regulatory set-up may result in different types of mobilization (Morgan 2008). In Metro Manila, the type of privatization considered is the concession contract. In a concession, the state delegates to the private sector the right to provide a service. The state however retains some control by incorporating in a concession contract or license the terms and conditions—including the rights and obligations of the service provider—that will govern the infrastructure project or company.

**Figure 1. Private participation in water in developing countries, 1990-2008**



Source: Public-Private Infrastructure Advisory Facility (2009). PPI Data Update Note 23. Washington DC, World Bank.

There have been ample signs that water privatization deals that were being signed all over the world between cash-strapped nations/local governments and transnational/multinational water and utility corporations had neglected to consider one crucial factor – the ‘end-user’, and the roles they play concurrently as citizens and consumers. According to Kikeri and Kolo (2005: 22-24) at the World Bank, public opinion polls on the effects of privatization on citizens and their country have shown a global decline in popular support for privatization. A majority of people feel worse off after privatization. For example, in a survey by *The Wall Street Journal* on 21 July 2003 of 17 Latin American nations, found that 63 per cent of respondents felt that privatization of state companies had not been beneficial, up from 45 per cent just three years earlier. Since the late 1990s, social resistance to water privatization has intensified all over the world (Barlow and Clarke 2002; Hall et al. 2005).

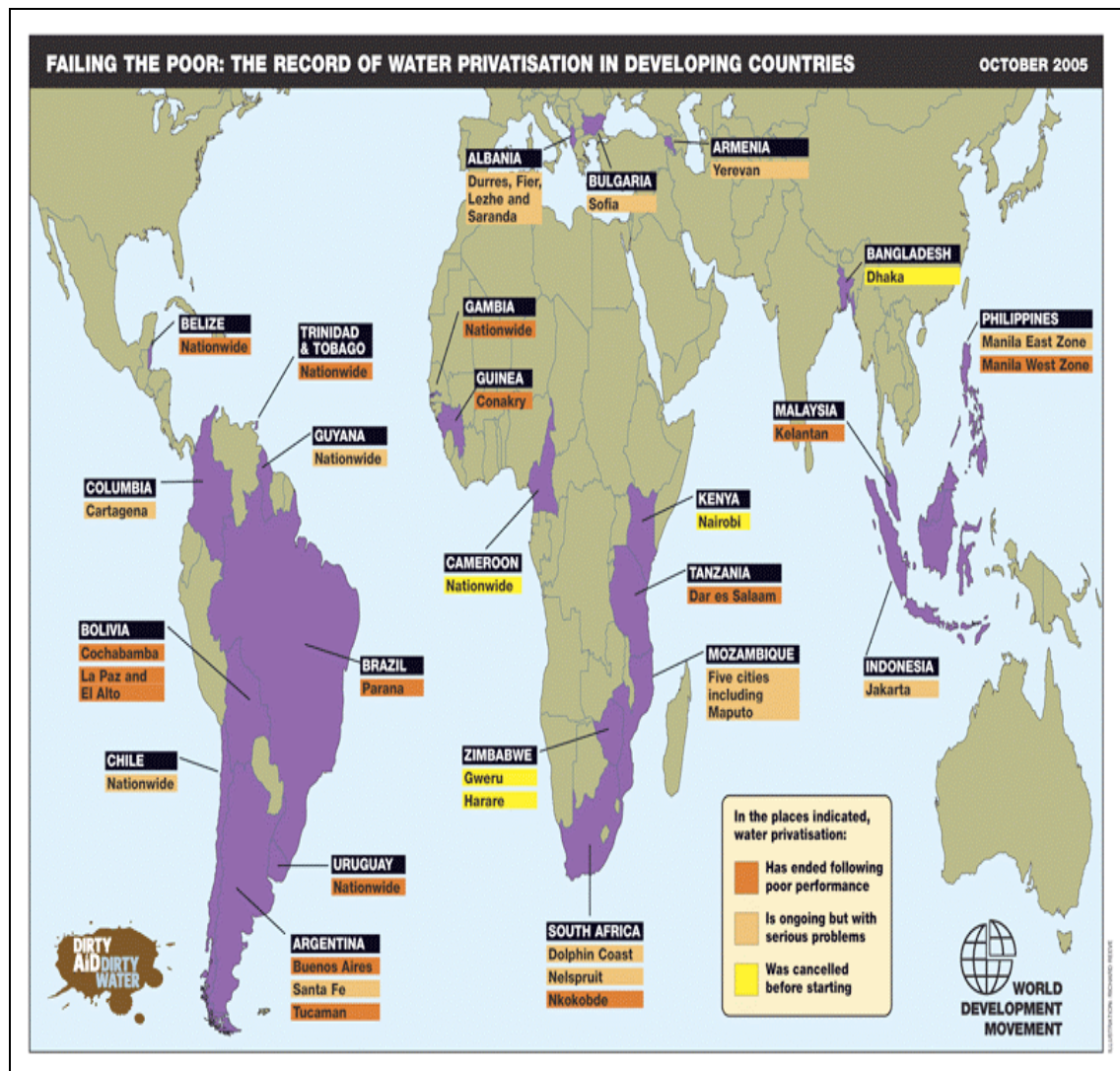
The mass mobilization of people resisting water privatization has contributed, often directly, to the removal of governments from power, the revision of constitutions, bankruptcy of massive corporations, implicating countries in different stages of socio-economic development and varying political systems. These include advanced political economies like the USA and Western Europe, transition economies like Hungary, middle-income countries such as Thailand and Mexico, and low-income countries like Ghana and Honduras (Hall et al. 2005: 288-92). Transnational water and utility corporations are retreating from investing in public water utilities.<sup>11</sup> Although it is extremely difficult to demonstrate causation, given the complexity of water politics, public resistance has been acknowledged by supporters and critics of water privatization alike to be a significant factor in the overall performance of the privatized water sector. Hence contemporary organized response to water privatization can be seen in the context of Polanyi-like defensive mobilizations or ‘counter movements’ in reaction to the attempts to forge a market society by a self-regulating market. From this perspective one would expect large-scale collective action in response to water privatization.

However there is little indication over the nature that collective action may take. Polanyi failed to theorise on both the causes and agency that the counter movement may take. As Dale (2010) showed, Polanyian scholars have put together a ‘smorgasbord of policies, movements and institutions under the rubric of the ‘protective response’ which the counter movement is said to manifest. Even progressive counter movements, such as the present alterglobalization or global justice social movement have at various times been proponents of marketization and commodification. This is to say nothing of other organized responses from society that are drawn from more conservative and reactionary leanings (Ibid.). This means that under the banner of ‘anti privatization’, one may find for example in Thailand, the slogan ‘Selling Water, Selling Electricity, Killing All This’ (Kitirianglarp and Hewison 2009: 460).

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<sup>11</sup> The figures vary regionally. Large countries like China and Russia are increasingly dependent on private investment in the water sector. Most project cancellations have come from Latin America and Sub-Saharan Africa (Marin 2009).

Figure 2. The record of water privatization in developing countries



Source: World Development Movement (2005), 'Dirty aid, dirty water' campaign, [www.wdm.org.uk](http://www.wdm.org.uk) (date accessed 1 January 2006).

At this macro level of analysis, Polanyi can do no more than to draw attention to the broad range of organized societal interests – and the sometimes unlikely bedfellows – that may rise against water privatization. In painting only the broad contours of the double movement, however, the complex interplay of diverse forces in the everyday politics of water in cities like Metropolitan Manila is missed out. Collective action varies significantly and are highly contingent on local political contexts. Finer-grain analysis is required to reveal how the state, regulators, multilateral institutions, transnational corporations, organized social groups and local machine politicians have converged at different scales to play key roles in shaping the provision of water in the developing world. Closer

attention needs to be paid to patterns of contestation, competition, and collaboration among a diverse array of actors across different scales (international, national, and local) of analysis, rather than limiting focus at a macro level. In the Philippines, for example, a closer look beyond the broad church of the anti-water privatization movement who are visibly active on the streets and in corridors of power reveals the presence of organized urban poor groups who engage in surprising ways with the privatized water utility. While much of ‘public resistance’ to water privatization in the world has been portrayed in terms of angry street protests, marches, and even ‘water wars’, more subtle forms of ‘resistance’ like that found in the Philippines may in fact be more common. These forms of collective action stem from the ‘everyday’ experience of water privatization

### **1.2 Moral Economy**

On the morning of 8 April 2000, Bolivia’s President Hugo Banzer declared martial law, bringing a dramatic turn to a week of protests, strikes and blockades. The demonstrations were a response to rising water tariffs in Cochabamba levied by the new private water utility. The state of emergency lasted 13 days. Riots in Cochabamba claimed six lives and thirty-eight were injured. On 10 April, the water regulator cancelled the contract with the water company, *Aguas del Tunari*. That was however only the beginning of a wave of grassroots and cross-sectoral mobilization that swept the country, culminating in January 2005 in Bolivia’s ‘Second Water War’ in El Alto. El Alto is Bolivia’s poorest city, and home to the largest indigenous population in the country. By the end of the year, the *el Movimiento al Socialismo* (Movement Towards Socialism) captured power in the national elections, and on 18 December 2005, Bolivia elected its first indigenous president, Evo Morales. For many, ‘the water wars’ were the spark for regime change in Bolivia (Linares 2004; Dangl 2007; Spronk 2007).

This would appear to further confirm Polanyi’s prediction of mass societal response to commodification. However, calling the conflicts in Bolivia ‘wars’ may be off the mark since the violence witnessed there has been the exception to

the rule.<sup>12</sup> Indeed, there has been only a few other dramatic and large-scale mobilizations against water privatization. For example, a referendum promoted by a nationwide coalition of social and political groups in Uruguay proposing a constitutional amendment on water was approved by over 60 per cent of voters in 2004.<sup>13</sup> Our general understanding of social mobilization in response to water privatization remains dominated by extraordinary and large-scale events of the kind predicted by Polanyi. Much of this resistance, in fact, has been smaller, and multiple in scale of mobilization, territorially bound and localized, and is constituted by a diversity of actors and agendas, much like the cases of the cities of Taguig and Caloocan in Metropolitan Manila in the Philippines.

While access to water has always been highly dependent on the socio-economic and geographical location of a city's inhabitants, those mobilizing in response to water privatization cannot easily be differentiated along class or sectoral lines. On the contrary, one may observe a heterogeneity of interests, hardships and insecurities among different subaltern groups affected by water privatization. These are often accompanied by a diverse range of NGOs taking up their causes with different political agendas – from political parties and their affiliates, to ostensibly non-partisan consumer advocates. The sites where social mobilization are taking place are also seen in a variety of social and geographical locations – from communal corridors to the streets of urban neighbourhoods; from inside the offices of NGOs to the office compounds of water utilities, regulators, and the national legislature. Diverse collective subjects are mobilized including, most noticeably, the urban poor as a class of political actors.

The biggest challenges to these TNCs have not been global or even large-scale movements but rather obstacles at a more local scale in relation to specific contexts. This is suggested as much by Jean-Louis Chaussade, the chief executive of Suez Environment, which has major water concession contracts in Argentina, Bolivia and Haiti: 'Private funding runs into ideological problems. We need to be

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<sup>12</sup> See Shiva (2002) however for how 'war' may be used metaphorically to identify and analyze water conflicts.

<sup>13</sup> The amendment affirmed access to piped water and sanitation as fundamental human rights, and that social issues had precedence over economic considerations in water policies (Hall et al. 2004).



more humble. We have to adapt to local realities' (Vidal 2006). What were the 'local realities' of the Bolivia 'water war'? Perreault (2006) showed that the roots of the water war could in fact be traced to a conflict between the irrigators in Cochabamba's lower valley communities and the municipal water service (SEMAPA) in the early 1990s. SEMAPAS's drilling for deep wells in the lower valley were seen by irrigators in the lower valley as a direct threat to their water rights (2006: 157). This was a right embodied in the *usos y costumbres* (customary uses) of irrigator associations and neighbourhood water cooperatives involved in the struggle. Insofar as the Bolivia 'water wars' can be seen as constituting a global Polanyian counter movement, then the basis of this also lie in the specific local context of Cochabamba whereby customary uses of water were defending their rights to water along the lines of a claim to subsistence rights.

Evaluating the unique social and political features of different systems of exchange, Polanyi (2001) heavily implied the concept of the moral economy in his distinction between embedded and disembedded (or autonomous) economies. The former are typically ancient economies that submerged production and exchange to social, political, or religious institutions. In the modern era of disembedded economies, production and exchange serve economic ends (Arnold 2001: 85-86). Polanyi identified the uniqueness of the disembedded economy that lies at the heart of market liberalism's attempt to create a truly market society, where exchange would be the dominant principle. Polanyi alerted us to the existence of other principles (eg., reciprocity) for organizing an economy that was constituted by, and constitutive of, society. In this way the double movement can be seen as a clash of conflicting principles (Haglund 2010).

This combination of traditional practices like reciprocity, and the expectation that institutions and elites respect this right, known as the 'subsistence ethic,' paves the way for others like Thompson (1971) and Scott (1976) to see beyond grievance or the immediate material basis of collective contention. Instead, the subsistence ethic is also capable of inspiring radical collective action. For example, Thompson (1971) showed how unrest caused by the transition of conflicting principles of economic organization can be traced to the nature and sources of notions of legitimacy concerning subsistence. Through his thick

descriptions of eighteenth-century English food riots, Thompson showed that food riots were widespread throughout 18th century England not simply as a response to high bread prices or hunger. This was a collective 'pattern of social protest derived from a consensus as to the moral economy of the commonwealth in times of dearth' whereby 'prices of 'necessities' should remain at a customary level' (Thompson 1971, 131-32).

In Scott's study of the contentious behaviour of peasant communities in Southeast Asia, peasants are motivated to protest and rebel when they perceive their 'subsistence ethic' as being threatened. The subsistence ethic of peasants in a moral economic framework comprises norms, sentiments, and practices about the obligations and rights of individuals and institutions with respect to others. Encompassing, but also exceeding issues of justice and equality, the moral economy embodies notions of the good, especially with regard to the means and ends of economic activity (Sayer 2000: 79). This may include the availability of food or the proper administration of taxation in the local economy. From Thompson and Scott's advancement on the moral economic perspective based on their own readings of Polanyi, we can infer that far from simply grievance or deprivation (thirst) alone, resistance by citizens over conflicting principles surfaced by water privatization is based on their local, and often contested, conceptions of how access to water should be regulated.

Hence a macro Polanyian framework that incorporates the everyday concerns of the concept of moral economy leads us to expect the mobilizations of counter movements against privatization that manifest in specific ways that are similar to the Cochabamba water wars. This is where the forms and goals of collective action were strongly inflected with some kind of moral economy logic, for example, defence of community and subsistence guarantees, like those embodied by the communities in Cochabamba lower valley and their *usos y costumbres*. Returning to the key case of Bolivia, the principles of market exchange introduced by water privatization had clashed with customary uses of water based on traditional common-pool water management regimes that could be found all over Andean Bolivia. At both a macro and micro level, the Bolivian case can be said to be a typical case of a Polanyian water counter movement responding to the

extension of the market into water.

However, examples of Polanyian water counter movements are in fact rare and anomalous, and are not only the kinds of mobilization that we find. Much collective action has in fact straddled the line between contention and cooptation at the same time, without being fully one or the other. This has occurred as neoliberal privatization has expanded the realm of local political participation, engagement, and conflict beyond the issues of property rights to now encompass the basic necessities of life in the city. In the Philippines, some organized urban poor groups have surprisingly become drawn into roles of basic goods and services provision and distribution. Their collective action in response to water privatization inadvertently brings them not only into service provision but into positions where they can have real influence over how the urban water sector caters to the urban poor and marginalized in general.

### **1.3 Micro-Politics of the Urban Poor**

While arguably the large-scale mobilizations against water privatization seen in some cases might be illuminated and explained with reference to the literature on social movements, the kind of politics this thesis focuses on require analytical lenses that invoke localised political scenarios sketched out above in the opening that have unexpected ramifications in the wider political context.<sup>14</sup> The urban poor do undertake collective action but these are mobilizations that are quite different from other forms of mobilization typically identified in the social movement literature. Nor do they fit neatly within a larger double movement framework. The urban poor may even be said to be part of an ‘urban moral economy’ but, as suggested above, the moral economic framework is a perspective that only sheds light on a specific type of collective response to water privatization, as evidenced by the unique case of Bolivia, which remains the only country where ‘water wars’ have taken place to date. Scholars who have longed studied the collective action

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<sup>14</sup> Indeed, the limitations of the social movements scholarship in accounting for other forms of contentious collective action have led some of the founders of the literature to develop a ‘dynamics of contention’ research project to engage with more varied forms of claim-making. See McAdam *et al* (2001).

of the urban poor have resisted lumping their mobilization with existing formulations discussed above. Instead there is a growing body of literature on the 'micro-politics' below the level of full-blown social movements and large-scale collective action. Although coming from different disciplines, this diverse scholarship is attentive not only to the dynamics of urban poor mobilization, but also the spatial context out of which they emerge. This reflects the fact that their places of habitat in the city are always located in the least desirable areas. This is further reflected in and related to their perpetual experience, and perception of being less than full members of the wider community that they belong to.

A useful point of departure may be drawn from Scott's seminal work on what he terms 'infrapolitics' or 'everyday forms of resistance'. These are singular or collective actions that fall short of openly declared contestation. Requiring relatively little or no coordination or planning, they involve ordinary weapons like foot dragging, pilfering, and sabotage. Since little social significance is accorded to these actions, they largely avoid reprisal. However, when amplified, these petty acts of resistance may undermine authorities (Scott 1985: 29-36). Although the focus of Scott's research is peasant resistance, the significance of its import to a wide variety of contexts has not been lost on scholars.

Holston (2008) makes a similar observation in Brazil. There, he finds in the 'autoconstructed peripheries' of Sao Paulo, Brazilians engaged in autodidactic forms of political education that leads to activism from their struggles to secure land to live on. At an individual level, these are no more than self-interested Brazilians eking out an existence. Collectively, however, they constitute an insurgent citizen movement that challenges the highly inegalitarian regime of Brazilian citizenship. There is the full citizenship of every Brazilian and the 'insurgent citizenship', which describes the rights and duties of political membership that are denied to the urban poor, but is also re-created through their own attempts in building their own house, neighbourhoods, and urban life. Such formulations describe the politics of the urban water supply crisis as something that is embedded in the city's infrastructure. This is expressed through the 'production of subjectivities (subalterns versus citizens), spaces (the city and the slum), and infrastructure (the network versus the hand-dug well)' (Bakker 2010:

49). For the urban poor in the city, whether it is land, habitat or water, fulfilling basic and essential needs require a collective effort, frequently entailing social mobilization. It is not a straightforward process. Water access is, then, a question of political struggle (Ibid.: 221).

The dynamism of the urban poor as a group of political actors, and the uniqueness of the terrain where they mobilize, is most powerfully brought to life by Partha Chatterjee in *The Politics of the Governed* (2004). His starting point is a new domain of politics which he calls 'political society.' As opposed to relations between the state and citizens in civil society, Chatterjee conceptualizes political society as the terrain where population groups and government agencies interact. Here, state authorities cannot afford to ignore organized groups like the urban poor. The recognition of their claims comes not in terms of rights but on the basis of negotiated and ad hoc political settlements. To obtain benefits afforded to them by right but denied because of asymmetrical power relations, the urban poor must mobilize not as equal members of civil society but as those of 'the governed' (Chatterjee 2004: 37-41). Chatterjee's rich narratives of the 'politics of the governed' in India showed how residents in squatter colonies mobilize to make use of 'paralegal arrangements', and level collective claims that appeal to ties of 'moral solidarity' to access civic services and welfare benefits. Indeed, many community organizations themselves have sprung 'from a collective violation of property laws and civic regulations' (Ibid.: 53-78). Due to the political nature of their claims, any success is always contingent and tenuous, ever vulnerable to the vagaries of politics.

In Chatterjee's application of this concept to 'popular politics in most of the world', the level of abstraction is not so dissimilar to Polanyi's double movement thesis. Chatterjee describes the general existence of a unique class of actors – the urban poor – without saying anything about the specificity of the privatization of basic services and restructuring of the state that has given rise to activism of the urban poor. Indeed, Chatterjee is reluctant to provide more analytical descriptions from his various narratives of mobilization in political society. The postcolonial state, in his formulation, is static and generic to the developing world, as is his political society. What is needed, however, is a closer engagement with neoliberal

institutional reforms and its impact on the urban poor.

This is taken up by Asef Bayat (2010), who categorizes the organizational form of mobilized urban poor as ‘social nonmovements.’ These are constituted by the millions of people who were previously dependent on the state subsidies or other forms of public provision but now find themselves on their own (Ibid.: 43). They are not part of social movements because their mobilization is a silent, protracted, and pervasive one, unlike the public repertoires of movements. Neither are their collective action merely subsistence strategies in a moral economic sense because the cost of their struggles are not themselves or their fellow poor but of ‘the state, the rich, and the powerful’ (Ibid.: 56). These are the lifelong struggles of ordinary people at the margins who, driven by necessity, engage in a politics of redress that aims for a redistribution of social goods and opportunities, as well as the attainment of cultural and political autonomy from the governmentalities of the state. Their acts of collective struggle are often illegal, and justified on moral grounds (Ibid.: 58-60).

Social nonmovements are actors that distinctively engage in a particular form of resistance which Bayat calls ‘quiet encroachment.’ This describes the ‘silent, protracted, but pervasive advancement of the ordinary people on the propertied, powerful, or the public, in order to survive and improve their lives’ (Ibid.: 56). Their often illegal acts are justified on moral grounds, based on their desire for subsistence. There is a dual nature to quiet encroachment. It is both a self-help activity but also an infringement on property, power, and privilege. In the absence of threats, their advances are ordinary, everyday exercises. When challenged, however, they ‘become conscious of their doings and the value of their gains, defending them in often collective and audible fashion’ (Ibid.: 60). Through mobilization or rioting, or even quiet noncompliance, these actors are conscious about defending and further already-won gains. We may imagine social nonmovements forming the bulk of the organizational forms in political society in the engagement of the urban poor with the state.

Despite the heterogeneity of social subjects, pluralization of organizational forms, and the fluidity of institutional outcomes characterising mobilization in response

to water privatization, scholars who work on the micro-politics of the urban poor have come closest to describing the messy politics of the urban poor who are implicated in mobilisations around water privatization. Through occupying unused public land, illegally adding rooms, or unauthorized tapping onto the power grid or water lines, the urban poor engage in such actions not as deliberate political acts but as a matter of subsistence. Although driven by necessity, these simple and mundane practices can become politically contentious because they are always confronted by those who threaten their gains. These include agents of both the market and the state, as well as the formal rules of market exchange and citizenship that underpin their source of power respectively. Neither fully recognized as consumer or citizens, when the urban poor perceive their right to subsistence to be threatened, they undertake contentious collective action. Their mobilization is one that takes place in the context of local politics in their community.

Those who undertake collective action in response to water privatization do so in the 'political society' of Chatterjee. The product of their mobilization, in addition to the acquisition of social goods, also includes new forms of political membership like the 'insurgent citizenship' observed by Holston. The organizational structures of urban poor collective action do not usually take the forms of either mass social movements or NGOs. Instead, they are best characterised as 'social nonmovements'. These are largely atomistic and localized forms of struggle that are 'quietly encroaching' upon political domination. Their mobilization become an active politics of redress when challenged. Hence, an interest in the micro-politics of the urban poor emphasises the collective action that is enfolded within the local political ecology of urban poor communities. What these authors have missed however is expanded realm of local political participation with industry or sector-wide effects, due to the salience of informal markets and patron-clientelism in urban poor micro-politics set against the backdrop of specific neoliberal institutional reforms that target the provision of basic goods and services which the poor and needy often depend on.

Much writing have consistently failed to factor in the realm of economic activity that is outside the purview of the state, but is key to the generation and

distribution of goods and services in urban poor communities, where the formal market has failed to reach. The urban water sector is a very good example of this. In the context of water service provision in urban poor communities, informal water vendors provide a crucial service at the edge of the state's formal regulatory framework. Informal water vendors exist within an 'archipelagic' regulatory space (Bakker 2003) that is both informally *and* formally regulated, locally legitimized, and sometimes straddle the boundaries of legality. The regulatory means of the informal economy are located within itself. As Fernandez-Kelly (2006: 18) argued 'to exist, informal workers must rely on norms of reciprocity and solidarity'. Echoing sentiments voiced by Chatterjee and Bayat, Fernandez-Kelly adds that 'their economic survival depends routinely on transactions they make and alliances they forge with government authorities at the local, state, and federal levels' (Ibid.). What she is therefore suggesting is that the constant political mobilization observed in urban poor communities may not be limited to the local scale. In much of the developing world, they contend with economic and political elites privileged by formal regulatory structures and institutionalized clientelism. In the context of an unpredictable regulatory environment and an oligarchic patrimonial state in the Philippines, unexpected collective action by a few urban poor communities and NGOs have taken place around water as a subsistence right.

At the same time, while the preponderance of patron-client ties have been readily acknowledged, insufficient attention has been paid to the extent to which clientelism and contention may in fact constitute dynamic processes of mobilization that often establish recursive (as opposed to conflicting) relationships. Recent research by Auyero *et al* (2009) reveal that the dynamic underlying political mobilization in 'poor people's politics' in Argentina is one involving recursive relationships between patronage and contention. This makes it difficult to discern contentious collective action in their purest sense, in which people 'break with daily routines to concert their energies in publicly visible demands, complaints, attacks, or expressions of support before returning to their private lives' (Tilly 2006: 49). While both patterns of mobilization are often found in the same setting, it can be very difficult to disentangle the two. Hence Auyero *et al* do an admirable job by demonstrating several points of intersection and



interaction between patronage and collective action: Network breakdown, patron certification, clandestine support, and reaction to threat. In each of these scenarios, the relationship between patronage and protest is a recursive one. By paying attention to such ‘zones of mutual influence’ both political phenomena, we observe how patronage networks can form part of the associational networks that are critical for the emergence of collective action; and that not all cases of contentious collective action challenge clientelism fundamentally without external help.

Partly as a result of these two omissions and, most crucially, the literature on the micro-politics of the urban poor has been slow to point out the emergence of a generation of organized urban poor who have become actors in the new and highly contentious regulatory politics in the context of global neoliberal privatization and attendant re-regulation of state sectors. The urban poor have inadvertently become effectively involved in forms of ‘regulation’ and ‘re-regulation’ as the attendant politics of neoliberal institutional changes become more and more contentious. In the process, the realm of local political participation, engagement, and conflict have ventured beyond the issues of property rights to that of access to basic goods and services like food, housing, and, most notably, water.

Therefore, any study of the micro-politics of the urban poor needs to consider the political agency of the urban poor from a greater range of vantage points, and locate their mobilization in this current context. In the next section, I offer ‘regulatory mobilization’ as a concept that describes a specific form of political activity in the context of privatization and regulatory politics that arises from the constellation of subsistence and citizenship struggles, participation in informal markets, patron-clientelism, and the dynamism of life in poor urban communities. This is a form of urban poor collective action that can quickly convert from ‘social nonmovements’ into something with organizational clout that may go somewhere towards the fundamental redistribution of social goods and the attainment of autonomy that Bayat (2010: 59).

#### **1.4 Regulatory Mobilization**

This thesis aims to describe the distinctive features of mobilization in response to water privatization in Metro Manila. The different bodies of literature have all been found to be lacking in various key ways for this purpose. Polanyi's double movement framework is too broad, and insufficiently accounts for the nature of political agency. A moral economic analysis focuses too much on resistance, and it is doubtful if most of the actors involved are social movements. The growing literature that describes various aspects of the micro-politics of the urban poor are a step in the right direction but due to the complex nature of such micro-politics, these scholars frequently only highlight a few particular features at any one time. I propose that the concept of 'regulatory mobilization' captures these dynamics in a way that not effectively considered by other authors working on micro-politics of the urban poor. Although regulatory mobilization is based on the experience of the Philippines, the concept identifies properties of urban poor mobilization that is more 'regulatory' than 'revolutionary' that may also be found in a variety of contexts where oligarchical democracy and decentralization form the backdrop for the messy mix of domination and resistance in local arenas where regulatory powers are also up for contestation. In such contexts, mobilization is part and parcel of struggles over the regulation of privatized public utilities. Regulatory mobilization therefore singles out such forms of collective action as distinct from other forms of urban poor mobilization noted above.

Regulatory mobilization describes a realm of political activity whereby marginalized groups are drawn into the provision of basic goods and services through influence over the rules by which they are delivered. They do so in unexpected ways and, as such, sometimes project countervailing power against the domination of political and economic elites (Chng 2012). Unlike the broad geographical and historical scopes of the 'politics of the governed' and, to some extent, 'quiet encroachment', 'regulatory mobilization' is set against a very specific backdrop – the neoliberal institutional reforms that are occurring in democracies in the developing world, where a small elite dominate political and economic life. Two important points need to be elaborated upon here. Firstly, the kind of collective action described by regulatory mobilization takes place in the

unpredictable regulatory context of privatization of basic goods and services as part of neoliberal institutional reforms. The reforms required by the introduction of the private sector into strategic areas of public services often occurs in a very politicized process whereby fundamental issues of economic efficiency and social equity collide. As a result, state capacity to execute or effectively delegate basic service provision is stymied. It is in these processes that regulatory mobilization may be observed.

Secondly, unlike the rather generic post-colonial states depicted in Chatterjee's political society and Bayat's quiet encroachment, states like the Philippines where regulatory mobilization has been observed has a specific, although hardly unique, character. These can be best described as decentralized oligarchical democracies and have been observed throughout Southeast Asia (Robison 2004; Sidel 2004) and beyond (Winters 2011). Thus, mediating the contentious and regulatory politics of the Philippine political economy is its domination by an oligarchy. A small segment of Philippine society has long been able to use its control over the state and its resources to forward its own particular interests, as well as those of its broader class. These oligarchs have been efficiently organized into political families and economic conglomerates. State power has been used in a discretionary fashion by and for the oligarchy and its proxies. State expenditure on public goods and services has therefore been limited and unevenly distributed in the Philippines.

The Philippine state is thus a complex set of predatory mechanisms for the private exploitation and accumulation of resources at different levels of governance, similar to oligarchies observed elsewhere. At the subnational and local levels, Filipino politics is characterized by the prevalence of local power brokers who achieved sustained monopolistic control over both coercive and economic resources within given territorial jurisdictions or bailiwicks (Sidel 1999). Hence, while the state may be subjected to oligarchic plunder, it is also predatory. At the sectoral (industry) and national level, development objectives to promote economic growth are 'continually choked out' by the particularistic demands made by a predatory oligarchy (Hutchcroft 1998: 7). It is against this backdrop that Rew (1977) concluded that the urban water sector was best described as an

‘institutionally maintained scarcity’. This was the result of a clientelist water service delivery model that served the interests of the oligarchic patrimonial state. Privatization was supposed to address this by taking politics out of the business of water service delivery. Instead, the opposite happened. The water sector became more politicized, not less. Part of this increased politicization has come about from the entry of not just private utilities into the sector, but also organized groups of NGOs and the urban poor through regulatory mobilization.

This is a form of contentious politics that is ‘regulatory’ in the sense that the mobilization of the urban poor for subsistence is never aimed at fundamentally changing relations of power directly. That is not to say that they may not have radical political agendas. Rather, their collective action often indirectly leads to improving the capacities of the state for the distribution of essential goods and services, especially to the urban poor. It is ‘mobilization’ because it involves the urban poor who are struggling for subsistence. To survive in the city, they must undertake collective action to gain access to basic goods and services. Unlike the forms of mobilization discussed earlier, those undertaken by the urban poor are more likely to take the form described by Bayat in his characterization of ‘social nonmovements’. Largely localist, atomistic and episodic, regulatory mobilization is, however, most apparent when it is in response to the threat to subsistence of the urban poor.

Regulatory mobilization describes how organized urban poor groups with links to NGOs become drawn into roles of basic goods and services provision and distribution. Due to the inability and/or unwillingness of the state and private utilities to provide to the urban poor, the urban have had to depend on each other, and well as the informal market. Their collective action in response to water privatization inadvertently brings them not only into service provision but into positions where they can have real influence over how the urban water sector caters to the urban poor and marginalized in general. As a kind of political activity, regulatory mobilization is collective action by marginalized groups in the identification, subversion, and on the rare occasion, creation of norms – rules, principles, standards, guidelines, the law – over the provision of basic goods and

services.<sup>15</sup> Regulatory mobilization is hence an attempt to assert countervailing power over these norms by disempowered citizens and marginalized groups in society (eg., urban poor).

Regulatory mobilization is a concept that describes a realm of political action in contexts like Metro Manila, as described above, that is not quite resistance nor routine politics. It is not quite routine politics in the sense that it involves mobilized urban poor making claims outside of traditional means of political aggregation and articulation. At the same time, it is not entirely clear if their mobilization is one that is a consistent source of countervailing power. Quiet encroachment as observed by Bayat (2010: 65) leaves the quest of social justice, which underpins access to social goods, largely underserved. I propose that alongside and beyond quiet encroachment, the regulatory mobilization of the urban poor can lead to their indirect and unexpected participation in policy areas like urban water service delivery, previously the domain of technical experts and politicians, the presence of the urban poor in routine politics has the potential to fundamentally challenge the regulation of water delivery.

As a specific form of contentious collective action, regulatory mobilization is not very dissimilar to the quiet encroachment observed by Bayat in the Middle East, nor to other such forms of ‘boundary-spanning’ claim-making identified by O’Brien and Li (2006: 2) in rural China whereby protestors deliberately straddle the border between popular resistance and institutionalised participation. Where

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<sup>15</sup> ‘Norms’ regulate behaviour, and is a generic category which includes principles, guidelines, standards, and rules (in increasing order of specificity). Collectively, norms can be said to have a regulatory character conceived in the broadest sense – all mechanisms of social control, by whomsoever exercised (Baldwin et al. 1998). The existence of any social order depends on the presence of principles, guidelines, standards, and rules and their enforcement. Regulation as social control is therefore an organized response to ‘deviance’ in behaviour. Any instrumental use of norms seeks to influence the functioning of a given social organization and is therefore intrinsically political. In the context of most countries where the relative autonomy of the state is constantly under threat and may be challenged (especially in the developing world where the state is ‘weak’), law also becomes a resource that can be mobilized. Regulatory mobilization makes extensive use of the law, and also a wide range of norms other than the law that may possess regulatory characteristics that shape behaviour. As discussed earlier, such social norms and networks can be understood in terms of a moral economy of water subsistence rights and of the urban poor.

my formulation of regulatory mobilization differs from their account is the nature of my characterization. Unlike most of these authors who restrict themselves to not only talking about mobilization but to the resistance by poor or powerless people, I take the complexity of the micro-politics of the urban poor as a point of departure. Hence my description of collection action of urban poor groups is enfolded within the broader micro-political context. This means that I take into account the interactions and dynamics of urban poor communities and mobilized groups

This means that regulatory mobilization in cities like Metro Manila does not describe the ‘resistance’ or ‘cooptation’ of mobilized urban poor groups and NGOs into the regulatory landscape of the urban water sector. Rather, regulatory mobilization describes the ambiguity, flux and variance along the spectrum from disruptive collective action to co-optation by machine politicians, corporations, local state agencies through sub-contracting arrangements. It is a form of contention that does not usually erupt into direct action. Organized urban poor groups and associated NGOs do not become fully co-opted into formal/procedural political processes. Carefully negotiating local and sectoral dominant relations of power, these groups combine service provision and advocacy into a ‘hybrid’<sup>16</sup> form of contention that may be disruptive to the authority in some episodes of contention but may also be cooperative under certain conditions.

Finally, regulatory mobilization describes how as opposed to full-blown privatization, the governance of the urban water sector in cities like Metro Manila in the Philippines is constituted in part by the mediation of organized urban poor groups and NGOs engaged in regulatory mobilization. In Metro Manila, for example, following water privatization, brokering NGOs have mobilized previously weakly connected sites of local mobilization around issues of water access into a sustainable network with regulatory clout. These local informal operators of water vendors are assisted in securing some kind of formal organizational status, and in the process engage in dialogues that influence macro-policy issues in favour of the local water providers in the regulatory space of the

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<sup>16</sup> I thank Sidney Tarrow for the suggestion of this term.

urban water sector in the Philippines.

### 1.5 Accidental Ethnography

The initial objective of the study was to document the range of responses by organized Filipinos to the privatization of the Metropolitan Waterworks and Sewerage System (MWSS) in Metro Manila, to identify its key characteristics, and to understand the context of such mobilization. A similar study in Jakarta would then be conducted in the second half of the research. Through a cross-city comparison, it was hoped that the research will uncover causes of variation in organized responses to water privatization. Through a mutual acquaintance, my first point of contact was Jude Esguerra, who was the spokesperson for Bantay Tubig, a network of NGOs, community organizations and individuals who were concerned about the impact of water privatization. Esguerra was also the incoming director of the Institute of Popular Democracy (IPD), a leftwing think tank, as well as a senior member of the leftwing party-list organization Akbayan Citizens' Action Party. Soon after meeting Esguerra in July 2006, during my first field 'scoping' visit, I was very quickly inducted into the key groups mobilizing around water privatization as well as the 'emergent left'<sup>17</sup> community in the Philippines, which has had a long history of counter-hegemonic struggles against the state and capitalism.<sup>18</sup>

I returned to the Philippines in November 2006 for a much longer trip to map out the landscape of water politics in Metro Manila in the context of privatization. The aim of this stage of the study was to identify the key actors and communities involved in mobilization in response to water privatization. First, I interviewed and contacted a few dozen individuals and organizations in a variety of settings, and sought after informed and wider perspective on water privatization and the

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<sup>17</sup> This is a term coined by Quimpo (2008) to describe the smaller segment of the Left in the Philippines that has eschewed revolutionary tactics and strategies regarding state power. See Chapter Six.

<sup>18</sup> See Chapter Six for a full description and analysis of these organizations and the relevance of the Left in the study.

response of organized citizens. These included people like journalists, academics, and interested or engaged Philippine citizens within and without the Left as a whole. I also interviewed actors who were more directly involved in mobilization. This included groups from the Left like the Freedom from Debt Coalition (FDC), as well as sympathetic political parties (like Akbayan). Besides interviews and discussions, I also participated in numerous activities as an observer. These activities included marches and street demonstrations relating to anti-privatization, as well as other left political agendas at that time, like constitutional reform. I also sat in on numerous meetings including some between regulators and industry executives with NGOs and local community groups.

I had arrived at a crucial phase in the mobilization. This was as the anti-privatization phase of collective action was at a crossroads. From an initially oppositional stance, some groups were beginning to talk about alternatives and engage more substantially with the privatized water sector. IPD was one of these groups who desired “a politically viable, grassroots-based, coherent articulation of a proposal for an alternative to privatization.”<sup>19</sup> Aware that snowball effect of introductions and interviews was now taking me in ever-widening circles, but still within the same of activists, I decided to reach out to two other groups I had come to know about but were mobilizing in different ways and had minimal contact and coordination with groups like Bantay Tubig. They were other leftist groups like the think tank IBON and the network, Water for the People Network (WPN), as well as groups more closely aligned with the industry and regulators like the Philippine Water Partnership (PWP). Just as before, I conducted formal and informal interviews with both the professional staff and members of these groups.

I quickly noticed a distinction between the collective action of these groups and that of other groups. Unlike NGOs like IPD, FDC and the Bantay Tubig network, these groups did not regularly involve local communities in their mobilization. Where local communities were involved, they were either not based in Metro Manila or were mobilized for other issues. Even where NGOs like IPD and FDC organized campaigns and activities with community groups, there was often a

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<sup>19</sup> Jude Esguerra, email conversation with author, 23 May 2006.



‘gap’ between the issues advocated by these NGOs, and those facing the communities. For the latter, these were issues that were unique to local contexts like access to water by specific communities, while issues raised by the former were usually general to the urban water sector as a whole. Furthermore, while it was relatively straightforward to categorize the mobilizations of two groups at opposite ends of the spectrum of claim-making activity (either disruptive or contained), it was not clear where to position the activities of NGOs and networks like Bantay Tubig and their members. ‘Disruptive’ protests that appeared to challenge and undermine power rarely went beyond the rhetorical and symbolic demonstrations of ‘people power.’ Demands articulated to the regulators and utilities came to resemble reform proposals to improve water privatization rather than demands for its demise. Conversely, what appeared to be ‘contained’ mobilization of communities working with the private utilities was in reality more complex. At first glance, they provided surprising examples of successful ‘private-public partnerships’ in the context of privatization. Yet they were also quickly regarded as ‘profiteering syndicates’ by some. They also revealed the disruptive potential of water POs to power relations of patron-clientelism, while activating the regulatory capacities of a ‘weak state.’ Many of this mobilization were contextually dependent on local politics and on the wider legacy of struggles against the Marcos dictatorship. It was mobilization that represented both resistance and regulation at the same time.

In other words, there was another heretofore less visible scale of collective action in response to water privatization animated much of the mobilization that can be observed at the sectoral or industry level, where ‘civil society’ is active. No research has been done on the role of these community groups in collective action *against* the water utilities and regulators. Even less research has been done on how these communities have undertaken collective action to work *with* the newly privatized water sector. The focus in the literature so far has been on the NGOs that I have been researching on.<sup>20</sup> Here was an opportunity to not only uncover the full breadth of collective action in response to water privatization from local communities to more professional NGOs, and from disruptive mobilization to

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<sup>20</sup> See, for example, (Tadem 2004; Montemayor 2005).

more coopted collective action, but also a chance to study mobilization from a local scale of politics. Like the mobilizations I was studying, my own research was at a crossroad. I realized this in early 2007 after a throwaway remark by a senior water sector official that I ‘was still here after all this time and still asking questions.’ This made me realize there was a difference between the kind of research I was trying to do here and others who had come before. In the words of the said official, ‘usually the other researchers just come to ask questions, photocopy documents, and then they leave.’

I could continue with my original research plan to conduct a cross-city comparison with Jakarta. This will allow me to identify what may be common characteristics of mobilization, as well as what may be unique to either countries. Due to time constraints, this would however present NGOs as the only important actors in contentious collective action against water privatization, and ignore, or only very superficially recognize the unique contributions of local community groups with their own political agenda. Alternatively, I could extend my research in Metro Manila and aim for a fuller and deeper description of mobilization there, and potentially unearth a ‘new’ form of mobilization, along with its processes and mechanisms of contention that has not been described or understood elsewhere. I concluded that it seemed premature in any research agenda looking at such forms of mobilization to be searching for causes of variance when we still know so little about the nature of such collective action. We still need a better understanding of the local context out of which such mobilization emerges so that future research may better appreciate what causes variance in organized responses to water privatization.

I decided to spend more time in the Philippines to try and focus more on the local communities that were involved in collective action. The second phase of my field study thus began with a change in research methodology and the introduction of a new scale of analysis when I ‘stumbled’ into ethnography as I conducted research in urban poor communities from early 2007. Besides studying the NGOs, I had also visited, and spoke to residents from different urban poor communities in Metro Manila including the municipality of Binangonan and Antipolo City in the neighbouring province of Rizal, the Bagong Barrio area in Caloocan City (South),

barangay Bagong Silang in Caloocan City (North), barangays Signal Village, Upper Bicutan, and several other areas in Taguig City. I decided to focus on two cases of mobilization in the context of water privatization: Bagong Silang in Caloocan City, and barangay Upper Bicutan in Taguig City.

I chose these two cases for a variety of reasons. These two areas are similar in that they are mostly populated by poor urban communities and are on the list of ‘waterless areas’ recognized by the Philippine government. From the first few months of my study, I had also made the acquaintance of several local leaders from both areas who could introduce me to their community. Such brokerage was crucial for access to these areas. Actors there were also members of, and well-known to, leftwing NGOs like IPD and FDC, as well leftwing political parties like Akbayan. I felt that it was also important for my newfound friends in the left to also have some knowledge of where I was going to research. IPD in particular was developing mobilizational linkages with these communities so that gave me a lot of access to important information and contacts.

From the onset of fieldwork, I did not set out to ‘do ethnography.’ Neither did I consciously decide to change my approach after deciding to focus my research exclusively on Metro Manila. I maintained my approach of repeating visits (and questions) to the same group of people and field sites – whether in the offices of IPD or in the homes of my friends in Taguig. In the process, I collected as much ‘data’ as I could from formal and informal interviews, conversations in person, over the telephone or via email or text-messaging, observations, and participation in activities that were deliberate or unintended.

With local leaders brokering my access to these communities, I quickly discovered that my identity as a Singaporean ethnic Chinese was both an advantage and disadvantage to ethnography. Since I look like a Filipino and could muster a smattering of Tagalog, I believed that this ‘not quite native nor entirely foreign’ identity allowed me a different kind of insight into life in a poor urban community in the way a fellow researcher who was also conducting fieldwork at that time for example couldn’t. Petr Matouš was Czech and everywhere he went, he attracted much attention. I passed off very easily as a ‘local’ and could move

about, even unaccompanied, very easily. My Fujian ancestry also allowed me to strike up conversations very quickly with fellow Hokkien-speakers.<sup>21</sup> Although I only ‘lived’ in Caloocan and Taguig for a few weeks when I rented rooms from local families, I tried my best to ‘embed’ myself in the life of a particular water PO in barangay Upper Bicutan and in Bagong Silang where IPD was trying to encourage local communities to form water cooperatives.

I wanted to understand what people in water POs actually do and what were their roles in collective action in response to water privatization. I also wanted to understand the relationship of these community groups with each other, their communities, local politicians and the water utilities, NGOs often mobilizing on their behalf. I visited these POs and cooperatives countless times, and observed all aspects of their day-to-day activities. These range from tariff collection to pipe installation, from formal meetings to unsavoury encounters with people (often working for the utilities or local government whom these community organizations sometimes worked with and for, but also sometimes against).

Here, Matouš’s (2007) work was instrumental in helping me avoid romanticizing the ‘local’, and seeing these organizations as evidence of community participation. Matouš found individuals became leaders in these water POs due to their access to credit and information via personal networks. On the other hand, those with low ‘social capital’ tend to be excluded. Apart from the leader and paid workers, the consumers are not involved in the planning, decision making or other work in the water supply. In other words, what collective action there was was dominated by asymmetrical relations of power as anywhere else. Matouš’s study was also useful in terms of the survey and interview data it produced. This was something I had access to via IPD, whom he had collaborated with to do his fieldwork in Taguig.

I also wanted to understand the unfamiliar context of life in what they self refer to as ‘depressed area’ was like and how that influenced their collective action

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<sup>21</sup> The majority of Chinese-Filipinos can trace their ancestry to the Southern Chinese province of Fujian.

behaviour. I took an interest in the subsistence strategies of a few of these households that I had become familiar with. Ruth's family in particular welcomed me generously into their lives and allowed me to observe and participate in their experience of day-to-day living in Sitio Imelda. Here I learnt about the difficulties of making a living, the various 'chizmiz' in the community, their life stories and ambitions, and fears.

I was also determined to further explore local political ecology and the ways mobilization occur. I had to investigate the role of local politicians in urban poor communities where patron-clientelism was rampant. I observed and participated in the two main 'seasons' of expression of patron-clientelist power relations – during and outside electoral campaigns. I did so from both the 'patron' and the 'client's' perspectives. In Caloocan, I followed on the campaign trail of Ricojudge Janvier 'RJ' Echiverri in his unsuccessful bid for Congress in mid-2007 via his political machine – the RJCM (Ricojudge for Congress Movement). There I learnt about the intimate and complex relationship between community leaders, even those who were aligned with progressive organizations and parties, and local politicians. In Taguig, I accompanied water POs in their campaigning for retired general Arturo Alit's unsuccessful bid for Congress. I interviewed and/or spoke to local councillors, as well as employees of the local government. Attempts to contact the local employees of Manila Water at their branch office in Taguig were unsuccessful.

I did not want to miss out on what was happening in the sectoral space so I also continued my research on the left NGOs and networks mobilizing in the urban water sector in Metro Manila. To gain a further insight into the challenges faced by community water providers at the local level as well as to study it from the perspective of NGOS mobilizing at the sectoral level on their behalf, I briefly worked as a consultant for IPD on a study on small-scale water providers.<sup>22</sup> Throughout my study from 2007 to end-2008, I was also able to interview some of the water regulators and executives from Manila Water.

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<sup>22</sup> This contributed to the report 'Bulk Selling and Reticulation: Small Water Investments' (Ocampo et al. 2007).

All told, I spent around 16 months over a period of two years in the field. The real strength of this study is its detailed description of ‘actually existing’ mobilization by organized citizens in response to water privatization in Metro Manila. Set against more conventional accounts of resistance or successful examples of public-private partnerships I reveal both the context of mobilization and the processes and mechanisms of contention that only a case-oriented study can provide. The limited ability to generalize beyond Metro Manila or even the Philippines may be the more serious weakness of case studies such as these. However, Gerring (2004) argued that it is still possible to be attentive to inferences that span beyond the scope of investigation. This will be addressed in the conclusion of this thesis.

## **1.6 Roadmap**

This thesis explains the nature of social mobilization of citizens in Metro Manila in response to the privatization of the metropolitan water service which I term regulatory mobilization. This is based on a study of the micro-politics of the urban poor after critically assessing the limitations of Polanyian and moral economic approaches. Chapter Two begins with a broad theoretical and historical sweep of the politics of fictitious commodification as understood by Polanyi. I show how such a politics – concerning the ambiguous role of the state in disembedding the market, the ideological function of the commodity fiction, as well as the mechanisms of law and regulation in the double movement, provide a unique lens that focuses on the privatization of water as concurrently a process of fictitious commodification. This enhances our understanding of institutional changes to the governance of water in terms of a similar ‘Great Transformation’ that has both historical and theoretical grounding. Such a politics animate the double movement and hence, Polanyi’s broad-ranging work in *The Great Transformation* can be used to explain contemporary resistance against neoliberalism generally. Chapter Three thus shows how the concept of the moral economy is consistent with a Polanyian understanding, a sensitivity to the socio-political properties of water, and relevant to how the poor mobilize for subsistence and resistance. However, Chapter Three also suggests avenues for a more micro-level case study that can

flesh out the mobilization dynamics of the counter movement more fully, hence going beyond the macro-sociological framework of Polanyi with evidence presented via case studies in the next three chapters.

Chapter Four presents the case of Philippine water privatization against a backdrop of institutional reform that is aligned with dominant patterns of rent-seeking and distribution within an entrenched oligarchy at the national and local levels of Philippine political economy. In the Philippines, the dynamics of defensive mobilization have expressed themselves in the subsistence struggles of the urban poor and in elements of the Left. This can be observed in two instances of countervailing power that are neither fully transgressive nor completely contained, and steeped in local and historical legacies of radical resistance in the Philippines. Chapter Five describes the micro-politics of the urban poor and investigates mobilization at the local level. The chapter finds that the recursive relationship between patronage and contention is the source of mobilization that has been mounted by local urban poor communities in defence of their subsistence rights and against the private water utility and local political machines. Chapter Six focuses on contentious collective action at the policy level where I show how regulatory mobilization around sectoral rules influence water regulation. The thesis concludes by summarizing the key arguments, and considering how the insights from this case study may be extended beyond Metro Manila and the water sector.

## **2 THE GREAT TRANSFORMATIONS OF WATER**

Karl Polanyi provides a compelling framework to situate the global privatization of water and the response by water consumers. Beginning with an examination of how the process of marketization and fictitious commodification was first explained in broad theoretical and historical detail in Polanyi's seminal *The Great Transformation*, I show how this is an appropriate framework to situate the 'era of globalization' at the turn of the 20<sup>th</sup> century. This is most obviously with the expansion of the market to spheres of life previously protected from the market under various forms of state socialism in Europe and beyond. I then highlight the specific applicability to water, first as seen in the 19<sup>th</sup> century context of Polanyi's first movement, and then shown to be once again well under way since the early 1990s. This chapter serves as a backdrop for assessing the strengths and weakness of a Polanyian approach for understanding the specific kinds of urban poor politics observed in places like Manila in the early-21st century.

### **2.1 Fictitious Commodities and the Double Movement**

The rise of the modern water industry is characterized by contentious struggles over control, ownership, and regulation. However, much of the literature and historical documents are dominated by accounts of the technological expansion of water supply (and sanitation). Until relatively recently, little attention has been paid to 'institutional' (Juuti and Katko 2005: 52) or political changes.<sup>23</sup> Here, the agency of organized citizens and water consumers in much of this history has been particularly underplayed.<sup>24</sup> A Polanyian reading of the modern water sector addresses this anomaly.

According to Polanyi, the objective of market liberalism was to foster a market economy that could be 'self-regulating'. This is a market that was to be 'controlled, regulated, and directed by market prices' and it is through the price

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<sup>23</sup> See Hassan (1985; 1998).

<sup>24</sup> The historians Frank Trentmann and Vanessa Taylor's (2005) work on urban water politics which combines consumption with political culture is a rarity.



mechanism that production and distribution of goods and services in a market economy is based (Polanyi 2001: 71). There is, however, no historical precedent for this. 'Never before our own time were markets more than accessories of economic life' (Ibid.). Based on his own historical study and drawing from anthropological sources, Polanyi showed how economic life has been organized by principles other than that of market exchange, in particular 'reciprocity' and 'redistribution'. Likewise, in addition to profit and material gain, economic activity have also been driven by other motives such as the acquisition of prestige and status, or for sustaining communal solidarity (Polanyi 2001: 35-70, 276-280). Polanyi provided a substantive definition of economy as 'an instituted process of interaction between man and his environment' (Polanyi 1992: 33). He criticized the 'economistic fallacy' of the self-regulating market (Polanyi 1977: 5) in its 'institutional separation of society into an economic and political sphere' (Polletta and Jasper 2001: 74). This led to the subordination of society to the requirements of the self-regulating market. Society needed to be organized in a certain way – as market society – so that market-based and market-oriented institutions can be kept apart from non-market relations (Jessop 2007: 117). As Polanyi argued:

A market economy can exist only in a market society... A market economy must comprise all elements of industry, including labour, land, and money... But labour and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market (2001: 74-75).

For the price mechanism in a self regulating market to work, 'every element of industry is regarded as having been produced for sale (Ibid.)'. Therefore, there must be markets for all elements of industry. Since labour, land, and money are the essential elements of industry, they must also be organized into markets to become part of the market system. Therefore, just like commodities in the form of goods and services are produced for sale in the market, labour, land, and money must be commodified. However:

labour, land, and money are obviously not commodities; the postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them. In other words, according to the empirical definition of a commodity they are not commodities. Labour is

only another name for a human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, not can that activity be detached from the rest of life, be stored or mobilized; land is only another name for nature, which is not produced by man; actual money, finally, is merely token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity description of labour, land, and money is entirely fictitious (Polanyi 2001: 75-76).

The organization of markets for land, labour and money therefore rests on fiction, and it is this fiction that becomes ‘the organizing principle of society’ (Polanyi 2001: 79). Market society was to be based on a theory of market self-regulation, which itself rests on the pretence that fictitious commodities, just like true commodities that were produced for sale, could be subject to the price mechanism of the market economy. This is, in reality, a political process that will provoke political responses. Society will respond to disembedding<sup>25</sup> through commodification in the form of the counter movement. This is the premise behind the double movement.

As the extension of the market organization in its treatment of commodities both genuine and fictitious spread all over the world in the nineteenth century, ‘a network of measures and policies was integrated into powerful institutions designed to check the action of the market...’ (Ibid.). This was the counter movement whereby ‘society protected itself against the perils inherent in a self-regulating market system’ (Polanyi 2001: 80). The reaction of society in the form of the counter movement thus completes the double movement. In Polanyi’s study

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<sup>25</sup> This is closely linked to Polanyi’s centrepiece theoretical contribution of embeddedness. Even though it is hardly mentioned in *The Great Transformation*, the concept of embeddedness is the key cornerstone in the subfield of economic sociology. It is recognised as the logical starting point behind his thinking (Block 2001; Krippner 2001), and expresses the idea that the economy is not autonomous. It is in fact embedded in social relations. Drawing upon historical and anthropological sources, Polanyi provided evidence from pre-capitalist societies to show that ‘man’s economy, as a rule, is submerged in his social relationships’ (2001: 48). This is not to say that the social organization of economy falls into any evolutionary schema or historical determinism. Rather, Polanyi simply showed that institutional arrangements other than the principle of exchange that the self-regulating market was based on, exists. This is something beyond the theoretical scope of this thesis. For a good review of Polanyi’s concept of embeddedness and how it relates to his work, see Krippner (2001) and Krippner and Granovetter *et al* (2004).

of the Speenhamland Law, he provided empirical support to the fictitious commodification of labour. His was thus a study of the incomplete development of the labour market during the most active period of the Industrial Revolution from 1795 to 1834, the role played by the state, the myths created in service of market liberalism, and the response of society.

#### *2.1.1 Speenhamland: An illustration*

The Speenhamland system was designed to provide relief to the poor, and mitigate spiralling rural poverty caused by the increase in grain prices. Instead, the widespread implementation of the law using the bread scale system,<sup>26</sup> in conjunction with the Anti-Combination Acts (which prohibited trade union activity) facilitated unilateral wage reductions by employers. Farmers were encouraged by the law to shift costs on to the parish to save on their own wage bills. This led to lower wages and ultimately reduced productivity. Speenhamland was ‘designed to prevent the proletarianization of the common people, or at least to slow it down. The outcome was merely the pauperization of the masses, who almost lost their shape in the process’ (Polanyi 2001: 86). Polanyi’s account has now been shown to be partly inaccurate in the light of historical research (Block and Somers 2003). Poverty among the rural poor was due to macroeconomic factors and not because of Speenhamland, where the bread scale system was not even widely used. Poverty relief at that time also did buffer the poor against loss of income and unemployment. Nonetheless, Polanyi’s case study of Speenhamland, and the contested social history of the system (especially in the light of current debates about welfare and income maintenance policies) itself, reinforces the example of how a politics of fictitious commodification has played out in the development of a labour market for the market economy at that time.

Although the state plays a secondary role to the market in his analysis, it is by no means an insignificant one. The creation of a labour market fit for the purposes of a maturing capitalism was delayed by the Speenhamland system in England. The system that aimed to protect workers and the poor was put together, and taken

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<sup>26</sup> The amount of assistance depended on the price of bread and the size of the family.

apart, by the state. Foremost in Polanyi's intention was to show that the development of market economy was discontinuous. The labour market did not arise naturally as it required state intervention and in the process, institutions were both destroyed and created. Central to Polanyi's account was the Poor Law Reform as institutionalization of political intervention by the state. If Speenhamland was the removal of old restrictive institutions that stifled the desire for a labour market, new institutions based on the 'organizing principle of society engaged in creating a market system' (Polanyi 2001: 141) were also created:

Witness the complexity of provisions in the innumerable enclosure laws; the amount of bureaucratic control involved in the administration of the New Poor Laws which for the first time since Queen Elizabeth's reign were effectively supervised by central authority; or the increase in governmental administration entailed in the meritorious task of municipal reform (Polanyi 2001: 146-47).

Most of these newly created institutions were state institutions. This period has thus been identified by Polanyi as the period of 'the replacing of parliamentary action by action through administrative organs' (Ibid.: 147). In other words, this was the rise of the modern capitalist state, which played a key role in paving the road to the free market in a 'continuous, centrally organized and controlled interventionism' (Ibid.: 146).

In Polanyi's framework, however, the state is also implicated in society's response to fictitious commodification in terms of the ambiguous role it plays in the counter movement. This is manifested in the 'legislative spearhead of the counter movement against a self-regulating market as it developed in the half century following 1860'. This was society's desire to protect itself from being disembedded. The character of this counter movement was 'spontaneous, undirected by opinion, and actuated by a purely pragmatic spirit' (Ibid.: 147). Polanyi provided evidence from across Europe showing how society's self-protection of itself was effected through the state in terms of protective legislation (2001: 154). According to Polanyi, 'impaired self-regulation was an effect of protectionism' and, 'in the last resort, impaired self-regulation of the market led to political intervention' (2001: 210, 215). The active state intervenes again and again, disembedding and protecting society from the self-regulating economy

concurrently. Although Polanyi here appeared to suggest the role of the state as a 'last resort' in its role of maintaining capitalist social relations in ways that prefigure Althusser,<sup>27</sup> the forms of state intervention and the conditions of its interference are unspecified by Polanyi, 'how far the state was induced to interfere depended on the constitution of the political sphere and on the degree of economic distress' (2001: 216). The role of the state was never Polanyi's main analytical subject. Polanyi's aim was to expose the self-regulating myth of the market economy:

There was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course. Just as cotton manufacturers – the leading free trade industry – were created by the help of protective tariffs, export counties, and indirect wage subsidies, laissez-faire itself was enforced by the state' (2001: 144).

If the state in Polanyi's framework so far represents the means by which the economy is disembedded (from society), and may only act (to protect society) when the ill-effects of fictitious commodification are unleashed, the society stands in direct contrast. Fictitious commodification goes against the nature of society whereby the economy is embedded in social relations. Any attempt to disembed the economy will cause society to react to protect itself. Just like Polanyi's treatment of the state in *The Great Transformation*, there is an absence of any formulation stipulating the conditions under which society may arise, and the forms it may take. From his account of Speenhamland however, there is a detailed account of the particular rise of the English working class. Hence his argument that:

[Speenhamland] prevented laborers from developing into an economic class and thus deprived them of the only means of staving off the fate to which they were doomed in the economic mill (Polanyi 2001: 103).

It is only with the abolition of Speenhamland that the modern working class came into being. 'The repeal of Speenhamland was the work of a new class entering on the historical scene, the middle classes of England' (Ibid.: 105). The specific form society took in its response to the fictitious commodification of labour as

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<sup>27</sup> See Althusser (1972).

manifested in Speenhamland were ‘...a political and industrial working-class movement [that] sprang into being’ (Ibid.: 87). That is not to say that Polanyi merely substituted Marx’s class analysis with his ‘society’, since Polanyi was agnostic about the constitution of the counter movement as discussed above.

The indeterminacy of Polanyi’s treatment of state and society prevents him from reifying them. This is a similar approach he takes to considering the role of law and regulation in fictitious commodification. On the one hand, the Act of Settlement of 1662, loosened in 1795, would have allowed for the establishment of a national labour market were it not for the Speenhamland Law. Speenhamland merely delayed the commodification of labour that was underway. The Poor Law Reform of 1834, in dismantling Speenhamland, allowed the creation of a competitive labour market in England (Ibid.: 81-87). ‘Political repression’ was thus put into effect by ‘parliamentary legislation’ (Ibid.: 146). On the other hand, ‘yet almost simultaneously the self-protection of society set in: factory laws and social legislation... sprang into being’ (Ibid.: 87). Fictitious commodification was effected through legislation which may also be used for the protection of society:

And if factory legislation and social laws were required to protect industrial man from the implications of the commodity fiction in regard to labour power, if land laws and agrarian tariffs were called into being by the necessity of protecting natural resources and the culture of the countryside against the implications of the commodity fiction in respect to them, it was equally true that central banking and the management of the monetary system were needed to keep manufactures and other productive enterprises safe from the harm involved in the commodity fiction as applied to money (Ibid.: 138).

The instrumental use of law is indeterminate, as Polanyi similarly provided a broad conception of regulation beyond the realm of command and control in the legal sphere:

The legislative spearhead of the counter movement against a self-regulating market as it developed in the half century following 1860 turned out to be spontaneous, undirected by opinion, and actuated by a purely pragmatic spirit (Ibid.: 147).

For Polanyi, the market mechanism of the self-regulating market was geared by the commodity concept and it is not something that Polanyi was ambiguous about.

The extension of the commodity concept to things that are not commodities turns the concept into fiction, ‘the commodity description of labour, land, and money is entirely fictitious’. It is with this commodity fiction that ‘actual markets for labour, land, and money are organized’, and furthermore:

supplies a vital organizing principle in regard to the whole of society affecting almost all its institutions in the most varied way, namely, the principle according to which no arrangement or behaviour should be allowed to exist that might prevent the actual functioning of the market mechanism on the lines of the commodity fiction (Ibid.: 76).

If Polanyi’s description of commodity fiction sounds familiar to present-day structural adjustment policy prescriptions by MFIs like the World Bank and the International Monetary Fund to developing countries, it should not be surprising. The neo-classical economics upon which MFIs operate on comes from a long lineage in classical political economy. In the early days of the discipline, the Speenhamland story has been used by Malthus and Ricardo to understand the persistence of poverty at that time. Drawing on biological drives to explain human behaviour, the resulting ‘naturalism’ in mainstream economics can be traced directly to the Speenhamland epoch (Block and Somers 2003). Polanyi was eager to show how classical political economy was shaped by the Speenhamland story, and the role it played in commodity fiction: ‘the foundations of economic theory were laid down during the Speenhamland period, which made appear as a competitive market economy what actually was capitalism without a labour market’ (Polanyi 2001: 130).

Against market liberals like Malthus, who generalized from the English experience a set of universal laws concerning the ways markets and states behave, Polanyi studied the Speenhamland system in its context. Contrary to market liberals, who would cite the system as an example of an interfering state, Polanyi argued that this was in fact not the English case because there was no organized working class to defend its own interest. He therefore showed how the Speenhamland was deliberately misinterpreted by market liberals to justify the subsequent reforms that will pave the way for the development of a labour market. Without any empirical evidence (and contrary even to scholarship at that time), Malthus spun a morality tale about the supposed dire effects of

Speenhamland. Poor relief created disincentives to work, and instead encouraged early marriage leading to high birth rates among the poor. Rather than recognizing the poor as victims of a macroeconomic policy, which led to deflation and intensified rural poverty,<sup>28</sup> a myth was invented. The poor were instead blamed for the agriculture downturn.

The findings of the hugely influential Royal Commission Report of 1834 merely confirmed what it had set out to document in the first place, drawing upon the works of liberals like Malthus and Townsend (Block and Somers 2003: 5). Intellectual support for Malthus's advocacy for the abolition of the Poor Law had built momentum leading to the publication of parliamentary reports in 1817 and 1819. Legislative support, however, was not forthcoming due to widespread rural unrest and the fear that reforms will unite rural labourers, urban workers, and middle-class radicals (Block and Somers 2003: 29). This changed with the Whigs coming to power. The Reform Act of 1832 was passed which gave effective representation to the middle-class and expanded suffrage. A Royal Commission was also appointed to investigate the Poor Laws. Diluting Malthus's more radical abolitionist position but sustaining his myth, the Commission tapped into the reform language of the day, and proposed reforms that generated parliamentary consensus that led to the New Poor Law (Block and Somers 2003: 30). Part of this consensus naturally included a significant number factory owners (who were now part of a reformed parliament), who desired a labour force that was cheap and 'free'. The commodity fiction of labour was therefore complete with the dismantling of Speenhamland.

Concluding this part of the discussion on the politics of fictitious commodities is a suggestion of a certain dynamic of political transformation and continuity. This is something that emerges strongly from Polanyi's institutional analysis that combines contingency with a degree of determinism. His analytic account of Speenhamland is once again instructive. Polanyi suggested that Speenhamland had led to the unintended decrease in wages because of the existence at that time

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<sup>28</sup> This was Ricardo's advice to restore the pre-war parity of the pound to gold (Block and Somers 2003: 26-28).



of the Anti-Combination Laws which made trade union activity illegal (2001: 85). Block and Somers added that without the means to organize themselves, the complicated Speenhamland system thus prevented the rural workers from ‘understanding their actual social position’ (2003: 9). Hence Speenhamland prevented workers labourers from developing into an economic class.

It is only with the abolition of Speenhamland that the modern working class could come into being. According to Block, Polanyi was puzzled with the lack of political consciousness in the English working class compared with its continental colleagues. Elsewhere in Europe, the working class had assisted the bourgeoisie in its struggle against feudalism, and their rise to power. In England, on the one hand, the English working class played no such role (Block 2003: 291-92). Despite the differences between England and Europe, however, Polanyi suggested ‘it would be easy to produce a regular calendar setting out the years in which analogous changes occurred in the various countries’ (2001: 153). Thus, the negative effects of Speenhamland depended on contingent and unforeseen circumstances. On the other hand, Polanyi’s suggestion of market transition across Europe contains more than a whiff of inevitability (Block 2003: 293).

From Polanyi’s account of the Speenhamland system, there is no doubt that the labour market that emerged was a creature of politics. The attempt by a self-regulating market to disembed economy via fictitious commodification from society is the first movement. Society’s response to fictitious commodification constitutes the counter movement, and completes the double movement. In a politics of fictitious commodification, the role of the state is that of domination although there are times when it protects society. Society responds to disembedding in the form of mobilized groups that may be organized along classes and beyond. Hence the kind of ‘corrective measures’ that Speenhamland exemplifies suggest that the double movement is a dialectic that ends in a thesis – some form of state (and societal) intervention to reduce the pain or to ease the symptoms of marketization’s attempt at disembedding. In this process, the state, (mobilized) society, ideology (operating in the form of commodity fiction), law and regulation have important roles. The implications of this for a politics of fictitious commodification will be fleshed out later.

Although Polanyi does not have a concept of power or a theory of politics, his concept of fictitious commodities and his empirical analysis of fictitious commodification, as shown in the example of his analysis of the development of a capitalist labour market in England, provide sufficient material for understanding the politics of fictitious commodification. In the period of Polanyi's analysis, the politics of commodification expressed how market liberalism attempted to create a self-regulating market by the process of disembedding. Disembedding is the process by which the self-regulating economy makes itself autonomous to social relations and this, Polanyi asserted, cannot succeed as evidenced by the consequence of the counter movement. Fictitious commodification is one of the mechanisms of disembedding by which human beings and the natural environment are transformed into commodities. Since these are not pure commodities, the process of transformation is a political one. Polanyi's analysis of Speenhamland was an examination of the politics of fictitious commodification, under conditions of market liberalism's (ultimately unsuccessful) attempt to commodify labour. From his account of Speenhamland alone, there is enough for a broad conception of political power with regards to the roles of the state, society (and mobilized groups), ideology (as operating in the form of commodity fiction), and the mechanisms of law and regulation. The indeterminacy and ambiguity running through most of these components however is partly why the development and application of a concept of power for political analysis has been difficult.

#### *2.1.2 Contemporary politics of fictitious commodification*

Contemporary applications of the Polanyian framework in the 'era of globalization' are reliant on the dominant features of a Polanyian conception of politics as manifested in the politics of fictitious commodification: the double movement as a dialectic, comprising processes of domination and empowerment; the twin crises of the state (profitability and legitimacy); the operation of commodity fiction through hegemonic discourses; and the organized response of society at multiple scales using mechanisms of law, regulation and governance for defensive self-protection. Accounts of political agency rarely feature at a smaller-

than-macro scale. In *Forces of Labour*, for example, Silver's (2003) novel conceptualization of the trajectory of the double movement as a pendulum swing has been useful in understanding labour history in the twentieth century as the global labour force went through periods of commodification and decommodification, accompanied by the disassembling and reassembling of social compacts. This also relates to periods of world hegemony (Ibid.: 125), which suggest that the synthesis (transformation and change, or continuity) of the double movement is crucially dependent on the first (thesis) and counter (anti-thesis) movements. The nature of the double movement is therefore a dialectical one.<sup>29</sup> This is how the rise of neoliberalism is understood in a Polanyian context. Gill (1995) noted that the rise of neo-liberal institutional reform in the 1970s was being countervailed and constrained by the 1990s. He argued that neoliberalism had deepened the commodification of social relations within modern capitalism. Prioritizing certain configurations of priorities, policies, and outcomes over others that are tantamount to a 'revolution of the powerful against the weak', Gill observed socio-political forces that were set against the first movement of neoliberalism. This counter movement aimed to assert greater control over political life based on more inclusionary and democratic principles. This was the continuation of the processes of market liberalism and social protection – the double movement.

Presently, the valorization of social life in market terms has become systemic. Capitalist norms and practices have become more pervasive in everyday life as the process of commodification is 'increasingly monitored, aggregated and controlled by the use of surveillance technologies' (Gill 1995). The establishment of a total neoliberal hegemony cannot succeed due to its inherent contradictions and moral bankruptcy. Neoliberal hegemony faces competition from other forms of capitalist accumulation and industrial organization. For example, Sandbrook anticipated the coming of the 'African Great Transformation' as the outcome of struggles between market reform and responses from patrimonial rulers and communities (2005: 1121). Hybrid systems in Africa where principles and institutions of

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<sup>29</sup> For a more sophisticated elaboration and application of the double movement as a dialectic, see Randles and Ramlogan (2007)

redistribution are predominant (for example, the 'big man' culture of neopatrimonialism) will see massive disruption were individual entrepreneurship unleashed as advocated recently by development agencies in Africa. Although many of these 'big-man' societies are rife with their own inequities, disruption to community networks organized around the principle of reciprocity (for example, gift giving) will see the erosion of ties of traditional solidarity. The prospect of failed states in Africa is a real one. For every successful Mauritius, there is a Sierra Leone (Ibid.: 1124). The question of what new transformations – the synthesis in the dialectic – we can expect this time, and speculations on the remarkable reproductive capacity of capitalism is not the concern of this thesis. It is, however, this sense of uncertainty, underpinned by Polanyi's concept of the double movement, that constrains and provides ample opportunity for the counter movement.

Besides using her study of long-term dynamics of world labour to conceptualize labour unrests as corresponding to double movements, Silver (2003) also vindicated Polanyi by revealing the crucial role played by the state in the creation of a global labour market. Silver further argued that the fundamental contradiction of historical capitalism is characterized by two tendencies – crisis of profitability and crisis of legitimacy. As the expansion of capitalist production strengthens labour, the state is forced to confront powerful labour movements. Concessions extended to control them result in crises of profitability. The attempt to restore profitability through further commodification of labour however will undermine existing social compacts. This leads to crises of legitimacy when backlash resistance emerges (Ibid.: 20). The state plays the most dominant role in the double movement in this sense and as such is deeply affected by the twin crises of profitability (accumulation) and legitimacy. Lee (2007: 18-19) made the same observation looking at Chinese labour mobilization in terms of the contradictory Chinese reform political economy. There is also more that can be teased out from Polanyi on the role and nature of the state in the process of fictitious commodification. Birchfield's (2005) analysis of Polanyi's observations of the state combined the dialectic of the double movement and the crises of the state and paved the way for a political interpretation of Polanyi:

The significance Polanyi attaches to the role of the state and political authority in forging the first element of the double movement deserves special attention. McMichael's [2005] exposition of Polanyi yields a particularly perceptive view on this point as he shows that Polanyi's account of the formation of the modern nation-state is bound up with 'political resistance to the institution of market relations' and that the link to the present form of corporate globalization is 'that the state itself is transformed as an instrument of privatization, and its evident complicity in the decomposition of citizenship fuels an alternative politics informing a global counter-movement (Birchfield 2005: 586).

Therefore, it can be argued that the modern nation-state had come into being, both culpable, and feeling the effects of the double movement. This was the attempt to disembed economy from society primarily through the process of fictitious commodification (the first movement), and then launching protective measures on behalf of society (the counter movement).

The commodity fiction is the commodity description of labour, land and money for sale in the market. This description is completely fictitious but it is how market society is organized for the self-regulating market economy. Focusing her critique on neoliberalism's hegemonic discourse under globalization, Birchfield (1999) combined key elements from Polanyi and Gramsci to contest the depoliticization, atomization and commodification of society and human life that is inherent in neoliberal globalization. The focus of her attack was not market economy, but market ideology. The terrain of struggle is thus ideological (Ibid.: 30-36) and political, 'economic organization [under neoliberalism] is politically motivated and therefore legitimately contestable in a democratic society' (Ibid.: 41).

Therefore, the dominant features of a Polanyian conception of politics as manifested in dialectical politics of fictitious commodification has been explored in a wide range of studies by contemporary scholars. They have accounted for the double movement as thesis and anti-thesis, comprising processes of domination and empowerment; the twin crises of the state (profitability and legitimacy); the operation of commodity fiction through hegemonic discourses; and the organized response of society at multiple scales using mechanisms of law, regulation and governance for defensive self-protection. The rest of the chapter now applies this

application of Polanyi to the water sector.

## 2.2 The ‘Great Transformations’ of Water

Without needing to provide a competing narrative to the history of the modern water sector, it is possible to elucidate upon the collective response of ‘water-users’ in ways that go beyond their ostensible roles as mere ‘consumers.’ As Bakker has suggested, Polanyi's account of the spread of market relations to new realms of society and the creation of a market economy can be extended to the specific context of the privatization of water witnessed over the past few decades:

public and private actors respond in a variety of creative and constantly evolving ways: capital seeking profit; the state seeking to develop a mutually supportive relationship between capital accumulation and regulation, enabling economic growth and creating conditions for political stability – an example of Polanyi's “double movement” (2007: 104).

The current double movement has come about after a previous double movement during the rise of the modern water sector in Victorian Britain in the nineteenth century. Just as Polanyi showed how labour, land and money went through highly contested processes of fictitious commodification, the commodification of water has likewise been attempted in several historical stages. In this sense, water can also be understood as a fictitious commodity as other extrapolations and applications of the concept to other ‘fictitious commodities’ by scholars like Donahue (2007) (gemstones) and Jessop (2007) (knowledge) have shown.

From nineteenth-century London and in several parts of the world, as observed later in this chapter, to twenty-first century Manila, discussed later in the thesis, attempts to subject water to the dictates of the market economy have always been met with resistance from organized social forces. Due to the highly ‘uncooperative’ nature of water (Bakker 2003), its commodification has never been complete. At every point of disembedding, society (often through the state) has intervened. Likewise, neoliberal privatization has made definite inroads towards further commodification but society has also undertaken defensive and reactive collective action. Just as before, much of this collective response have been channelled through the regulatory capacities of the state.

### *2.2.1 The fictitious commodification of water in historical perspective: The first double movement*

The global preponderance of public and municipal-owned and managed urban water systems is in fact the result of the first counter movement against the fictitious commodification of water in the founding period of the modern water sector. In Britain, the forerunner in the industrial production and supply of water, the private sector had laid the foundations of the water industry between 1750 and 1870 (Bakker 2003: 46-50; Juuti and Katko 2005: 39-41). Private water undertakings in Britain in fact started as early as 1681 in the wake of the Great Fire of 1666, when the city administration granted permission to Peter Morris the use of the first arch of London Bridge for water supply purposes for 500 years (Juuti and Katko 2005: 41). In France, an imperial decree established the *Compagnie Générale des Eaux* (later Vivendi and Veolia Water) in 1853 (Ibid.: 41). Even though the public sector played more of a role in other parts of the continent, the primary motivation in countries like Germany, for example, remained the idea of municipal enterprise and the desire for profits (in the hope that it may benefit the public good) (Ibid.). Outside Europe, American states chartered companies in cities from Portsmouth, New Hampshire, to Charleston, South Carolina from the late eighteenth century to meet growing demand for water (Rawson 2004: 415).

It was in the urban areas where commodification was most apparent. This was where rapid growth placed an ever-increasing demand from consumers and industry alike for water. In London, for example, the nine private water supply companies operating in 1828 (Goubert 1986: 172) covered and closed open water networks which had served a multiplicity of uses (eg., leisure, transport, trade, drinking water, and disposal) for centuries. This burial of water supply networks was for Bakker a deliberate enclosure of the water 'commons' (Bakker 2003: 48). The British parliament encouraged this in an age of *laissez-faire* in the belief that the private sector was more efficient, and discouraged municipal or community involvement in water supply. Consistent with Polanyi's observations of that era, in first four decades of the nineteenth century, the British parliament 'did not

regard water supply as in any way different from normal speculative ventures, and relied on the workings of market forces and the potential of competition to safeguard the public interest' (Falkus 1977: 140). Hence by 1846, only ten out of 190 local authorities owned their waterworks (Hassan 1985: 533).

The dominance of the private sector in urban water supply led to numerous problems. The social and economic costs of giving private enterprise free rein in the water sector had become too high. By the mid-nineteenth century, local water sources in the northern textile districts of Britain and other dense industrial areas were so polluted that they were unfit even for industrial purposes. Not only was private enterprise failing to keep up with present and projected water requirements, it was also not meeting non-marketable benefits. Public health in cities was threatened with sporadic cholera and typhoid epidemics. Adequate sanitation was almost completely absent. Links were even made between a clean material environment and moral rectitude. In the context of rapid urbanization as the Industrial Revolution was in full swing, the limited availability of clean water supplies led to widespread concerns over water quality and availability (Bakker 2003: 51). For the economic historian John Hassan, the verdict was conclusive, 'evidently dependence upon individual initiatives and private enterprise had produced a classic case of market failure in the British water industry by the 1840s' (Hassan 1985: 544). The self-regulating market economy had failed and the response from society was swift. Questions were increasingly asked about the wisdom of organizing Britain's water supplies based on unregulated private enterprise. By the 1870s, a legislative framework facilitating a movement for municipally owned water sector was in place. Between 1861 and 1881, the proportion of towns supplied municipally rose from 40.8 to 80.2 per cent (Ibid.: 534-35).

Different parts of society had mobilized behind this counter movement to municipalize water. The determining motivation (and hence the decisive political factor) behind this is a matter of historical dispute, suggesting the broad front of the mobilization against the failings of the self-regulating water industry. For



Hassan (1985; 1998),<sup>30</sup> the decisive factor was economic and the main actors therefore land owners and businessmen, who saw it in their self-interest to support municipalization due to the perceived long-term benefits in having a modernized water supply (which included reduced fire-risks, lower industrial costs, enhanced property value, and a healthier labour force) (Hassan 1985: 538). Others propose a more ideological and political explanation. For Swyngedouw (2004), and Hall and Lobina (2006), the growth of municipal socialism, which drove the development of local public services in Europe and the US, was crucial in ideologically establishing the public sector as the mechanism for fulfilling a broader set of social, economic and political objectives (Ibid.: 4). These included the ‘gas and water socialists’ of the small but influential Fabian Society, utopian socialists and philanthropists also advocated the public ownership of water supply (Goubert 1986). In his book *Socialism in England*, Sidney Webb enthused:

It is not only in matters of sanitation that this ‘Municipal Socialism’ is progressing. Nearly half the consumers of the Kingdom already consume gas made by themselves as citizens collectively, in 168 different localities, as many as 14 local authorities obtained the power to borrow money to engage in the gas industry in a single year. Water supply is rapidly coming to be universally a matter of public provision, no fewer than 71 separate governing bodies obtaining loans for this purpose in the year 1885-86 alone (1901: 102).

Hardly a socialist himself, Joseph Chamberlain forcibly purchased Birmingham's waterworks in January 1876 as mayor of Birmingham. Speaking to a House of Commons Committee, he said:

We have not the slightest intention of making profit...We shall get our profit indirectly in the comfort of the town and in the health of the inhabitants (Murrell 1900: 111).

The desire for municipal reform coincided with fledging consumer agitation over unfair water taxes and charges as water consumer defence leagues sprang up across London and in cities all over England (Trentmann and Taylor 2005). In Boston, water reformers were drawn from the medical circles, temperance advocates, evangelical Christians, the city's working classes, and various urban

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<sup>30</sup> For a succinct summary of competing perspectives, see Millward (1989).

reformers (Rawson 2004). This was a counter movement that was mobilized from across society. Here is perhaps the earliest evidence that suggest that a future, and second counter movement, against water privatization may find its expression of social power being channelled through the regulatory capacity of the state. While not quite the ‘regulatory mobilization’ observed in the next few chapters, it is worth bearing in mind the great diversity of the water counter movement in its first appearance during the last ‘great transformation’.

The fictitious commodification of water for the market economy continued even as the state and municipalities were take water back into public hands. The commodity fiction that continued the commodification of water into the next century was the invention of the notion of circulation. It was in the creation of the idea that water, like capital, circulates the modern city which allowed the commodification of water to be used politically. This was the development of a public health system by a state that came into being as it developed social policy. In the centenary commemoration for Adam Smith, Edwin Chadwick’s papers were published in 1887 with the title *The Health of Nations*. Chadwick was the first to suggest that water should circulate in the city, much like the way Smith and Marx thought that money and commodities circulated in the capitalist economy like a metabolic system (Swyngedouw 2004: 31-32). The circulation metaphor was invented by Chadwick in 1842 with the publication of *Report on the Sanitary Condition of the Labouring Population on Great Britain*. Written while serving as secretary to the commission administering the new poor law in Britain, Chadwick’s *Sanitary Report* is seen as the founding document of the public health movement that arose in the 1830s and 1840s in industrializing Britain. The period following publication and the First World War was a period of unprecedented sanitary improvement. Investment in water supply and waste disposal, public green spaces, clean streets and better ventilated living places all aimed to improve environmental quality. Based on the scientifically premised belief that filth causes disease, *The Sanitary Report* can be said to be responsible for ‘the most profoundly humanitarian of reforms’ (Hamlin 1998: 4). However, *The Sanitary Report* was also a political document. In Christopher Hamlin’s *Public Health and Social Justice in the Age of Chadwick*, the historian showed how pressing issues of work, wages, and food which affected the poor people in

the industrial revolution were swept aside in the emerging public health agenda:

There was here the raw material for making health as prominent a criterion for the assessment of public policy as, say economics has become. That did not happen. Chadwick and company rejected work, wages, and food to focus on water and filth, arguably the greatest ‘technical fix’ in history (1998: 13).

Contrary to others with broader point of views, Chadwick’s own notion of public health ruled out all factors that affected health and advocated a narrow and politically innocuous emphasis on water and sewers (Hamlin 1998: 15). Hence, to paraphrase Hamlin, the history of public health in Victorian England is also the history of class struggle (Ibid.: 2). The gradual concentration of state control over water resources was an assertion of state power in the territorialization of its power and the forging of civic identity at the local level. It was also the beginning of new class and gender differentiation in terms of access to water with the weight of state power behind it in the rise of urban waterworks:

The mechanisms of exclusion from and access to unlimited quantities of potable water were cemented into the water engineering system itself and remain like this until this very day (Swyngedouw 2004: 35).

Water was brought firmly into the realm of urban social power with the fusion of water circulation with the urbanization process, accompanied by its commodified domestication and related processes of inclusion and exclusion (from access to water) (Ibid.). This was a form of social power that was distinctively statist in nature.

In summary, from this observation of the first double movement in water, the multidimensional characteristics of commodification can be observed. In socioeconomic and political terms, the shift away from a purely laissez-faire approach in control and ownership in the sector to a statist one was accompanied by an invented discursive logic of circulation in the mid-nineteenth to early-twentieth centuries. This allowed for the abstraction of water from its biophysical context, and employed into a variety of uses from profit-seeking to nation-building. This will pave the way for further commodification – where water is further alienated from its ecological context to become standardized goods

amenable to exchange – when privatization occurs in the late-twentieth and early-twenty first centuries.

### *2.2.2 The neoliberal privatization of water and the second water double movement*

At the conclusion of the first double movement in the water sector in the twentieth century, the ‘state hydraulic’ model became dominant. Water supply was exclusively mobilized by the state as a strategic resource for nation-building, and for societies undergoing modernization, industrialization, urbanization, and agricultural intensification (Bakker 2003; 2005). This paradigm soon ran into ecological, cultural, ideological, and socioeconomic challenges that paved the way for the rise of market environmentalism as a corollary development of neoliberalism.

From the 1980s, the idea that the state should take a backseat in providing social functions and economic development took hold. These roles should instead be undertaken by businesses in free markets, with the state playing a facilitating and regulatory role. Using their considerable leverage as creditors, MFIs aggressively advocated neoliberal reforms to indebted low- and middle-income countries via controversial structural adjustment policies that called for massive reductions in state spending. These ideas formally entered the water sector in the form of the 1992 Dublin Principles. At the International Conference on Water and the Environment in Dublin and at the United Nations Conference on Environment and Development in Rio de Janeiro both in 1992, new approaches for water resources management were established. Not only were environmental issues integrated into water issues, the economic perspective too precedence over all others (Finger and Allouche 2002; Budds and McGranahan 2003). This was encapsulated in the fourth of the Dublin Principles:

Water has an economic value in all its competing uses and should be recognized as an economic good. Within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price. Past failure to recognize the economic value of water has led to wasteful and environmentally damaging uses of the resource. Managing water as an economic good is an important

way of achieving efficient and equitable use, and of encouraging conservation and protection of water resources (World Meteorological Organization 1992).

That water privatization is occurring within the context of a wide-ranging ideological debate over the sphere of legitimacy of the state, and a much broader process of delegation of formerly core state functions to non-state actors mean that water privatization has been an intrinsically political process. In other words, privatization should be understood in terms of strategies to ‘realign institutions and decision-making processes so as to privilege the goals of some groups over the competing aspirations of other groups’ (Feigenbaum et al. 1998: 41).

Intense contestation around water privatization means that much analysis has conflated the interrelated but separate concepts and processes of privatization, commercialization, and commodification (Bakker 2005: 544).<sup>31</sup> For Bakker, privatization is the ‘change of ownership, or a handover of management, from the public to the private sector’. Commercialization ‘entails changes in resource management practices that introduce commercial principles (such as efficiency), methods (such as cost-benefit assessment), and objectives (such as profit-maximization)’. Privatization can take place without full commercialization. While both are necessary for the conversion of water into an economic good, privatization and commercialization are insufficient conditions by themselves. What is needed is commodification. Commodification entails ‘the creation of an economic good through the application of mechanisms intended to appropriate and standardize a class of goods or services, enabling these goods or services to be sold at a price determined through market exchange.’ (Ibid.) Echoing Polanyi, commodification for Bakker entails bringing goods formerly outside marketized spheres of existence into the world of money. As such, commodification is multidimensional in the following ways:

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<sup>31</sup> Although these distinctions are applied by Bakker to study neoliberal resource management, the form of ‘market environmentalism’ specified by her indicates that it is a clear extension of fictitious commodification by market economy. ‘Through establishing private property rights, employing markets as allocation mechanisms, and incorporating environmental externalities through pricing, proponents of market environmentalism assert that environmental goods will be more efficiently allocated if treated as economic goods of natural resources’ (Bakker 2005: 543).

- Socioeconomic: entailing changes in pricing (pricing and the creation of price-signalling mechanisms), charging methods, and allocation and exchange mechanisms;
- Discursive: entailing transformations in the identities of and values ascribed to natural objects such that they can be abstracted from their biophysical context, valued, and displaced;
- Material: entailing physical interventions and adaptations such that desired nature(s) can be alienated from their ecological context as standardized goods, amenable to exchange (Ibid.).

Going beyond mere ownership or management of water services, private companies have received both ideological and financial support from key mediators of international finance (eg., the International Finance Corporation, the Asian, and American Development Banks) as well as influential sources of bilateral aid such as the UK's Department for International Development (Bakker 2006: 148). In the process, massive sums of finance are raised and injected into water sectors of these often heavily indebted nations (Finger and Allouche 2002: 105-49). This investment is occurring within the context of a surge in infrastructure investment in developing countries, and moves to open up the water supply sector to private sector operators in both developed and developing countries. Their activities have been greatly facilitated by new trade rules designed to allow, and sometimes require, access by governments to their domestic water supply services (Bakker 2006: 148). Viewed through Polanyi, this is the first movement of the double movement in action, the process of market extension underpinned by fictitious commodification.

Like Polanyi, Bakker argues that commodification is 'transitory'. It can never be complete and is always 'contested, partial and transient'. Water can never fully become a commodity because of its fundamental biophysical characteristics. This give rise to two basic 'market failures' in the commodification of water: externalities and monopoly. Firstly, because water is a flow resource, it is not easy to contain pollution. Hence its costs (and benefits) manifest as externalities. Externalities arise when costs or benefits arising from water production are not accounted for in the price mechanism, which thus do not accrue to the producer. Secondly, although water is cheap to store, it is expensive to transport. Expensive sunk infrastructure is required thus resulting in a natural monopoly (Bakker 2005:

552). It is in this sense an ‘uncooperative commodity’ (Bakker 2003).

The commodification of water under privatization also required a commodity fiction to justify commodification. This was provided through the discursive production of ‘scarcity’ whereby ‘water crisis’ have been the oft-cited justification for privatization (Johnston 2003). Trottier (2008) showed how different epistemic communities have built their science by promoting very specific understandings of what is a water crisis. Proponents of the ‘global water crisis’ developed the framework of Integrated Water Resources Management while proponents of the ‘municipal water crisis’ anchored the issue of water equity within the Millennium Development Goals. From the perspective of small-scale irrigation and property regimes, a variety of institutional forms, formal or informal more suitably describe the kind of desirable water management. Hence, ‘scarcity’ has been a function of politics. With capital accumulation assuming responsibility for environmental protection and rehabilitation as seen in the fourth Dublin Principle, scarcity will always be deployed as a justification for privatization and commercialization, and exploited as an opportunity by capital (Bakker 2003: 30-31; Goldman 2005; 2007; Roberts 2008: 539-40). This deployment by governments frequently happens after a drought-induced water crisis. Kaika (2004) showed how the drought in Athens between 1989 and 1991 facilitated the liberalization and privatization of water management and allocation in Greece. Based on the neoliberal premises of market environmentalism, the mechanism for managing ‘scarcity’ is the price signal of the market. Water thus becomes a ‘scarce good’ that underpins its commodification (Swyngedouw 2004: 47).

As Polanyi reminded us, however, complete disembedding through commodification is impossible. In Bakker’s examination of water privatization in England and Wales, she found problems with commodification at every turn.

**Table 1. Neoliberalizing water supply**

	<b>State hydraulic</b>	process	<b>Market environmentalist</b>
<b>Method of charging</b>	Unmetered, proxy bills	Commodification	Metered
<b>Raw water pricing</b>	subsidized or free		Priced at full (environmental) cost
<b>Water supply pricing</b>	Social equity (ability to pay)		Economic equity (benefit principle)
<b>Allocation mechanism</b>	Public policy		Competition
<b>Water identity</b>	Resource		Environment

Source: Adapted from Bakker, K. (2005). "Neoliberalizing Nature? Market Environmentalism in Water Supply in England and Wales." *Annals of the Association of American Geographers* 95(3): 547.

Britain is an interesting case because no other country has completely privatized its water supply and sewerage systems. Commodification via the conversion of water into an economic good required the introduction of true competition and cost-reflective pricing (see Table 1). These in turn imply integrated, trans-watershed-infrastructure networks and new environmental valuation techniques and technologies such as meters in order to convey price signals respectively. Neither was successfully implemented in Britain. Network integration of water ran into ecological and public health issues while political resistance and pressure, and the technical difficulty of developing sophisticated valuation techniques. This led to substantial re-regulation of the water industry following privatization in 1989 with the state stepping back from early commitments to valuation and liberalization (Bakker 2003; 2005). Globally, the socioeconomic, discursive and material dimensions of water commodification manifested in a politics of fictitious commodification, as pointed out earlier. There is of course another reason why the fictitious commodification of water has been unsuccessful and incomplete. This is because of the counter movement.



This section has considered these aspects of water commodification in terms of a politics of fictitious commodification historically. It has shown how the politics of the fictitious commodification of water operated as a double movement in a dialectic, comprising processes of domination and empowerment. The twin crises of the state (profitability and legitimacy) has been revealed in its role of taking the market out of water and into its embrace. This required the operation of a commodity fiction through hegemonic discourses. These are the strengths of a Polanyian approach. The dialectic of the double movement, however, is also constituted by the counter movement. Here, Polanyi wrote about the organized response of society at multiple scales using mechanisms of law, regulation and governance for defensive self-protection. The next chapter will now assess this approach for understanding organized responses to water privatization.

### **3 THE POLITICS OF THE ‘WATER COUNTER MOVEMENT’**

Polanyi alerted us to the fact that the relationship between the attempt to commodify water and the organized response by society is a dialectical one. This chapter examines the extent to which Polanyi’s framework sheds light on the counter movement. Although the concept of a ‘water counter movement’ may be appealing, it does not go beyond the recognition that society’s response to water privatization is a diverse one. While this shortcoming may be partially overcome with the concept of the moral economy, such an approach is fraught with difficulties in locating a subsistence ethic in an urban poor setting where a more complex informal economy resides alongside highly asymmetrical relationships of clientelism. Ultimately, a ‘moral economy of the water counter movement’ fails to appreciate the expanded role of the urban poor in the current context of neoliberal privatization. Based on a study into the micro-politics of the urban poor, I propose that the concept of regulatory mobilization is better placed to elucidate on this phenomenon of how the urban poor has been unexpectedly thrust into multiple roles of political agency in a post-privatization context.

#### **3.1 The Second Water Counter Movement**

As the extension of the market organization in its treatment of commodities both genuine and fictitious spread all over the world in the nineteenth century, ‘a network of measures and policies was integrated into powerful institutions designed to check the action of the market...’ (Ibid.). This was the counter movement whereby ‘society protected itself against the perils inherent in a self-regulating market system’ (Polanyi 2001: 80). The counter movement was by no means a homogenous one. Polanyi stressed this in *The Great Transformation*:

The great variety of forms in which the “collectivist” counter movement appeared was not due to any preference for socialism or nationalism on the part of concerned interests, but exclusively to the broad range of the vital social interests affected by the expanding market mechanism (2001: 151).

Therefore, there was great diversity in terms of the nature of action taken by society in its self-defence. Polanyi showed how much of the legislation used by

liberals as evidence of concerted action by “collectivists’ were in fact sponsored by staunch supporters of laissez-faire (2001: 152-53). Polanyi revealed how countries as different as Victorian England and Prussia with different political systems, experienced periods of anti-liberal legislation (eg., regulations on public health and trade associations etc) following free trade and laissez-faire (Polanyi 2001: 153-54). The character of the counter movement thus transcended ideology and narrow group interests. Sometimes, the same response could even be employed across the class divide:

Reaction was the beneficiary of a socially useful function which it happened to perform. The identical function which allowed reactionary classes in Europe to make play with traditional sentiments in their fight for agrarian tariffs was responsible in America about a half-century later for the success of the TVA [Tennessee Valley Authority] and other progressive social techniques. The same needs of society which benefited democracy in the New World strengthened the influence of the aristocracy in the Old (Polanyi 2001: 194).

The counter movement is not a homogenous movement – society is hardly a unified entity. Not only can the double movement be seen, then, as a conflict between different economic principles, the counter movement itself comprises multiple and often conflicting principles and interests that various societal actors fight to promote (Haglund 2010). Society’s self-protection comes from a variety of sources with no definite or coherent class of platform. The first movement is checked from multiple directions by society’s response in the counter movement. As Burawoy (2003: 228-31) inferred, commodification sets the stage for the reaction of classes. Since ‘the fate of classes is much more often determined by the needs of society than the fate of society is determined by the needs of classes’ (Polanyi 2001: 159), different classes from society will compete with each other to represent their own interests as that which represents all of society. Ineffectual when merely defending their own class interest, any class can defend the interest of society as a whole (Burawoy 2003: 229). The terrain for struggle is no longer the realm of production, contrary to Marx, but the realm of exchange – the market. In Burawoy’s provocative extrapolation:

The market appears to workers as the loss of jobs, impoverishment, longer working hours, and sweatshop conditions. To the peasantry the market is responsible for the loss of land and forced entry into wage labor. The market

appears to the landed aristocracy as the degradation of space and the importation of cheap food. To capitalists the anarchy of the market threatens their survival with ever stiffer competition, increasingly of a global character. Women face the market in the speedup at work as at home, the double shift. Everyone suffers from the market inasmuch as unrestrained it leads to the destruction of the environment, global warming, toxic wastes, the colonization of free time, and so forth (2003: 230-31).

There is a growing literature from all over the world on some examples of the counter movement arising from the terrain of exchange as the platform for struggle. From Hossain's (2009) multi-sectoral study of food and fuel riots to Silva's (2009) more comparative and systematic study of the unexpected waves of social protest in the wake of market liberalization across Latin America in the 1990s, a focus on the counter movement's mobilization against an encroaching market society in Polanyian terms generates significant analytical rewards. As discussed in the previous chapter, just as Polanyi showed how the historical fictitious commodification of water had led to the counter movement of society's response in ways such as municipal socialism, the response to contemporary water privatization that began from the 1990s, and which peaked in 2005, may be seen as another such counter movement.

As shown in the last chapter, previous commodification of water was checked from multiple directions by society's response in the first counter movement. Likewise in the second water counter movement, the dominant feature of these mobilizations has been its diversity. For example, campaigns were launched to reject privatization proposals (eg., Washington DC) or to terminate ongoing private concessions (eg., Nkonkobe, South Africa). Some delayed privatization processes although many campaigns were not successful (eg., UK, Chile, Philippines), while many privatization contracts were themselves been abandoned by companies unrelated to opposition (eg., Vietnam, Zimbabwe, Mozambique) (Hall et al. 2005: 288). Although economic concerns like tariffs, profit-levels, jobs, and development were the chief issues behind resistance, broader issues of fairness, equity, legitimacy and accountability also featured. The actors involved have varied and drawn from all sectors of society, with no clear patterns of leadership. Campaigns in Brazil and South Africa, for example, had strong union direction, but not in Ghana or Grenoble. Most actors were locally or nationally-

based, who initiated campaigns (eg., Tucuman, Argentina and Lodz, Poland) without initial prompting from international agencies or campaigns. Even where international actors were involved, these were not part of a broader global campaign against water privatization. Mobilization was also diffused, with multiple concurrent campaigns involving different actors. For example in Jakarta, trade union-led industrial action were mobilized independently of protests by consumer and other community groups (Ibid.: 292-93).

Anti-privatization campaigns sought broad-based political support and related to different political parties in different ways. Political parties that were traditionally expected to align with progressive activism like the African National Congress in South Africa and the Social Democrats in Germany were in fact parties in government promoting privatization. Campaigns thus depended on rebel politicians who broke from their ranks. Sometimes such campaigns had impacts beyond their scope, fundamentally shaping the political landscape of the country. For example, Bolivia's Cochabamba campaign had a broad-based membership (eg., local businesses and farmers), reflecting multiple agendas. In New South Wales, union-led resistance led to the Labour Party winning elections against the Conservatives who were pushing for privatization, mirroring similar electoral results in Tasmania, southern Australia and Queensland. Municipal elections in Lodz, Poland in 1994 also saw electoral defeat for the party that advocated privatization. South Korean campaigning, in contrast, was not actively supported by political parties (Ibid.: 294). Meanwhile countries like Uruguay and the Netherlands rewrote their constitutions in support of anti-water privatization campaigns.

Sites of campaigns also varied significantly. Successful court action could be found in both high and low income countries from India to France, based largely on issues of legality covering a range of grounds (eg., corruption, in Grenoble, illegality, in Rio de Janeiro). Although successful campaigns usually involved working within existing institutions, a judicial review of new privatization laws brought about by a broad-based alliance of activists in Indonesia failed to reverse the legislation (Coalition of People's Right to Water 2005). On rare occasions, resistance occurred in the streets as exemplified by the dramatic 'water wars' in

Cochabamba in Bolivia. At other times, contestation took place through the ballot box when it became an electoral issue (eg., Tucuman, Argentina, New South Wales, Australia, Panama). The prospect of referenda was also influential, as in the case of New Orleans, which discouraged Suez from pursuing a water concession in the city (Hall et al. 2005: 295). In Uruguay, constitutional change came about after a nationwide referendum was held. Variation was also evident in the method of resistance. Morgan (2005) for example, found at least ten discrete mechanisms of anti-water privatization resistance varying across six countries of different political and developmental make-up.

Apart from the strands of the counter movement in response to water commodification, there was a growing recognition of a wider counter movement in response to neoliberalism in general (Gill 1995; Mittleman and Chin 2000). This was the emergence of a new form of contention in response to the global economic liberalization and integration of the past 30 years (Roberts 2008; Silva 2009; Almeida 2010). Built upon popular responses to structural adjustment policies in the 1980s, these instances of mobilization were direct responses to the range of privatization, labour flexibility and free trade agreements that were superimposed on previous austerity policies (eg., subsidy cuts, mass layoffs and wage freezes). Arguably the most significant mobilizations were protests over access to basic necessities like water, food, and housing (Dangl 2007). Resistance against water privatization was, then, part of a wave of popular responses unique to the context of structural adjustment programmes in many developing countries since the 1990s. As part of global social movements, resistance to water privatization is one of the more prominent mobilizations (Harris 2003; Kohler and Wissen 2003; Rhodes 2005; Laxer and Soron 2006; Bakker 2007; Dangl 2007; Spronk and Webber 2007; Terhorst 2008; Silva 2009; Almeida 2010). Given the 'multiple cultures of water use and divergent identities ascribed to waters' (Bakker 2005: 545), the ways that the individual water users can attempt to influence water governance in a privatized sector is multi-dimensional.

At such a broad level of analysis, it is tempting to categorize resistance against water privatization as affiliates of the larger alter-globalization movement as Terhorst (2008) did. There was definitely a strong element of groups who

developed from the protests against the World Trade Organization in Seattle in 1999 and the formation of the World Social Forum in 2001. Many of these NGOs, trade unions, public utilities and associations, and members of other (sometimes) progressive political parties and movements have turned an initial discourse of anti-privatization to one of practical alternatives. From normative statements on access to water as a human right and the need for the democratization of the governance of water, these movements have matured. Maintaining the basic stance of the human right to water as a public good, local or national anti-privatization campaigns were supported as part of a global network while much was research done to explore alternatives. For example, members of the network Reclaiming Public Water were prolific in publications documenting grassroots experiences and public sector alternatives.<sup>32</sup>

However, this was only one segment of the counter movement. In the context of the UK alone, for example, the multiple identities of water users presented a variety of means:

As citizens they may steer state water policy through the way they use their vote. Given the significance of state regulation in the post-privatization framework this remains important. As activists they may try to influence policy by lending support to one of the special interest groups that have been sanctioned by, and are flourishing under the post-privatization regulatory regime. As customers they may shape policy by using their local CSC (now WaterVoice) [water consumer body] to raise their concerns over specific issues. As consumers they may influence strategy by either adopting or resisting company-promoted water management policies such as demand management and associated water saving technologies. As shareholders they may attempt to influence company management at annual meetings (Page and Bakker 2005: 53-54).

There is also the civil disobedience route that was followed elsewhere, most extremely demonstrated by events in Cochabamba. As Morgan (2008) argued in her case study of moonlight plumbers in South Africa and working-class citizens in Auckland, refusing to pay water bills and illegal pipe connections are forms of civil disobedience in reactions to water privatization that is also linked to a maturing political consumerism. This was, however, not a simplistic argument

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<sup>32</sup> See, for example, Balanya *et al* (2005) and Hachfeld (2008). For a description of the history and process of the network, see Terhorst (2008).

about consumer movements. The transitory nature of commodification means that consumption provides an opportunity to challenge commodification (Bakker 2005: 545). This echoes the point made earlier regarding Polanyi's identification of the market – the realm of exchange – as sites of counter movement struggle.

The water counter-movement was not all simply about collective resistance and rebellion. Much collective action, in fact, does not appear to be resistance at all. Beyond highlighting the possibility of some kind of 'water' counter-movement, Polanyi's macro framework is unable to shed more light on the diverse nature of these mobilizations. The counter movement says nothing about the recurrence of boundary-spanning, claim-making protestors who deliberately straddle the border between popular resistance and institutionalised participation. For example, in Argentina Tucumán consumer associations were part of a wide ranging and explosive series of mobilizations that oscillated between polarised alternatives in a form of what an informant in Morgan's (2008; 2011) study referred to as 'popcorn politics'. With routine and violent mobilization occurring at the same time, Argentineans articulated platforms that rejected any form of privatized water while engaging in constructive dialogue with the water regulator at the same time. In New Zealand, mobilizations in response to water privatization targeted terms of access to water rather than the actual structures of water service delivery. The boycott of payment for water services was central to activism in both countries. In Auckland, direct action like marches and illegal reconnections were combined with administrative law and consumer rights litigation. This had the paradoxical effect of emphasizing the rights of consumers of a commercial service even as activists attacked the commercial framework. For example, individuals have been successful in the small claims court in justifying non-payment due to financial hardship. Activists brought together these claims in an indirect class-action and attempted to justify non-payment by disputing the legality of the pricing method used by the private water company. While many of these court actions were unsuccessful, they bought sufficient time for organized citizens to participate in policy-making (Morgan 2011: 146-71). In Grenoble, France, up to three different 'trajectories of opposition' to water privatization developed. Direct action by citizens was accompanied by civil action in the courts challenging the cost of water. More technical challenges were also mounted in the administrative courts



targeting delegation and tariff clauses of the privatization contract. Such political mobilization also energised the Green party, who challenged the local government in a Red-Green coalition (Ibid.: 49-84).

The concept of the counter movement does not sufficiently distinguish differences within movements, nor dwell deeper on undeclared forms of resistance (Chin and Mittelman 1997: 30-31). Polanyi failed to theorise on both the causes and agency that the counter movement may take. As Dale (2010: 219) showed, Polanyian scholars have put together a ‘smorgasbord of policies, movements and institutions under the rubric of the ‘protective response’ which the counter movement is said to manifest. At this macro level of analysis, Polanyi can do no more than to draw attention to the broad range of organized societal interests – and the sometimes unlikely bedfellows – that may rise against water privatization. In painting only the broad contours of the double movement, however, the complex interplay of diverse forces in the everyday politics of water in cities like Metropolitan Manila is missed out. Collective action varies significantly and is highly contingent on local political contexts. Finer-grain analysis is required to reveal how the state, regulators, multilateral institutions, transnational corporations, organized social groups and local machine politicians have converged to play key roles in shaping the provision of water in the developing world. The issue here, then, is one of scales of analysis. The orthodox Polanyian perspective appears to be limited to macro-historical analysis. While much of ‘public resistance’ to water privatization in the world has been portrayed in terms of angry street protests, marches, and even ‘water wars’, more subtle forms of ‘resistance’ like that found in the Philippines may in fact be more common. These forms of collective action stem from the ‘everyday’ experience of water privatization.

### **3.2 Subsistence and Resistance**

There is a way in which the macro level emphasis of the double movement framework may be refined for analysis at the micro level. From Polanyi’s observations on pre-marketized societies, one can add a moral economic dimension to the water counter movement. In Polanyi’s distinction between embedded and disembedded economies, he showed how specific functions of

production and exchange which a self-regulating market attempts to disembed are subsumed under wider social, political and religious institutions in embedded economies. The moral economy is implicated in the struggle between different conflicting principles – an embedded economy versus a self-regulating and disembedded one. This constitutes the Polanyian dialectic of the double movement, as captured in the politics of fictitious commodification described earlier. Central to the mainly traditional economies Polanyi examined are the moral economic principles of reciprocity and redistribution. Reciprocity is based on family and kinship, and is reciprocal in nature. Redistribution is more dependent upon a centralised authority, and is also based on sharing (Polanyi 2001: 45-58):

The premium set on generosity is so great when measured in terms of social prestige as to make any other behavior than that of utter self-forgetfulness simply not pay... The performance of all acts of exchange as free gifts that are expected to be reciprocated though not necessarily by the same individuals – a procedure minutely articulated and perfectly safeguarded by elaborate methods of publicity, by magic rites, and by the establishment of 'dualities' in which groups are linked in mutual obligations--should in itself explain the absence of the notion of gain or even of wealth other than that consisting of objects traditionally enhancing social prestige... But how, then, is order in production and distribution ensured?... The answer is provided in the main by two principles of behavior not primarily associated with economics: reciprocity and redistribution (Ibid.: 49-50).

Thompson (1971) applied Polanyi's formative ideas on the moral economy – constituted by norms of reciprocity and redistribution that maintain order in production and distribution – by showing how unrest caused by the transition of conflicting principles of economic organization can be traced to the nature and sources of notions of legitimacy concerning subsistence. Through his thick descriptions of eighteenth-century English food riots, Thompson showed that food riots were widespread throughout 18th century England not simply as a response to high bread prices or hunger. This was a collective 'pattern of social protest derived from a consensus as to the moral economy of the commonwealth in times of dearth' whereby 'prices of 'necessities' should remain at a customary level' (Thompson 1971, 131-32):

It is of course true that riots were triggered off by soaring prices, by malpractices among dealers, or by hunger. But these grievances operated within a popular consensus as to what were legitimate and what were illegitimate practices in marketing, milling, baking, etc. This in its turn was grounded upon a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community, which, taken together, can be said to constitute the moral economy of the poor. (Thompson 1971: 78-79).

Thus Thompson understood the moral economy as reflecting claims about the nature of and sources for communal notions of legitimate and illegitimate acts. An ‘outrage to these moral assumptions’ can sometimes lead to direct action as much as ‘actual deprivation’ (Ibid.). This is a moral economy that is less than political in any ‘advanced’ sense but also cannot be said to be apolitical.

In the context of the transition as ‘the cash-nexus which merged through the industrial revolution’ clashed with ‘the eighteenth-century bread-nexus’ – ‘a conflict between traditionalism and the new political economy’ (Ibid.) arose. Furthermore, this moral economy was derived from the ‘paternalist model’ of the day (Thompson 1971: 95) which was expressed in the ‘prudential self-restraint of farmers and dealers, or by buying-off a portion of the crowd through charities and subsidies’ (Ibid.: 126). Most notably, the moral economy could be seen in the system (used in emergencies – when prices rose and ‘the poor became turbulent’) that regulated how corn should be distributed in the market whereby farmers sold directly to consumers, with the poor given preferential access. Such a system, even if unevenly implemented, showed that the authorities acted in the interest of the poor (Ibid.: 83-88). As the new political economy of the market imposed itself, however, price increases and deterioration in the quality of flour sold to the poor ‘provok[ed] the people to fury’ (Ibid.: 105). When the crowd arose, their guiding aim was neither the ‘sacking of granaries’ or ‘pilfering of grain or flour’ but ‘setting [of] the price’ that replicated the paternalist system of market regulation in times of emergencies. Although falling into disrepair, it was a system that lived long in popular memory (Ibid.: 109). The moral economy that Thompson revealed is therefore a consensus that is rooted in the past and capable of inspiring action. It is therefore not a moral economy of an emergent global anti-capitalist collective. Elaborating on the context some twenty years later,

Thompson clarified that the moral economy was typically ‘confined to confrontations in the market-place over access (or entitlement) to ‘necessities’—essential food’ (Thompson 1991: 337).

In the Southeast Asian context, Scott (1976) focused on the immanence of contentious collective behaviour that is rooted in popular consensus of legitimacy. He focused on specific patterns of behaviour that are politically contentious, emphasizing conflict and resistance. The ‘fear of dearth’ for Scott motivated the subsistence ethic that shaped peasant collective behaviour. The ‘technical arrangements’ of peasants like planting techniques, and their ‘social techniques’ like forced generosity and patterns of reciprocity serve the purpose of avoiding or surviving subsistence crises and periods of dearth. This subsistence ethic was also socially experienced as a pattern of moral rights or expectations and when these standards were violated, resentment and resistance resulted ‘not only because needs were unmet, but because rights were violated’ (Scott 1976: 6). Contentious collective action – rebellion - is undertaken when the moral claim of the poor to subsistence is perceived to be under threat or violated. This involves two dimensions:

The minimum formulation was that elites must not invade the subsistence reserve of poor people; its maximal formulation was that elites had a positive moral obligation to provide for the maintenance needs of their subjects in time of dearth (Ibid.: 33).

This moral claim rests on the subsistence ethic. These practices fulfilled the desire for subsistence security, even if they did not always work. Keen to avoid risk rather than maximize income, the moral content of subsistence-oriented peasant behaviour is rooted in conceptions of social justice derived from the norms like reciprocity and the right to subsistence. The historical contexts of Polanyi and Thompson’s development of the concept of moral economy are central to the contingent and contextual nature of any moral economy. Scott’s application of the moral economy to peasant politics showed how the violation of communal consensus around legitimate practices concerning peasant subsistence may, on occasion, give rise to rebellion and violence. Likewise, we may identify a subsistence ethic in water as well.

### 3.3 Water and its Moral Economy

Years before the national Bolivian water wars, farmers in the region of Cochabamba had come together to form an association to defend their inalienable right to water. These rights:

existed since antiquity and come from our ancestors. Water comes from the Pachamama [the pre-Hispanic fertility deity], who is the earth who gives us life (Spronk 2007: 16).

Insofar as spectacular larger-scale events like the Bolivian ‘water wars’ can be seen as constituting a global Polanyian counter movement, then the basis of this also lie in the local context of places like Cochabamba whereby customary uses of water were defending their rights to water along the lines of a claim to subsistence rights. Initial resistance developed around a ‘micro frame and politics’, which set the needs of local communities of water users against the abuses of two transnational corporations (Spronk and Webber 2007). This was a frame well captured in one of the Quecha slogans from the protests: ‘*Jallalla usos y costumbres, Kawsachun yaku, Wañachun privatizadores* (power to customary uses, long live water, die privatizers)’ (Perreault 2006: 156). As Perreault revealed, the roots of the water war can be traced to a conflict between the irrigators in Cochabamba's lower valley communities and the municipal water service (SEMAPA) in the early 1990s. SEMAPAS's drilling for deep wells in the lower valley were seen by irrigators in the lower valley as a direct threat to their water rights (2006: 157). This was a right embodied in the *usos y costumbres* (customary uses) of irrigator associations and neighbourhood water cooperatives involved in the struggle. This suggests a relationship between water for subsistence and the capacity for resistance, which is observable mostly at the micro or everyday level of analysis.

Common-pool water management regimes based on various notions of the moral economy are widespread all over the world. The community solidarity and principles of equity underlying these institutions have typically been found in non-capitalist (even if market-based) contexts and have been especially enduring

in small geographical areas with well-defined boundaries, small communities with high levels of social capital. They also have low levels of mobility with an overlap between residential and resource use location (Bakker 2008: 241). In Trawick's study of the remote village of Huaynacotasn in Peru for example, he found that what sustained and reproduced the local irrigation system were a set of principles that could be traced back to pre-Incan forms of social organization:

1. Autonomy: the community owns and controls its own flows of water;
2. Contiguity: during each distribution cycle, water is given to fields in a fixed contiguous order based on their location along successive canals, starting at one end of the system and moving systematically across it;
3. Uniformity: everyone receives water with the same frequency;
4. Proportionality: no one can use more water than the proportional amount to which the extent of their land entitles them, nor can they legally get it more often than everyone else. Their contributions to maintenance of the canal system must be proportional to the amount of irrigated land that they have;
5. Regularity: things are always done in the same way under conditions of scarcity with no exceptions.
6. Transparency: everyone knows the rules and has the capacity to regulate and sanction violations to everyone else (Trawick 2001; 2002; 2003).

These norms are all underpinned by the community's basic notion of fairness or equity, and form the basis of customary rights to subsistence and common-pool water management regimes upon which relations in the community, especially those pertaining to water use, may be constitutive. In short, this was a moral economy of the right to water based on customary rights to subsistence and common-pool water management regimes recognized in various ways throughout Andean Bolivia (Perreault 2006: 159). This was the moral economic context that the Cochabamba water wars were to erupt out of. The Bolivian irrigation water law passed in 2004 following the conflicts thus reflected the *usos y costumbres* of the water-users in this way as an institutional response in the wake of the water wars (Bakker 2008: 241).

As sources of fresh water all over the world come under increasing pressure from ever-rising demand, conflicts over water are likely to increase. However, it is not only access to water as a resource that can lead to contentious politics – the moral economy of water can also inspire contention that draws in other issues. An

‘extraordinary coalition’ of whites, Indians, Hispanics, farmers, ranchers, and environmentalists in Colorado formed the Citizens for San Luis Valley Water when threatened by a consortium of investors who wanted to acquire rights to a 200,000 acre-feet of groundwater from the San Luis Valley's aquifer, with the intention to sell the water to thirsty western metropolises. The newly formed grassroots organization mobilized hard and defeated the investment corporation (Arnold 2007: 168). Embodying locally specific, complex, and diverse views concerning equity, Arnold invoked the concept of moral economy to describe how the collective relationship of the residents of San Luis Valley to their water was constitutive of the community's links to the historic and ongoing *acequia*<sup>33</sup> system as well as existing struggles to assimilate successive waves of immigrants and new institutions. Likewise, in the Andes, Trawick's study of irrigation systems and communities in the Andes revealed:

the material reality of having to share scarce water in order to subsist and survive - making the best of a bad situation – can bring people to interact and coexist in an extraordinary manner and ultimately even come to see the world in a distinctive way (2001: 373).

In the San Luis Valley, the difficult reconciliations between competing values regarding water in the community were the outcome of a moral economy which contained ‘normative principles that ultimately inform Westerners’ determinations of the legitimacy or illegitimacy of existing or proposed water-related practices, developments, or policies’ (Arnold 2008: 37). Arnold (2001) saw the nature of water as a social good that is constitutive of the roles, identities, and communities that consume water. Water has provided for shared notions of legitimacy that is used to evaluate the appropriateness of developments regarding its use. Humans can acquire concrete identities in the way they conceive, create, possess and employ water through patterned and collective use. Such usages are also naturally situated in specific social, economic and political relations. Beyond any material or commercial property, water possesses an identity-orienting and role-shaping nature which may emerge and prevail under certain conditions and circumstances (Arnold 2001: 90-91). Water can therefore form the basis for contentious

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<sup>33</sup> An *acequia* is a community-operated waterway used in Spain and former Spanish colonies in the Americas for irrigation.

behaviour as shown by the residents of San Luis Valley.

Defying the singular logic of the market for exchange, in its commodification water contains nested complexes of value that are common to the communal and constitutive properties of social goods. This accounts for the diverse practices of water, which explains its basis for conflict as well as cooperation, and hence, the basis by which people judge legitimacy concerning its use (Ibid.: 92). The life-giving property of water means its role in subsistence is indisputable. Its constitutive role in forming and shaping values mean that water also has a role to play in locally shared notions of legitimate water-related activities. Through the constitutive and communal nature of water, the identity of the American West is also defined in relation to water, and can be found in the diverse forms of water-related institutions and organizations which make up the web of social and political relations in the United States from the local community to the state level (Arnold 2001: 93). Similar to the politics of fictitious commodification discussed in the previous chapter, Arnold showed that:

Westerners invoke the moral economy of water through appeals for reform, new legislation, reinterpretation of existing laws, or more direct action, including violence. Results have been broadly and consistently regulatory (Ibid.: 94).

Through an appreciation of the moral economy of water, the contentious politics of the arid American West can therefore be understood in terms of constant attempts for the just allocation of water in the face of its competing values.

### *3.3.1 The Moral Economy of the Water Counter Movement*

Having surveyed how the moral economy of water shows its basic subsistence function especially with regards to the urban poor, and how it has occasionally inspired outbreaks of contentious collective action, the rise of the counter movement to the fictitious commodification of water in the form of privatization is hardly a surprising one. The need for communities all over the world to 'defend' their right to subsistence, and their notions of how their water resources ought to be used, erupted spontaneously as a counter movement. This was as a



new process of water commodification was underway. The moral economic dimension of this counter movement can now be broadly described. Public resistance to water privatization is not simply an opposition to the corporate takeover of public utilities. Rather, it may be seen as a spontaneous and global revival around the concept of ‘commons’ and the central role of ‘communities’ with regards to water (Dilworth 2007; Bakker 2008). Mobilization has implicated a ‘heterogeneity of social subjects, pluralization of organizational forms, and... fluidity of institutional outcomes’ (Roberts 2008: 331). Common to this outburst of collective action is less a specific form of response to an institutional reform – privatization or even a specific ideology (neoliberalism),<sup>34</sup> and more a general counter movement against the current stage of water commodification. This is now threatening the basic subsistence of people, and the guarantees – rights – that previously secured their access, especially those at the margins of power like the urban poor. Underlying society’s response to water privatization in this sense are moral economic conceptions of enduring, reproduced, and/or reinvented, norms of ‘reciprocity’. The variegated and collective forms of ‘resistance’ may occasionally erupt into overt transgressions.

Although the repertoire of the water counter movement is diverse, it is possible to locate overriding themes of the ‘commons’ and ‘rights’ that can be traced from a moral economy of water. Dilworth reviewed some of the major literature informing the broad section of the movement against water privatization and found a general advocacy for grassroots control over water resources in the form of a new social contract, one that is non-corporate and non-statist (2007: 50-51). For Bakker (2008), she found the notion of ‘community’ at the core of alternative visions of water supply management. Naomi Klein perceived such activism as the reclaiming of the commons: ‘People are reclaiming bits of nature and of culture, and saying ‘this is going to be public space’ ’(2001). In the same way, Morgan suggested that ‘water is a potential frontier of what freedom and collective self-realization might mean in the 21st century’ (2005: 14). This can be attributed to the ‘collectivist’ solidarity that Polanyi referred to in the counter movement.

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<sup>34</sup> Indeed, radical political geographers speak of neoliberalism in the plural and as contextual. See Peck and Tickell (2002).

Although Chin & Mittelman (1997) warned against projecting the counter movement as a united front, a point reiterated by Bakker's unease over the invocation of an ambiguous sense of the concept of community, a distinct moral economy can be perceived as inspiring the broad counter movement against water privatization at multiple levels.

As shown earlier, the case of Bolivia is perhaps the best example of how it was the moral economy of multiple users of water in Cochabamba that led to mobilization against water privatization. In Uruguay, a referendum proposing a constitutional amendment on water was approved by 62.75 per cent of voters on 31 October 2004. This included a statement that access to piped water and sanitation are fundamental human rights, and that social considerations take priority over economic considerations in water policies (Hall et al. 2004). According to Article 47, Section D of the new Uruguayan Constitution:

the providing of the service of drinkable water and sewerage, will have to be done placing reasons of social order before those of economic (Ibid.: 7).

These can be seen as analogous to the 'legislative spearhead' of the (water) counter movement alluded to by Polanyi.

At the local level, it is possible to derive some moral economic logic from society's response to water. As discussed in the Introduction, for example, in the community of Phiri, in Soweto, Johannesburg, Operation Vulamanzi mobilized the community to dig up water metres and 'bridge' them so that the gauges would stop reading and the water would run. Jabu Molobela, a member of the Phiri Concerned Residents Committee claimed:

We are resisting the installation of pre-paid water and reconnecting the community because no one can survive without water," says Molo- bela. "They say it's illegal, but we say it's illegal for them to disconnect water. Each and every human being has a right to sufficient and clean water. We want it to be managed by the public and not by private companies because they are not going to deliver (Kavanagh 2005).

Showing similarities to how the English were inspired by the crumbling

paternalist order in the earlier discussion on food riots in Victorian England, such moral economic justification of resistance in the context of water privatization in South Africa is linked to the struggle against apartheid and the new national constitution:

The Bill of Rights provides that, “everyone has the right to have access to sufficient water”...Despite this popular historical and contemporary mandate, the ANC government unilaterally decided to pursue a water policy that has produced the exact opposite (McKinley 2008).

Newly emboldened by a high court ruling that the metres were illegal and unconstitutional, the NGO has now publicly advised the community to bridge metres even though the local city council warned that tampering with council property was a criminal offence, as reported by Thembelihle Tshabalala in the *Mail and Guardian* on 23 October (2008).

In Page’s (2005) study in Tombel, a town of about 15,000 people in Bakossi-land, in southwestern Cameroon, he found that the social acceptability of paying for water versus the consensus that water should be free in the local community were notions that evolved over time. In the 1940s, it was acceptable to buy water from the market in Tombel because profitable cocoa (which attracted a steady stream of labour migrants) and water shortages (from perennial droughts during the dry season) produced a dynamic market for water during the 1940s. Additionally, in addition to a normally functioning market, local social norms of both the Bakossi and ‘strangers’ justified the request for water from water traders without charge (Ibid.: 296).

This changed in the 1970s even though a reticulation system was introduced to the town for the first time, due to the perception that local politicians were misappropriating tax revenues meant for running the local water system. Attempts to modernize the local water service delivery system via privatization (by handing public taps to individual entrepreneurs managed by a corporatized government body - Société Nationale des Eaux du Cameroun (SNEC)) led to the expulsion of the SNEC in 1994 by local protests led by women (Ibid.: 297). The community wrested control of the water system from SNEC and today, it remains run by The

Tombel Community Water Committee. This revealed a complex relationship between local knowledge about the history of water production in the community, and willingness to pay or, in short, a moral economy of water. At two periods in the history of water governance in Tombel, however, there have been outbreaks of protests over inadequate service. In 1959, a woman stripped off her dress and stood naked in front of a crowd during a political rally to demonstrate her exasperation towards twenty years of discussions about a piped water supply. A new public network was installed a few years later. Three decades later, naked women took to the streets over water once again and frightened the engineers of the private water company to flee (Ibid.).

Rooted in the past, and in water's communal and constitutive properties, the moral economy of water is capable of inspiring agency when the need arises to establish, and if necessary, defend the legitimacy of water-related activities. Hence, although the commodification of water is not novel, from the 1990s, society began to pay greater attention to water in the context of high-profile institutional reforms to the urban water sector. At the local level, especially in urban poor communities whose access to water had been lacking, the issue of subsistence came to the fore, and was recognized by various bodies of political authority ranging from NGOs to the state. Hence a macro Polanyian framework that incorporates the everyday concerns of the concept of moral economy leads us to expect the mobilizations of counter movements against privatization that manifest in specific ways that are similar to the Cochabamba water wars. This is where the forms and goals of collective action were strongly inflected with some kind of moral economy logic, for example, defence of community and subsistence guarantees, like those embodied by the communities in Cochabamba lower valley and their *usos y costumbres*. Returning to the key case of Bolivia, the principles of market exchange introduced by water privatization had clashed with customary uses of water which was based on traditional common-pool water management regimes that could be found all over Andean Bolivia.

At both a macro and micro level, the Bolivian case can be said to be a typical case of a Polanyian water counter movement responding to the extension of the market into water. However, examples of Polanyian water counter movements are in fact

rare and anomalous, and are not only the kinds of mobilisation that we find. Set against a ‘moral economy of the water counter movement’ perspective laid out above, much collective action has in fact straddled the line between contention and cooptation at the same time without being fully one or the other. This has occurred as neoliberal privatization has expanded the realm of local political participation, engagement, and conflict beyond the issues of property rights to now encompass the basic necessities of life in the city like. In this process, the urban poor has been cast in multiple roles of political agency that goes beyond one of simple ‘resistance’ which is limited in a moral economic perspective. Rather than to take on the general theory of the moral economy in terms of peasant behaviour, it is more useful in the context of this thesis to limit the application of moral economy to one of political psychology (Little 2008). This restricted reading of moral economy focuses on how the urban poor are motivated by a locally embodied sense of justice. This comprises of various local norms and associational life, in different dynamic combinations by which the urban poor ‘defend a place in the city’ (Berner 1997).

#### **3.4 The Urban Poor and Water on the Eve of Privatization: Informality and Clientelism**

The kind of water commons in rural areas that lend themselves to a moral economic analysis do not figure in quite the same way in urban areas in developing countries. While there exist community solidarity and principles of equity underlying water access, especially in peri-urban areas, these are also constituted by other kinds of institutions. In the context of urban poor water access, institutions of patronage and informality in urban poor communities are also mixed in with norms and networks of solidarity. According to the World Bank, many urban water networks in developing countries are plagued by over-politicization as the roles of water providing and policy-making are fused. Investment and expenditure decisions in the water network become a function of politics as water providers use their control of water distribution to influence policy-makers. Overtime, deterioration in the network leads to the rationing of water. Instead of promoting universal access, politicians use their access to water

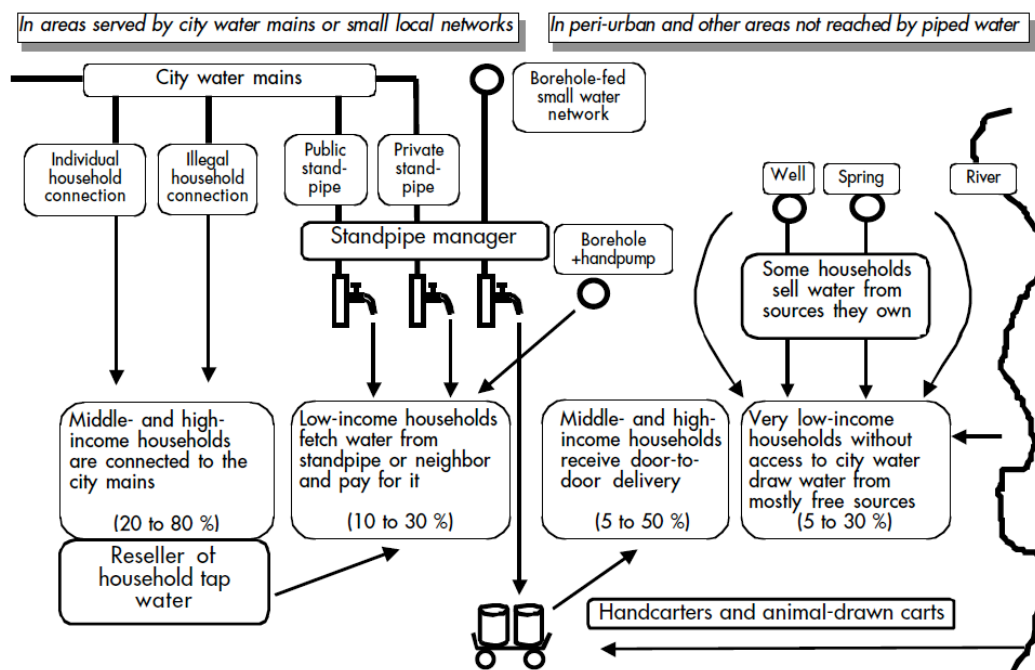
providers to reward citizens who vote for them. Citizens, especially the urban poor are not only denied affordable access to water, they are also denied the 'voice' to hold these public institutions accountable to them. This is the justification for water privatization and, for the World Bank (World Bank 2003: 159-79), the Philippines is a typical example of this condition. This can be found in a variety of cities in the developing world. For example, in the city of Guayaquil in Ecuador, Mayor Elsa Bucaram openly used water to "gain the hearts of the people" when she was elected in 1988. This came against a backdrop of almost fivedecades of clientelist politics in the city where the payroll of the water company was bloated with *pipones* – those who collected their monthly salaries without performing any work. Unsurprisingly, attempts by the left-of-centre national government to transfer authority away from the water utility at the municipal level was bitterly contested by the city mayor Bucaram. This resulted in a new organization in charge of the water utility that was disorganized and stripped of infrastructure – the result of a messy compromise (Swyngedouw 2004: 158-59).

The reality of patron-clientelism is, however, more complex than acknowledged by the World Bank, and to some extent, Swyngedouw. Rather than being simply antagonistic of one another, networks of clientelism and collective action may in fact constitute each other. Recent research by Auyero *et al* (2009) reveal that the dynamic underlying political mobilization in the community is one involving recursive relationships between patronage and contention. This makes it difficult to discern contentious collective action in their purest sense, in which people 'break with daily routines to concert their energies in publicly visible demands, complaints, attacks, or expressions of support before returning to their private lives' (Tilly 2006: 49). Auyero *et al* (2009) demonstrated several points of intersection and interaction between patronage and collective action: Network breakdown, patron certification, clandestine support, and reaction to threat. In each of these scenarios, the relationship between patronage and protest is a recursive one. Contentious mobilization can emerge even in the absence of clientelist breakdown. By paying attention to such 'zones of mutual influence' of both political phenomena, we can assess how patronage networks can form part of the associational networks that are critical for the emergence of collective action;

and that not all cases of contentious collective action challenge clientelism fundamentally without external help. Support from patrons and brokers for collective action may also come from overt certification or clandestine support in terms of resources.

If indeed ‘infrastructure services fail poor people’ due to patronage, how do the urban poor obtain basic essentials like water? The answer is the oft-overlooked informal sector. It is only in the last ten years, following the disappointing performance of large-scale water privatization projects all over the world, that the informal water sector is belatedly, and reluctantly, recognized. The increasingly used terms ‘small-scale water providers’ (SSWPs) or ‘small-scale independent providers’ (SSIPs) in Development discourse represent this trend. Many SSWPs comprise the informal water sector if they operate outside the regulatory environment (Van den Berg 2002; McIntosh 2003; Kjellén 2006; Kjellén et al. 2006; Moretto 2007).

**Figure 3. Schematic view of formal and informal water markets**



Source: Collignon, B. and Vézina, M. (2000) Independent Water and Sanitation Providers in African Cities. Full Report of a Ten-Country Study. UNDP–World Bank Water and Sanitation Program, Washington D.C., Figure 4.3.

As shown in Figure 3, the informal sector is needs-driven. It includes vendors running water kiosks where they sell water from a shallow well, a borehole, a

commercial water connection, or from a household connected to the formal piped network. Consumers may carry the water to their homes themselves. Ambulating vendors may also collect water from these kiosks. They typically carry water in containers loaded on bicycles, hand-pushed-, animal-drawn-, or motorized-carts, and distribute to households and small businesses. On a larger scale, and sometimes serving higher-income customers or politicians cultivating patronage by offering free water delivery, there are water tanker trucks that carry greater quantities to premises with larger storage capacities or simply a bigger market. Different forms of water vending serve specific niches in different communities and there are both overlapping and competing informal water service provisioning. Serving the unserved and frequently urban poor communities, as well as places where the reticulation is failing, informal water vendors thus provide a parallel system of service delivery, and an important source of employment (Kjellén et al. 2006: 1, 4-6).

Thus water vendors provide customers who are denied access to the formal water system or require substitutes. They usually operate at the periphery of formal legal frameworks, and hence constitute the informal water sector. Being outside the regulatory scope of the state (Portes et al. 1989; Soto 1989), informality implies a series of strategies of evasion or resistance on the part of participants in the informal economy, who carry out their activity in the face of state indifference at best and state repression at worst (Cross 1998). Water may be bought in the market at a high price, negotiated, argued or begged from neighbours or friends in dynamic reciprocal relationships, or obtained with 'strings attached' from local politicians utilizing patron-client relations of power. Part of the strategy, therefore, is to have multiple sources of water that can be consumed in varying quantities under varying circumstances. This is also to minimize the amount of time needed to collect water, time which could be used for income generation. While this always implies that the urban poor pay a higher per-unit cost of water, or are beholden to the patronage of politicians, they also have multiple sources to draw from if one source should fail to deliver (either due to high prices or unacceptable patron demands) thus minimizing the risk of their (water) subsistence.



Decision-making over which source to obtain water from is constantly revised. The rights of the urban poor to water access thus require constant negotiation and are not fixed. Their access depends on a range of factors including varying quality and variability of income. During periods of unemployment or reduced income, the household may decide to purchase water from a less reliable source, or reduce water consumption. Households may also borrow water from each other as part of local reciprocal exchange relationships. Occasionally, they may even undertake more extreme measures via collective action for political mobilization. It is the ensemble of these ‘informal’ providers, suppliers, practices, arrangements and networks which describes the context of the urban water sector which goes beyond what a moral economic framework can explain.

In the context of inbuilt inequity in the distribution of water to the urban poor generally, their collective action for water and subsistence is primarily an informal activity and is where the informal water sector is constituted. In urban poor settings, both market and non-market systems (like reciprocity and redistribution) are bundled in complex ways. Anthropologists have long recognized norms like reciprocity in urban poor areas as a recurring and social form of economic exchange that maximizes livelihood security. Lomnitz's (1977) work on a shantytown in Mexico revealed how the urban poor were protected against scarcity in subsistence via a system of reciprocal exchange that dealt with needs as diverse as employment seeking, loans, various goods and services, and even moral and emotional support. Reciprocal social networks most crucially help to supplement low incomes and frequent joblessness. Reciprocity is an essential mechanism for coping not only with life in the countryside, but also with the volatility and vulnerability of life in the city. The perpetual precariousness of urban poor life generates a thick body of associational life that ranges from informal neighbourly and kinship ties to more formalized associations and organizations (Nelson 1979; Berner 1997; Jocano 2002; Shatkin 2007). This, however, cannot be interpreted solely as a simplistic moral economy of the urban poor. While such norms and networks form the basis of community solidarity, and can be the source of non-market logic in the local informal economy, the opposite may also be evident. For example, Lomnitz (1978) found that such networks can also be highly asymmetrical, such as when ‘ego-centred quasi-groups’ evolve out

of these reciprocal ties for more explicit economic or political ends. At the same time grassroots economic activities organized around solidarity and cooperation are typically not against the market but rather to facilitate participation (Itzigsohn 2006). These networks and norms, moral economic and otherwise, constitute the informal water sector in developing countries. It forms part of the context of the water sector confronting not just private utilities but all actors in the regulatory space upon privatization.

The standout characteristic that is missed out by a moral economic analysis is the boundary-spanning mobilization by actors who undertake collective action not only to make claims but to obtain services – in this case water – directly by a variety of means ranging from the routine to the illegal. This is reflected in the expanded role of the urban poor in the current context of neoliberal privatization as represented by insurgent citizens in Brazil (Holston 2008, ‘moonlight plumbers’ in South African and New Zealand {Morgan, 2011 #653), social nonmovements in the Middle East (Bayat 2010), and as I will reveal, regulatory mobilizers. In the Philippines, some organised urban poor groups have surprisingly become drawn into roles of basic goods and services provision and distribution. Their collective action in response to water privatization inadvertently brings them not only into service provision but into positions where they can have real influence over how the urban water sector caters to the urban poor and marginalized in general. The need to obtain water by the urban poor from providers of water – public or private – inadvertently thrusts the urban poor into participation in the market for water. This is, however, not full participation as customers. Rather, participation in the market by the urban poor to obtain basic essentials like water usually takes place in the informal sector, where networks and norms of solidarity and clientelism are present. It is through this understanding of micro-politics of the urban poor that we can appreciate the capacity of the urban poor’s ‘resistance’.

What we are witnessing is the emergence of a generation of organised urban poor who have become actors in the new and highly contentious regulatory politics in the context of global neoliberal privatization and attendant re-regulation of state sectors. The urban poor have inadvertently become effectively involved in forms

of ‘regulation’ and ‘re-regulation’ as the attendant politics of neoliberal institutional changes become more and more contentious. In the process, the realm of local political participation, engagement, and conflict have ventured beyond the issues of property rights to that of access to basic goods and services like food, housing, and most notably, water. As shown so far, taken together with an appreciation of moral economic resistance at the local scale, the narrative of a global water counter movement as conceptualized by Polanyi is a compelling one. However these are organized responses that can only be fully illustrated by emblematic cases like Bolivia when in fact, such mobilisations are often more ambiguous than can be fruitfully captured by a moral economic counter movement framework. Examples of quintessentially ‘Polanyian’ water counter movements are rare and anomalous, and are not only the kinds of mobilisation that we find. Much collective action has in fact straddled the line between contention and cooptation at the same time without being fully one or the other.

In this sense, a Polanyian counter movement framework augmented with moral economy becomes both too broad and too narrow to fully capture the ambiguity of mobilization that has drawn in marginalized groups who appear to resist privatisation, into the provision of basic goods and services. Too broad because all manner of ‘resistance’ is considered as ‘society’s response’; too narrow because the moral economy demands that forms and goals of collective action are strongly inflected with some kind of moral economy logic – defence of community and subsistence guarantees – which is only true for a small group of mobilizations. This is a framework that also captures a particular form of response at a particular stage in time. We know that in order to appreciate the dynamics of contention, we also need to be sensitive to the different stages of contentious behaviour – from emergence to decline. Finally, a Polanyian framework *and* moral economy approach with macro and micro lenses can only at most capture a particular mobilization from emergence until decline, or a diversity at the beginning, and not both.<sup>35</sup>

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<sup>35</sup> Silva (2012) comes to a similar conclusion but remains committed to the Polanyian framework.

### 3.5 Grey Waters of Regulatory Mobilization

Set against a moral economy of the water counter movement perspective offered by a post-Polanyian analysis, there is a dimension in pre-privatization contexts whereby the political imperative of 1) the broader social contract, and 2) in some settings, electoral incentives, takes some of the ‘edge’ (i.e. the nastiness) out of the commodification of water, and makes sure that the price and availability of water is always ‘regulated’, however structurally and informally, contentiously or otherwise, by the political imperative/constraint of maintaining subsistence/access, for the population at large but especially the urban poor. In this sense, there is intervention into the rules of the game concerning water distribution insofar as water is regulated by the threat and occasional practice of mobilization, electoral and otherwise. With privatization, the nature of this logic shifts. Water privatization changes the dynamic by rewriting the rules of service delivery and introducing new players into the water sector: Water provision is now delegated to the private sector, whose only concern is the profit motive with the state taking a regulatory role. Water is to be exchanged anonymously in the form of pipes (frequently buried in the ground and hence invisible) and metered-billings. There is no longer any need or incentive for buyers and sellers of water to ‘meet’ face-to-face as they would in an informal market. At the same time, water privatization formally introduces the private sector in the form of large-scale central utilities into the picture, but also inadvertently allows non-traditional actors like NGOs and mobilized urban poor communities into the regulatory landscape. In the case of the latter, they also bring their local political struggles into the regulatory space. Far from a simple water moral economy, whereby norms and networks of solidarity and reciprocity regulate access to a commons, moral economic norms and networks in the urban context are also mixed in with those of exchange and clientelism, producing a messy urban ‘micro-politics’.

From the perspective of the urban poor, privatization creates the political opportunity for them to act as 1) consumers in the formal economy, 2) service providers in the formal economy, 3) citizens in political society, and occasionally, 4) regulators in regulatory space. This shift in political opportunity can be understood from an appreciation of the micro-politics of the urban poor. It is a

shift in logic that has been afforded by the occasional projection of countervailing power by the urban poor that can be understood as a kind of political affordance.<sup>36</sup> For the urban poor in the city, subsistence is not a straightforward atomistic process. Whether it is land, habitat or water, fulfilling basic and essential needs requires a collective effort, frequently entailing social mobilization. Water access is, then, a question of political struggle:

...in most cities around the world, water access is a question of political struggle, often enacted by self-organized community groups operating outside the bounds of traditional pathways of democratic representation, in permanent negotiation with governments over demands for political recognition via the provision of public services (Bakker 2010: 221).

Water privatization turned what were previously local struggles into political contests that may also have consequences in the urban water sector. However, it demands mobilization by Chatterjee's (2004) actors in political society to move into the regulatory space of water. For many developing countries like the Philippines, this was a movement which was an unintended consequence of water privatization.

A decade into the privatization of the Metropolitan Waterworks and Sewerage System (MWSS) in Metro Manila, the urban water sector has become contested like never before as access to water remained a problem for the urban poor in the Philippine capital. The difficulties faced by water utilities in providing direct service connections to the urban poor have reaffirmed the importance of the informal sector in small-scale water providers. Most of these providers operate outside the formal regulatory framework. Meanwhile, NGOs, who are also without formal roles in the privatized sector, have kept the plight of 'waterless' communities on the agenda by lobbying legislators and regulators, appealing to the public via the media, and mobilizing local communities in sporadic, and what appear to be largely ineffectual, protests. Informal water vendors, NGOs, and

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<sup>36</sup> According to Norman (1999), affordance is the perceived possibilities for action by the actor on any object that may be different from, even contrary to its intended use or design. I extend and refine his concept to mean immanence for political action in any given context based on the interactions between the actor and her environment.

local groups attend to the subsistence needs of the poor. These non-state actors exist within a fragmented regulatory space that is both informally and formally regulated and locally legitimized. They straddle the boundaries of the law. In much of the developing world, they contend with economic and political elites privileged by formal regulatory structures and institutionalized clientelism. In the shadow of an oligarchic patrimonial state in the Philippines, collective action by these actors has been concerned with water as a subsistence right. Rooted in local politics, these forms of what I term here ‘regulatory mobilization’ appear to be parochial, episodic, and largely peripheral to the regulatory framework as a whole. Regulatory mobilization is collective action by a group of actors to influence or obtain control over rules, modes of state intervention, and mechanisms of social control in a given regulatory space. Depending on how local and sectoral politics are conflated, episodes of regulatory mobilization may sometimes secure subsistence goods ordinarily denied, project countervailing power in the policy sector, and influence the ‘rules of the game’ in surprising ways {Chng, 2012 #690}.

The mobilization of power by actors who are informal or marginal to the regulatory framework occurs in a ‘regulatory space’ that is dominated by large actors and may appear to be inimical to countervailing projections of power. Hancher and Moran forwarded the concept of regulatory space to argue that economic regulation ‘is dominated by relations between large, sophisticated, and administratively complex organizations performing wide-ranging economic and social tasks’ (1989: 272). Although Hancher and Moran, like much of the regulatory governance and politics literature, have based the bulk of their conceptual models and explanations on advanced political economies in the West, the regulatory space construct is less statist, and hence more helpful than others (eg., the ‘regulatory state’) in not only studying regulatory politics in the context of market liberal reforms, but also focusing on the possible collective agency or marginalized groups in the regulatory space. The regulatory space of any given area is available for occupation, can be unevenly divided between actors, and is contested. Although organizations are makers and shapers of regulation; citizens are ‘takers’ of regulation. Occasionally, ‘private citizens may succeed in mounting a successful legal challenge to a regulatory programme, but sustained or

permanent participation is precluded' (Hancher and Moran 1989: 286). In the context of the 'archipelagic' water regulatory space in cities in developing countries that shapes the political opportunity for contentious collective action (Bakker 2003), the absence or incapacity of the large corporate and state agencies that usually dominate economic regulation means that the mobilizations of citizens is more sustained and permanent than Hancher and Moran appreciate.

Furthermore, while the state's role is to regulate, its execution is seldom politically or socially neutral. In terms of regulation as risk management, elites tend to be overcompensated in the form of rent extraction when market spaces are created and protected by regulation. Under a guise of administrative neutrality, this dominant formal/legal market system masks highly political outcomes of interest groups involved in defining 'inappropriate' activity within the regulatory space and 'appropriate' levels of enforcement. Such contests exclude large groups of people who then seek to avoid or subvert the dominant regulatory system and market by operating out of the reach of the state. As Fernández-Kelly suggested, 'formality breeds informality' (2006: 3). The informal sector includes actions of economic agents that do not adhere to established institutional rules or are denied their protection (Feige 1990: 990).

As discussed earlier, such 'informalities' in urban water services typically involve illicit or semi-licit independent actors who are not formally recognized or authorized by the state (Moretto 2007: 350). They may not even be formal companies and hence do not pay tax. Without full or official recognition, they do not comply with official rules and procedures in part or in whole. Hence, they exist at the periphery of the regulatory space. Sometimes acting as primary suppliers, in other cases supplementing a formal provider, they range from household vendors to small network providers, private entrepreneurs, cooperatives and other forms of community organizations. Their activities may be informal but are no less as institutionalized as formal public or private water systems. They possess rule-enforcing mechanisms including customs, norms and values, and are based on informal organizational networks like the family, other social networks and community-level organizations (Ibid.). Although the price for water in the informal sector is typically higher than that provided by the public

sector, the risk management strategy of the poor in having a variety of sources – including political patrons – and are never overly dependent on one source. Providers of water in the informal economy are aware of this and hence rely on a far greater range of norms and networks than simple exchange for market transactions. This includes norms and networks of solidarity and reciprocity. They also have various forms of social, legal and political status. Such informal practices in the informal water sector are however at best overlooked and at worst resisted by the regulations, policies and practices that guide and support the formal system (Allen et al. 2006). Whether they are households with their own access to the formal provider who resell them to customers or ambulating vendors, the authorities usually choose not to sanction them as an acknowledgement of the failure of the central water utility in providing adequate service (Kjellén et al. 2006: 12).

Informal water vendors exist within an ‘archipelagic’ regulatory space (Bakker 2003) that is both informally *and* formally regulated, locally legitimized, and sometimes straddle the boundaries of legality. The regulatory means of the informal economy are located within itself. As Fernandez-Kelly (2006: 18) argues, ‘to exist, informal workers must rely on norms of reciprocity and solidarity’. Echoing sentiments voiced by Chatterjee and Bayat, Fernandez-Kelly adds that ‘their economic survival depends routinely on transactions they make and alliances they forge with government authorities at the local, state, and federal levels’ (ibid.). What she is therefore suggesting is that the constant political mobilization observed in urban poor communities may not be limited to the local scale. In much of the developing world, they contend with economic and political elites privileged by formal regulatory structures and institutionalized clientelism. In the context of an unpredictable regulatory environment and an oligarchic patrimonial state in the Philippines, unexpected collective action by a few urban poor communities and NGOs have taken place around water as a subsistence right. This is where they may occasionally exercise regulatory power.

Regulatory mobilization describes a specific form of political activity in the context of privatization and regulatory politics that arises from the constellation of subsistence and citizenship struggles, participation in informal markets, patron-



clientelism, and the dynamism of life in poor urban communities. This is a form of urban poor collective action that can quickly convert from ‘social nonmovements’ into something with organizational clout that may go somewhere towards the fundamental redistribution of social goods and the attainment of autonomy that Bayat (2010: 59). As Rew (1977) showed in the Philippines, ‘only those urban groups and individuals with the means and opportunities to press and steer their demands through political and bureaucratic channels succeed in obtaining access to water’. When these actors mobilize collectively to influence the rules of the game, they then also engage in regulatory politics or, regulatory mobilization.

The second half of this thesis will consider regulatory mobilization around water in response to privatization in Metro Manila. In its sectoral work that is linked to local struggles, regulatory mobilization attempts to make strategic occupations in the water regulatory space to mount challenges against the regulatory framework in the wake of privatization. The objective is to obtain concessions that can bring about a change in the manner by which water is delivered, beginning in the communities whose water subsistence issues were identified and advocated for in the first place. This is based around a mobilized constituency that is built up through two forms of collective action across the city in so-called ‘waterless’ communities. These are mobilization where existing norms and organizations governing and delivering water to the local communities are protected against some forms of encroachment by the water concessionaires. Other mobilizations may involve creating new organizations based on existing local norms concerning water subsistence.

#### 4 OLIGARCHY AND INSTITUTIONAL SCARCITY: BACKGROUND TO WATER PRIVATIZATION IN THE PHILIPPINES

*'Water distribution in the Philippines is a pork barrel project'*<sup>37</sup>

Inaugurated in 1882 in Sampaloc, the Carriedo fountain that is now located in Plaza Santa Cruz in Manila City commemorated the 'gift of water' by the Spanish General Francisco Carriedo y Peredo. In 1743, he bequeathed Php10,000 as an initial endowment for the creation of what would be the first public water system in Manila (Fellizar 1994). Today, a replica of the fountain may also be found in a compound of buildings in Balara, Quezon City in Metro Manila, housing the office of the Metropolitan Waterworks and Sewerage System (MWSS). Since 1997, the corporate headquarters of Manila Water Company (MWCI) and Maynilad Water Services (MWSI) have also been located there. The two fountains, one sitting fenced inside a private compound, the other in a public plaza, may serve as an unwitting symbol of the controversy surrounding the privatization of Metro Manila's water system, if not all recent water privatization projects in the past few decades around the world. Privatized in 1997, the water sector in Metro Manila is fiercely contested. Much of this has been in terms of the merits and demerits of public and private ownership. This is a debate that has, however, failed to address the actual obstacles to effective water service provision, especially for the urban poor (Budds and McGranahan 2003). More pertinently, the private versus public utility ownership and service provision debate takes on quite a different dimension when considered in the context of the Philippines. In the words of Philippine historian Alfred McCoy, the Philippines can be said to have experienced its own form of 'privatization' for decades, whereby the 'privatization of public resources [has] strengthen[ed] a few fortunate families while weakening the state's resources and its bureaucratic apparatus' (McCoy 2009: 10).

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<sup>37</sup> Jude Esguerra, May 25, 2007, 'Risks and Opportunities Faced by Small Peri-Urban Water Service Providers: Two cases', Building up the Philippines: Discussion series on Philippine Infrastructure Development, Makati City, Metro Manila, Philippines.

This chapter examines the ‘modalities’ of privatization, revealing the details of how a privatized waterworks system is configured, operates, and intersects with power relations in the context of the Philippines. Mediating the contentious and regulatory politics described in the chapters to follow is the domination of the Philippine political economy by an oligarchy. This is an elite that maintains political power by mobilizing voters through the use of political machines. This chapter firstly provides the background to the political economy of the Philippines in terms of an oligarchic democracy contested by marginal and subaltern forces and the ongoing context of (neoliberal) market extension. A small segment of Philippine society has long been able to use its control over the state and its resources to forward its own particular interests, as well as those of its broader class. These oligarchs have been efficiently organized into political families and economic conglomerates, to the detriment of other mass organized bodies like political parties (with the exception, perhaps, of religious and revolutionary movements) and, since 1987, social movements.<sup>38</sup> With the help of foreign capital and political support since Spanish and American colonialism, this oligarchy has consolidated and reproduced dominant and asymmetrical relations of power in all aspects of Philippine life, becoming an oligarchic class in the form of relatively enduring political dynasties and family-owned conglomerates. State power has been used in a discretionary fashion by and for the oligarchy and its proxies. State expenditure on public goods and services has therefore been limited and unevenly distributed in the Philippines. This explains the ‘institutional scarcity’ of water in urban areas. Rather than a basic resource for living that is provided by the state, water in Metro Manila is instead a state resource that is appropriated by urban political machines for achieving power. As a result, public services like the water infrastructure in Metro Manila has been poorly maintained and invested – a justification for its privatization in 1997.

The second half of this chapter shows how the water sector became more

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<sup>38</sup> Since 1986, as the ‘people power’ movement has become institutionalized, the Philippines has undergone a steady process of demobilization from political life, although this uneven process has excluded religious mobilization and that of the far left (Abinales and Amoroso 2006: 266-268).

politicized and unpredictable since privatization in 1997. This was not supposed to happen. Privatization was supposed to ‘remove politics’ from decision-making policy processes that should only be governed by ‘technical’ issues of service provision, cost-recovery and other administrative considerations. In the context of oligarchic domination and the democratic deficit in the Philippines, however, changes in the institutional structure of water service delivery in Metro Manila have not only continued the hold of oligarchic power in Philippines politics, they have also led to unexpected forms of countervailing mobilization (discussed in the next two chapters). This chapter will provide the context of that resistance by showing how this oligarchy in the Philippines has produced gross social inequality and inadequate provision of public services, aided by close alignment of the country with the neoliberal post-Washington Consensus. Prior to privatization, water provision was largely used as a tool of patronage. This is most evident in how urban poor residents in Metro Manila obtained water, alongside a bundle of informal squatting ‘privileges’, in exchange for votes. Therefore urban water scarcity and insecurity among the urban poor in Metro Manila is best understood in terms of the political dynamics of this oligarchy. Such a macro-backdrop frames the micro-politics of managed scarcity by machine politicians in water provision in the Philippines.

#### **4.1 A Background to Oligarchic Domination in the Philippines**

A constitutional republic, the Philippines is a unitary state with a presidential system of government. Popularly elected (for a single term of six years), the President serves as both head of state and head of government. The Philippines adopts many American political institutions and rituals from colonization. The executive, legislature and the judiciary branches of government are equal in principle under the Constitution. The popularly elected bicameral legislature consists of a Senate whose twenty-four members serve six-year terms, and a House of Representatives where 230 district-based congressmen and women and 57 sectoral party-list organizations (small parties, and marginalized and underrepresented sectors) serve three-year terms. The Supreme Court, where judicial power resides, consists of a Chief Justice and fourteen associate judges, all directly appointed by the President. The twelfth most populous country in the world with its population fast approaching 100 million, rapid population growth

(almost two per cent in 2010) and unemployment (7.5 per cent in 2009) have contributed to high levels of poverty (32.9 per cent, 2006 estimate) (Central Intelligence Agency 2010) in the Philippines. Inequality is high with the poorest 10 per cent of the population controlling only 2.4 per cent of the economy while the richest 10 per cent commands 31.2 per cent (all 2006 estimates) (Ibid.). Set against this socio-political backdrop is a Philippine state that has persistently failed to provide basic services, guarantee peace and order, and foster economic development (Abinales and Amoroso 2006: 1).

Underlying all analyses of Philippine political economy is the constant theme of wealth and power being concentrated in the hands of an elite few.<sup>39</sup> The dominance of this ‘distinctive national elite’ in the Philippines has been ‘so strong, so persistent, and so pervasive that the term *oligarchy* seems merited’ (emphasis my own) (McCoy 2009: xiii). This is a predatory oligarchy manifested in powerful political and economic families. Oligarchic power is sustained and reproduced via the most preferred form of organization in Philippine politics – the political clan. Based primarily on bilateral kinship, the political clan also includes members linked to a core family group through long-term friendships and alliances. Rather than political parties, it is the clan that mobilizes supporters for elections through longstanding personal networks. Followers of the clan are rewarded with preferential treatment within and outside government. Discipline is also enforced where punishment can take place in spheres that legal rules do not apply (De Dios 2007: 164-65).

These clans arose as a consequence of successive stages of colonial state formation in the Philippines that have produced regional and local elites at the expense of a strong centralized state. Spanish rule preserved and expanded the charismatic power of indigenous local strongman from the sixteenth to the mid-

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<sup>39</sup> The four main perspectives are: clientelism (expressed in the varying coercive/consenting forms of patron-client relationships); a radical critique of neocolonialism by foreign powers and global capital (vis-à-vis the influence of the United States, and MFIs like the World Bank and the Asian Development Bank); the elitism of its democratic institutions, processes and actors; and more recently, the recognition that (the notion of) democracy itself is contested in the Philippines by elites and the subordinate classes (Quimpo 2008).

nineteenth century by sub-contracting them as agents of the state with control over local monopolies on coercion and taxation through municipal elections and revenue farms. Such derivative and discretionary state power became the new basis of local strongmen rule (Sidel 1999: 14-16). American colonial rule in the first half of the twentieth century then extended private control over the state. American colonialism introduced municipal, provincial and national-level elections that produced elected officials, based on restricted suffrage, which subordinated various agencies of the state at multiple levels of governance. The institutional legacy of American colonialism was the creation and empowerment of local elites – small-town bosses and provincial warlords – with their own power base (Ibid.: 16-19). This oligarchy has exercised particularistic control over the state apparatus with the use of political machinery (De Dios 1990; Hutchcroft 1998; Sidel 1999; Hedman 2000; De Dios and Hutchcroft 2003; McCoy 2009). Through the oligarchy's 'active pursuit of political influence to gain market advantage' (McCoy 2009: xii), they have been able to live off restrictive licenses issued by the state that grant holders a monopoly over a particular market.<sup>40</sup> Hence, these 'few fortunate families' have benefitted at the expense of the public in terms of state revenue and economic growth (Ibid.).

The Philippine state is thus a complex set of predatory mechanisms for the private exploitation and accumulation of resources at different levels of governance. At the subnational and local levels, Filipino politics is characterized by the prevalence of local power brokers who achieved sustained monopolistic control over both coercive and economic resources within given territorial jurisdictions or bailiwicks (Sidel 1999). Hence, while the state may be subjected to oligarchic

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<sup>40</sup> Such rent-seeking behaviour is at the heart of McCoy's (2009) argument that the dominance of the oligarchy in the Philippines has been so prolonged and entrenched that a dedicated history of these elite families is in fact overdue. Rents are above-normal profits from economic activity. Rent-seeking describes the activity to change rights so as to earn above normal profits. In the case of the Philippines, resources accumulated from national development have been used by the state, not for productive economic growth, but as 'rents to reward retainers'. The state creates rents by placing restrictions to freedom of entry into the market. Monopolies are typically created in this process. Competition for such monopolies by Philippine elites are therefore rent-seeking behaviour (McCoy 2009: 430).

plunder, it is also predatory.<sup>41</sup> At the sectoral (industry)/national level, development objectives to promote economic growth are ‘continually choked out’ by the particularistic demands made by a predatory oligarchy (Hutchcroft 1998: 7). For example, in Hutchcroft’s study of the Philippine banking industry, oligarchic families who had favourable access to the state obtained generous credit via the ownership of private domestic commercial banks in the 1960s. Regulation was woefully inadequate. Subsequent reforms in the sector during Aquino (1986-1992) and Ramos (1992-1998) administrations were repeatedly blocked. When changes to the industry occurred, it was either to create new opportunities for rent-extraction (during the Martial Law period for the favoured elites of Marcos) or on the terms of those industry players already dominating the sector (as seen during the liberalization era of Ramos). In this context of ‘reform’, the dominant characteristics of the Philippine banking industry – rampant favouritism and ineffective regulation – remained (Ibid.).

The dominance of the oligarchy can also be seen in the ostensibly democratic institutions in the post-Marcos era. Formal elections have not only provided some political legitimacy for the oligarchs (McCoy 2009: xiii), it has even been argued that the ‘democratic’ component of oligarchic dominance has been one of its indispensable features. Elections – local, congressional, and national – in the Philippines have long been dominated by local politicians and ‘political clans.’ As suggested above, the subordination of state apparatus by oligarchs has also taken the form of *elected* municipal, provincial, and national officials. Control over the state by the oligarchs was therefore not only direct, but was also frequently enjoyed through delegation via electoral competition (Sidel 1999). This is arguably best exemplified by the political institution of the ‘pork-barrel’ in the Philippines.

The pork-barrel is one of numerous political institutions and processes transplanted by the US during its occupation of the Philippines in the 1930s. Officially known as the priority development assistance fund (PDAF), pork barrel

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<sup>41</sup> A key reason for this is also due to the enduring institutional legacies of American colonialism that have shaped the pattern of state formation in the Philippines.

is basically a system of appropriations and favors obtained by a legislative district representative. Each legislator is allocated a fixed amount for each sitting of the House.<sup>42</sup> Hence, the benefits of pork barrel programmes and projects are concentrated to a few but its costs are spread across all taxpayers (Vera 2004: 1). Legislators have defended it as a vital tool for linking local development to national development goals and a ‘valid and constitutional exercise of the congressional “power of the purse”’ (Nogales and Lagman 2008: 1). The Philippine Center for Investigative Journalism (PCIJ) however compiled decades of research documenting its use as a vehicle for procuring votes and hence, an established source of political patronage (Coronel and Balgos 1998; Chua and Cruz 2004). Since pork-barrel-funded projects are not subject to the usual processes of evaluation to determine their feasibility, unlike regular government expenditure, they are usually overpriced (Coronel and Balgos 1998). Such projects also provide an opportunity for legislators to obtain kickbacks from contractors seeking to obtain contracts to work on the project. It is partly through the disbursement of ‘pork’ by politicians that Filipinos obtain water and other basic needs and services from their elected representatives. For example, between 1997 and 2001, 22 per cent of the budget of the Department of Public Works and Highways’ slated for ‘local infrastructure’ was funded by the pork barrel of legislators (World Bank 2005: 38). In other words, the pork barrel is a form of (legal) rent seeking by the political elite. As Hutchcroft observed:

The demands of nurturing a political base and winning electoral competition not only encourage[d] corruption but also promote[d] entirely legal pork-barrel diversions of resources into politicians’ hands (Hutchcroft 2000: 235).

Hence, it is against this backdrop of oligarchical democracy that the provision of urban basic services like food, housing, and water in Metro Manila should be understood.

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<sup>42</sup> Pork allocations have grown over the years. Each representative were allocated only Php12.5 million when pork barrel was reinstated in 1990 (Marcos has abolished it only by also abolishing congress during his rule by Martial Rule hence eliminating the allocation mechanism for pork, and moving it instead to his own remit). By 2004, Senators got pork-barrel allocations of Php200 million each, while each congressman received Php70 million.



#### **4.2 The Institutional Scarcity of Water in the Philippines**

In Metro Manila, the provisioning of basic goods like water is a highly mediated process, especially for the urban poor. Although the focal point for capital accumulation as the primate city of the Philippines, Metro Manila suffers from chronic underdevelopment. Rapid urbanization, high rural-urban migration and uneven distribution of services, resources, and investment meant huge swathes of the city suffer from an acute housing shortage, pollution, poor health and high levels of criminality. Migrants mostly populate these communities, which present themselves as rich sources of votes for local politicians. Local elections in the Philippines are lost and won on the back of highly personal campaigns managed by the political machine. These are organizations specially set up to mobilize and influence the electorate through the provision of tangible social, economic or material benefits. They are either organized largely through the use of money, local and national political leaders and gatekeepers, or through access to state resources or personnel (Teehankee 2006: 88). Furthermore, the oligarchy's source of power had remained in the provinces for a long time and hence was responsive only to local rural politicians. Local governments in Metro Manila were underrepresented in Congress. Instead, they were dependent on the national government to fund its public services. An important source of such funds is the pork barrel. Communities with water problems need only lobby politicians who are themselves on the lookout for voters. Politicians may respond by dipping into their allocated pork barrel for local water infrastructure projects like deep-well construction.<sup>43</sup> This is a practice that has been institutionalised over the course of many decades.

In 1977, Rew observed 'a pattern of institutionally-induced and maintained scarcity' (1977: 3) in the water sector. From urban poor areas in Tondo, and nearby resort towns in Tagaytay, to the industries servicing Manila's ships in its ports and harbours, water service was poor. The challenges at the time were not to do with inadequate supply from the source, absence of connections (from underinvestment) or even losses (through leaks or pilferage). Instead, water supply in Metro Manila followed a different logic:

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<sup>43</sup> Interview with Ben Moncerate, 25 January 2007.

The location of housing reflects the logic of the unhindered - but sometimes facilitated - market in urban land with no - or, at the best, passing, ex-post facto - consideration given to long-term water supply and priority. Just occasionally, as at Novaliches [a growing district close to La Mesa Dam to the north of Metro Manila at that time which will eventually become part of Quezon City], the logic of land development and institutional housing programmes sets a housing project down close to an obvious source of public supply. Few funds are available, or priorities worked out, to ensure that water connections are necessarily made in those circumstances. The politicking, influence-peddling and frustration implicit in this process should be very apparent (sic) (Ibid.: 6).

This was also more recently observed, and elaborated upon by regular consultant for the ADB, Arthur C. McIntosh:

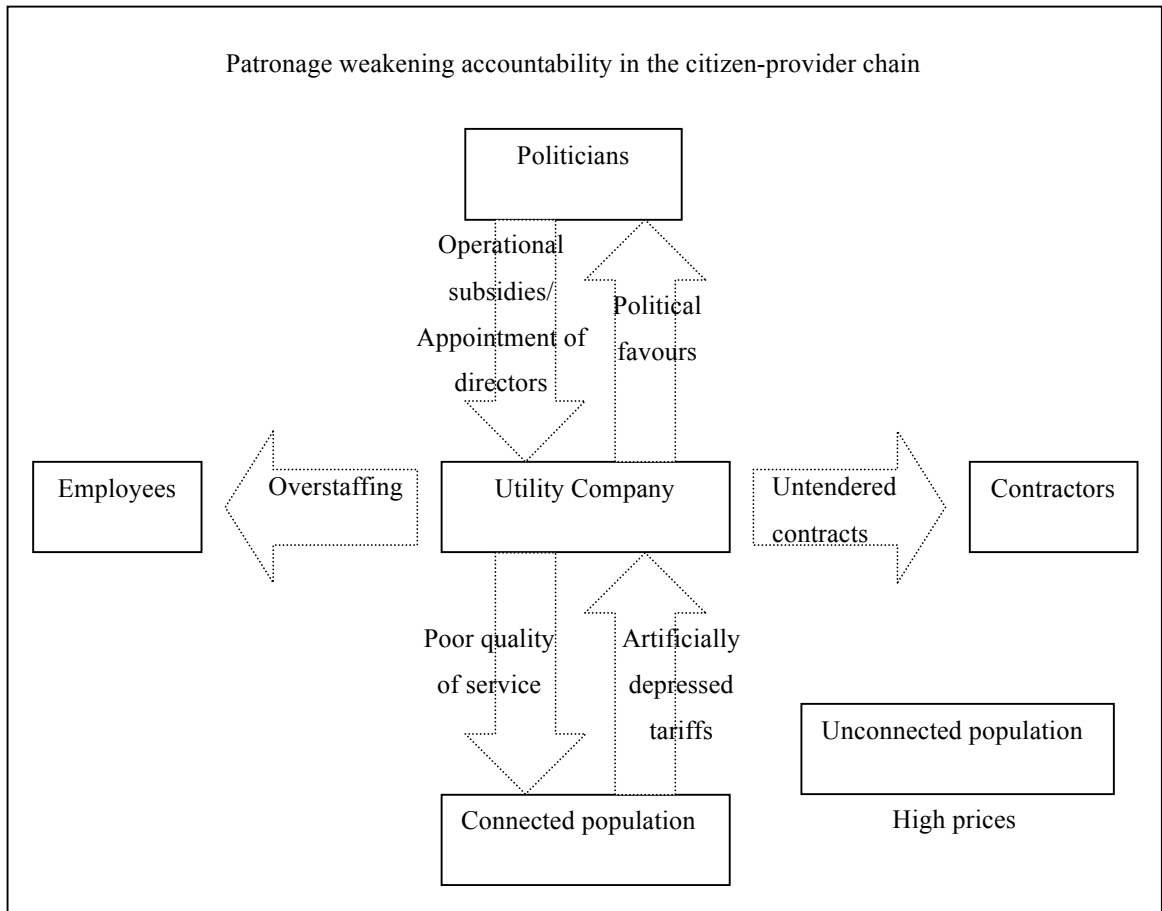
Some [water] is illegally sold to SSWPs. The profit to those with vested interests (some elected officials, utility staff, utility owners, and local authorities) is considerable, which explains the desire to maintain a status quo that keeps the urban poor paying 25 times the unit rate the rich pay for water. This is also probably why visible leakage is maintained (to mask illegal use) (2003: 101).

The highly visible and deliberate water leakages through the MWSS piping system that he observed were similar to those that Rew saw: an institutionally-maintained water scarcity for the purpose of rent-extraction. The low level of billing activity in MWSS and its predecessor (NAWASA) also revealed symptoms of the institutional malaise. In 1969 water meters could not account for more than half of the water supplied by the system, while 30 per cent of billed charges were not collected (Rew 1977: 12). While it was true that the individual poorly-paid MWSS employee had little incentive to ensure equitable bill collection and the reporting of delinquent accounts (which led to 'short-cuts, graft and other inefficiencies'), such were simply 'anomalies' which were in fact intractable and hence regular features of the water system in Metro Manila (Ibid.: 17). Instead, this is the 'institutional scarcity' that Rew identified as the systemic cause of the 'water crisis' in Metro Manila.

Hence, the World Bank considered the real clients of the public provider of water, the Metropolitan Waterworks and Sewerage System to be politicians rather than the actual consumers of water (World Bank 2003: 162). In the Philippine water

sector, finance needed for investment in reticulation networks are lacking. Technical expertise is also scarce. Service quality is poor and inefficient, while corruption in the public sector is also a pressing problem. It is the dominance of patron-client power relations in much of water service provision in developing countries that led the World Bank (2003; Foster 2005) to label this as the 'traditional clientelist model' of service delivery. In their formulation, state-owned utilities are treated as part of the political apparatus instead of public service providers. Service providers are then dependent on politically motivated budgets for survival. They become extensions of policymakers and the distinction between policymaking and service providing is lost, resulting in poor accountability (World Bank 2003: 162-63). The politician exerts control in two ways – through the power to appoint and dismiss company directors, as well as providing public subsidies (to finance investments and support ailing enterprises). Water companies reciprocate through political favours such as over-employment, artificially depressed tariffs, discretionary selection of new investments, and distribution of contracts based on non-economic criteria. This has led to increasing costs, low service quality and abysmal finances. This leaves the population underserved, necessitating them to rely on a range of substitutes (Foster 2005: 1-2). Substitutes to formal water service delivery are thus found in the informal water sector, where the urban poor must mobilize to obtain access to subsistence.

**Figure 4. Clientelism in service delivery**



Source: Foster, V. (2005). Ten Years of Water Service Reform in Latin America: Toward an Anglo-French Model. Water Supply and Sanitation Sector Board Discussion Paper Series, Paper No. 3. Washington, DC, The World Bank., pp. 2.

This brings us to the quote at the beginning of this chapter. To paraphrase a saying from the American southwest, water flows uphill towards money. The water sector, just like the banking sector, has been part of a state apparatus that has been appropriated by an oligarchic elite. This has taken place within a formally democratic system where state institutions have been used for private oligarchic gain.

### 4.3 The ‘Development Debacle’ of the Marcos Era (1965-1986)

The Marcos era (from 1965 to 1972 for two terms as elected president, and from 1972 to 1986 when Marcos ruled by decree after declaring martial law) saw an unprecedented economic modernization programme with heavy state intervention and the support of foreign capital. Under his economic modernization programme, the state became actively involved in economic development and spawned a large number of government-owned and controlled corporations (GOCCs), which were

allowed to avail themselves of huge foreign loans. This was concomitant with Marcos's political strategy of rewarding his own elite support base while eliminating his enemies. Although justifying his declaration of martial law by promising to curb the oligarchic abuse of power, Marcos targeted selected oligarchs (eg., the Lopezes) while nurturing his own (eg., members of his family) to dominate various economic sectors (De Dios and Hutchcroft 2003: 49-50).

Marcos set about creating a massive bureaucracy and expanding his executive power. Having suspended elections and the national legislature, he staffed his administration with technocrats and by 1981 had created forty new agencies in his Executive Department. Numerous state corporations were also created to intervene in strategic economic sectors. By the mid-1970s, the state had become a significant player in oil production, power, mass transportation, fertilizer production, and new investment. Meanwhile nationwide agrarian reform and public works construction took place (Abinales and Amoroso 2006: 207-13). Not unlike the oligarchs Marcos ostensibly pledged to eliminate, Marcos exercised discretionary behaviour in using state power to undermine his opponents, while accumulating private gain for himself and a small select group of cronies. In 1972, Presidential Decree 40 was passed by Marcos, which abolished the Public Service Commission (whose regulatory oversight in water, power and other public services was removed). The same decree also nationalized the Manila Electric Rail and Light Company (MERALCO), which had the monopoly over the electric power industry from a fifty-year franchise granted by the Commonwealth government. As Fabella (2002) noted, the nationalization of MERALCO had less to do with efficiency and more to do with the fact that it was owned by the Lopez family, a political opponent of Marcos. Just like in the power sector, regulatory control over strategic state sectors like telecommunications, transportation, banking, construction, food processing, media, gambling, and ports were parcelled out to Marcos's close circle of family members and cronies (Sidel 1999: 144).

Throughout this time, Marcos aligned himself closely with the strategic interests of the US, which gave consent to his declaration of martial law. In this Marcos saw the opportunity for private gain, mostly in the form of enormous loans and

aid. Besides providing direct assistance, multilateral financial institutions like the World Bank and the IMF underwrote much of the loans, and encouraged commercial banks and private investors to invest in the Philippines. Public spending was thus funded by public debt. By 1982, the debt-shares of many of these state corporations stood at US\$3,844 million (Jose 1991: 236-37), while total debt of the Philippine government stood at US\$25 billion (Abinales and Amoroso 2006: 213). In 1982, Bello, Kinley and Elinson published *The Development Debacle*, based on 6,000 pages of secret documents smuggled out of the World Bank. Bello *et al* proved that in line with US policy of supporting dictatorships in the third world, the US manipulated the World Bank into extending enormous amounts of aid to the Philippines so as to:

stabilize the deteriorating political situation and to more thoroughly integrate the Philippines economy into the international capitalist order (Bello et al. 1982: 200).

The Metropolitan Waterworks and Sewerage System (MWSS), a GOCC, was a creature born in this context. Formed in 1971,<sup>44</sup> the MWSS was responsible for providing potable water and sewerage systems in Metro Manila and its surrounding areas. MWSS was accountable to a board of trustees – composed of public officials and appointees nominated and confirmed by the president of the Philippines.<sup>45</sup>

For the World Bank (2003: 162), MWSS was a typical example of the clientelistic model of public service delivery described earlier. However, the World Bank, like many lending institutions and donor agencies, were hardly innocent bystanders, since 50-70 per cent of major investments by MWSS were financed by foreign loans. By the end of 1985, MWSS owed US\$112.6 million to the ADB and US\$112.9 million to the World Bank. It also owed Php54.0 million to the Philippine National Bank (Fellizar 1994: 86). It was from the time of the

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<sup>44</sup> By virtue of Republic Act 6234.

<sup>45</sup> Beyond Metro Manila in other urban areas in the Philippines, Water Districts (WDs), or what Capistrano and Gutierrez call ‘mini MWSSs’ (2003: 30) were similarly established autonomous private bodies with public owners. Like MWSS however, WDs were controlled by politicians since the WD board was appointed by the local Mayor (Lavado 2001: 7).

establishment of MWSS that most of the water produced and delivered by the public utility became unaccounted for as non-revenue water (NRW).<sup>46</sup> From 1973 to 1987, NRW averaged more than 52 per cent (Fellizar 1994: 90). While much of the increase in NRW was due to increased production and delivery to cope with increased water demand stemming from urbanization and population growth in the Metropolitan area, it was really the institutional set-up of the water sector during the Marcos era that set the context for privatization and post-privatization politics.

This was the ‘institutional scarcity’ in Metro Manila under Marcos. More than the fault of any one individual or organization, it was the expectation of service delay and scarcity that led customers of water during that time to develop a range of ‘coping mechanisms’ – from queue-jumping in applications and offering ‘speed money’, to illegal connections and the patronage of the informal sector – including what appears to have been illegal and subversive activity that was perfectly ‘rational’ for the ‘professional and other salaried middle classes’ under Marcos:

Members of those classes expect collective guarantees and benefits from the consolidation of executive power and extension of technical-bureaucratic and military programmes following the declaration of the martial law ‘New Society’. The maintenance of their hopes for individual and collective mobility is thus a critical issue for the regime's legitimacy (Rew 1977: 23).

To maintain his legitimacy, further investment was pumped into the sector but this only ‘expand[ed] the system’s capacity by an amount equivalent to the water escaping from the system through leaks, non-billing and non-payment’ (Ibid.). Water scarcity was thus institutionally reproduced. It was for Fabella, a ‘stable low-level equilibrium’ (Fabella 2006: 20), an ‘unspoken public policy... [whereby] nominal equity is subverted to deliver substantial operative inequity’ (Ibid.: 18). This was how oligarchic rent-seeking manifested in the water sector during the Marcos era, and before privatization in 1997.

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<sup>46</sup> Non-revenue water is water that is ‘lost’ before it reaches the customer. Losses can be real losses (eg., leaks) or apparent losses (eg., pilferage or metering errors).

This was what Rew meant when he suggested that ‘other kinds of politics’ were required to reform the water sector in 1977. Rew’s suggested alternatives – massive capital injection, socialization of water resources, or a change in riparian laws to resolve conflict between the natural state of water resources and their multiple and often competing uses, which is further complicated by private property law (Ibid.: 24) – were simply not forthcoming in the macro context of Philippine politics when Marcos sat at the apex of oligarchic predation. Therefore, customers both rich and poor engaged in ‘coping mechanisms’. The MWSS board whose membership was dependent on political patronage ‘internalize[d] the authority’s tacit preference’ (Ibid.: 19), and its workers whose ranks were ‘bloated by accommodation of political jobseekers and the mandatory regularization of casuals after a given period’ (Ibid.), were likewise protected by civil service rules since they worked for a state-controlled organization. Multilateral lending institutions like the ADB and the World Bank provided loans with sovereign guarantees, which were independent of actual service performance. This was the ‘normal’ state of institutional affairs in the water sector in Metro Manila prior to privatization.

#### **4.4 Prelude to Water Privatization: Neoliberal Reform and Restoration of Oligarchic Democracy (1986-1992)**

In following Washington’s economic template, Marcos laid the foundation for future presidents’ liberalization reforms of the Philippine economy. After obtaining a US\$300 million loan from the World Bank, Marcos was under pressure to liberalize the economy. He signed presidential decrees 2029 and 2030, which paved the way for the elimination of inefficient state-owned enterprises and declared a policy of privatization (Bello et al. 2005: 195). After Marcos was overthrown in 1986, president Corazon Aquino began the neoliberal restructuring of the Philippines. The heavy-handed and foreign-funded state intervention in the Philippine economy under Marcos had left its toll – the Philippines was to undergo an intensive period of privatization, deregulation and liberalization according to the dictates to MFIs and Washington DC., which were caught up in the ideological fervour of neoliberalism, with its emphasis on market extension and the scaling back of the state. Accompanying neoliberal economic reform



would also be a restoration of oligarchic democracy with the return of the elites undermined during Marcos.

Aquino was under pressure to signal to both domestic and especially foreign capital that the Philippines would henceforth forge a different economic path from Marcos. The first wave of privatization began in 1986-1987 during a time of political transition and economic crisis in the country. This had the support of much of the business community who were external to Marcos's network of crony capitalists and thus felt short-changed and oppressed during the era of crony capitalism. The Marcos regime had saddled the country with massive debt, much of it in foreign currencies, and the Philippines would continue to service interest payment on the debt for decades to come. By December 1986, the external debt burden of the Philippines stood at US\$28.236 billion (Jose 1991: 227). Privatization thus focused on disposing of the significant number of nonperforming assets owned by the state and operated at a loss. These included foreclosed properties taken over by state-owned banks that had lent large sums of money to them throughout the 1960s to early 1980s under Marcos, as well as sequestered assets from his cronies. The Committee on Privatization (COP) was therefore created and mandated to privatize government assets. From 1986 to 1992, the COP privatized about 122 government-owned and controlled corporations and generated about US\$2 billion in revenues. The Aquino administration also enacted the 'BOT Law' that provided a legal basis and structure for the implementation of 'Build-Operate-Transfer' contracts which were integral to many privatization deals involving the public sector (Dumol 2000: 4). The dismantling of monopolies and paring down of the expanded role of the state in the economy while deregulating, liberalizing, and privatizing the market was based on a diagnosis of the problem as too much state interference rather than too little. While many of Aquino's reforms involved some kind of rolling back of the state, in reality they reinforced familiar patterns of oligarchic domination and returned the Philippines to the oligarchic democracy that was already apparent before Marcos.

In the first democratic elections following Marcos's removal, Mojares (2009: 312) observed that out of 200 congressmen elected to the lower house, 169 came from

traditional political families or were their relatives. The composition of the senate was also largely made up of members of prominent pre-martial law political families. Landlord interests (including the sugar bloc as well as members of the Aquino family) that were well represented in Congress undermined the much-heralded agrarian reform process started by Aquino. Aquino allowed members of the Lopez and Osmeña clans to ‘reclaim’ parts of their economic empire sequestered by Marcos (De Dios and Hutchcroft 2003: 52). Aquino thus paved the way for the return of the Lopez family to their preeminent position in strategic and lucrative sectors like media (ABS-CBN) and energy (MERALCO). The disposal of Marcos’s assets was also hampered by ‘old oligarchs and new carpetbaggers’ who competed for them amongst themselves (Ibid.).

Hence, the biggest winners of these reforms were the local oligarchy and foreign capital. In concentrating wealth and power in a small clique around himself, Marcos had so dramatically transformed political and economic institutions that his overthrow left behind a power vacuum. While previously marginalized social groups that supported Marcos gained some rewards for involvement in the pro-Aquino coalition (most notably in the 1987 Constitution that created a new party-list system giving representation of these groups in the legislature), it was the anti-Marcos financial and industrial oligarchy, traditional politicians disenfranchised by Marcos, and foreign capital that benefitted the most. This was demonstrated by Aquino’s decision to continue servicing the country’s debts despite their controversial nature. The restoration of the oligarchs was accompanied by a reconfiguration of elites in the Philippines. The move towards a neoliberal trade regime would see the centre of gravity shift from rural bases to urban centres where industry, commerce and finance are located (Billig 2007). In Metro Manila, powerful clans like the Lopezes and the Ayalas took advantage when Ramos decided to privatize strategic network utilities like the water sector.

#### **4.5 Manufacturing a ‘Water Crisis’: Ramos and the Privatization of MWSS (1992-1998)**

Fidel Ramos came to power in 1992. The former general was also an ex-adviser to Marcos, who helped bring him down and supported the vulnerable Aquino regime as her chief of staff of the Armed Forces and later, as Secretary of National

Defence. Ramos threw himself into privatizing the country's utilities. In his first state of the nation address to the Philippines in July 1992, he asked for, and later received, emergency powers from congress to solve the power crisis that engulfed the country in a series of brownouts at that time. He created a new energy department, and extended a generous (but risky) offer based on the BOT law to private investors to build independent power stations whereby the government would purchase their output in US dollars. The brownouts ceased and Ramos was lauded for his bold and effective leadership. Buoyed by his success in the power sector, Ramos turned his attention to the water sector.

In the short space of time of three years from June 1995, when formal conceptualization of privatizing MWSS took place, to December 1997 ending in the take over by MWCI and MWSI, a combination of external factors also played a role. The 1990s eagerly anticipated the dawn of the 'Pacific Century' as foreign capital was actively scouring the region for new investment opportunities while governments were eager to become the next 'Tiger Economy' (which was a specific aim of the Ramos Presidency). MFIs were also enthusiastic about offering technical assistance and advisers to prepare the groundwork (Fabella 2006: 20-23). In the wake of the collapse of the Berlin Wall, market ideology was triumphant, and market extension by MFIs like the World Bank in the water sector was booming (Finger and Allouche 2002). In talking up a 'crisis' in the water sector, however, Ramos spoke the market discourse of the water sector that was already observed in Dublin (see Chapter Two). Ramos signalled to both domestic and foreign capital, that following Argentina,<sup>47</sup> the Philippines was also ready for large-scale water privatization.

According to the diary of an insider in the government closely involved with the water privatization process (Dumol 2000: 10),<sup>48</sup> Ramos talked extensively in 1993 about a 'water crisis' in the Philippines to his advisors at a time when no one in the country was paying any attention to the water sector, and he convened 'water

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<sup>47</sup> This was the Buenos Aires water concession, signed in 1993 and revoked in 2006.

<sup>48</sup> Mark Dumol's diary provides a candid and personal account of the privatization process, while Carroll's (2010) analysis offers a more critical account of the role of the World Bank.

summits' with stakeholders from across the country. This has been seen by most observers as an attempt by Ramos to build policy consensus and drum up public support for what would be a highly controversial plan. Be that as it may, this was also revealing in how the fictitious commodification of water has typically played out in other privatization efforts.<sup>49</sup> This is where the political construction of a discourse of scarcity of water (attributed to nature as opposed to politics) leads to the necessity for private sector involvement in service delivery, as discussed in Chapter Two. Previously a reflection of relatively stable but highly asymmetrical power relations in the water sector, water scarcity was suddenly a 'problem' that could only be solved by private sector involvement as encouraged by the Dublin Principles. Ramos thus pushed for the enactment of the Water Crisis Act in 1995, which, among other things, led to the privatization of MWSS.

Like the water sector in many countries, and many service delivery sectors in the Philippines, there was a need for investment to tackle inefficient service provision. It was estimated, for example, that the Philippines needed Php293.37 billion between 2000-2010 for its water infrastructure (Lavado 2001: 7). Financing for expansion of service delivery and rehabilitation of existing infrastructure was urgently needed. On the eve of privatization in 1995, MWSS was one of the worst performing water services in Asian cities. Service coverage was 67 per cent and water availability was only on average 17 hours per day (only half of all MWSS customers had 24 hours supply). Due to rampant illegal water use and pilfering, leakages and metering errors, NRW was at 58 per cent (McIntosh et al. 1997).<sup>50</sup> In 1996, the debt of MWSS, much of it incurred in foreign loans, amounted to a staggering US\$880 million (Capistrano and Gutierrez 2003: 30). This was the legacy of Marcos's crony capitalism as discussed earlier.<sup>51</sup> It is this political backdrop that is in no way less important than the 'water crisis' of the water sector that has been understated in accounts of

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<sup>49</sup> See Kaika (2003).

<sup>50</sup> Non-revenue water is the difference between system input volume and billed authorized consumption. It consists of unbilled Authorized Consumption (eg., water for fire fighting), apparent losses (unauthorized consumption - illegal use - and metering inaccuracies like malfunctioning metering equipment, and real losses (eg., leakage from transmission or distributions mains).

<sup>51</sup> Carroll (2010) thus shows that a substantial amount of MWSS debt was owed to the World Bank.

the privatization process. Hence, few were surprised in 1997 when contracts from the bidding of the MWSS were awarded to MWCI and MWSI, owned by economically and politically powerful Ayala and Lopez families, respectively.<sup>52</sup>

Water service delivery provided by the state-owned MWSS therefore was carved into two sectors and served by two private water utilities in 1997. The east zone concession was awarded to Manila Water Company, Incorporated (MWCI), owned by the Filipino holding company Ayala Corporation together with its foreign partners – United Utilities (UK), Bechtel (US), and Mitsubishi Corporation (Japan). The west zone concession was awarded to Maynilad Water Services, Incorporated (MWSI), owned by Benpres Holding Corporation, which was also in a joint venture with French Suez/Ondeo. It was according to Carroll (2010: 155), a ‘stunning fusion of domestic and foreign capital’. The International Finance Corporation (IFC), the private sector arm of the World Bank, was closely involved as an adviser in the design of the privatization program through direct financing and technical assistance.

Just as external actors like MFIs, donor agencies and countries like the US were crucial to the Marcos regime and its brand of economic development that was so highly dependent on foreign loans, MFIs like the World Bank once again played a crucial role in the privatization of MWSS. The role of the World Bank in water privatization projects worldwide has been documented critically (Finger and Allouche 2002; Goldman 2005). In the Philippines, Carroll (2010) showed how the World Bank, through the IFC played a vital role from providing assistance initially, before ending up as a shareholder in MWCI. From the perspective of those with a vested interest in a successful privatization process, there is no question that it was a successful project. From a historical perspective of oligarchic predation in the Philippines, that two of the country’s most powerful economic and political clans won the bidding of the water concessions was simply a continuation of a familiar theme in Philippine history – the water concessionaires were granted 25-year monopolies with exclusive rights to service

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<sup>52</sup> What surprised observers were how low the bids were, rather than the source of the bids.

delivery. Once again, the Philippine state had been used to privatize capital accumulation, this time in the form of a monopolistic market in the water sector. The rise of the Lopezes and the Ayalas can be said to constitute the ongoing process of intra-elite realignment in the wake of the Marcos era.

#### *4.5.1 New water utilities, old oligarchs*

The Lopezes and Ayalas are notable families in the oligarchy with a long history of large-scale urban development in Metro Manila. Descendants of the Spanish elite whose business empire spans malls, banks, food and beverage, as well as beer and telecommunications, the Ayalas have been a prominent family in the Philippines for centuries (Landingin 2003). The Ayalas, having developed their hacienda into the finance and business district of Makati City, also have large-scale real-estate interests, notably in much of their east zone concession area (Esguerra 2003), including Taguig. Hence they were particularly keen to secure the east zone (Dumol 2000: 97). In terms of Manila property development, they have more experience than any other big family in Metro Manila. The Ayalas have long shied away from direct participation in politics, and there has been little evidence to suggest that they have used their considerable clout to influence politics in their favour recently (Batalla 1999: 39). Nonetheless, their steadily increasing financial might, especially in the recent history of the Philippines, suggests ‘strategic collaboration’ with the political incumbent even during the Marcos era (De Dios 1990: 113). The family was also said to have actively supported the oustings of Presidents Ferdinand Marcos in 1986 and Joseph Estrada in 2001 (Landingin 2003). Hence, their engagement in politics has been at all times strategic, if not ambiguous (Batalla 1999). By 1996, Jaime Zobel de Ayala, president and chairman of Ayala Corporation from 1983 to 2005, had become a strong supporter of Ramos’s economic reforms in public (Hutchcroft 1998: 250-51).

The Lopezes also have a history of public infrastructure and utility management in Metro Manila. Although political allies of Marcos early in his presidency before his declaration of martial law, the Lopez family were targeted by Marcos during his rule for representing the worst of Philippine ‘old society’ and its

predilection for ‘kinship politics’ (Roces 2000). Given a chance to restore their empire by their close friendship with president Aquino following her ascent to power in the wake of the 1987 revolution, the Lopezes have since recovered their position as one of the Philippines’ most powerful and wealthy clans. The Lopezes now own leading companies in power generation and distribution, media and telecommunications, as well as interests in manufacturing, infrastructure, and property. Many of these sectors are dependent on state franchises, which in turn rest on relationships with key politicians in the nexus of ‘formal regulation and informal privilege’ (McCoy 2009: 518). The Lopezes thus backed the candidate in the keenly contested 1992 presidential elections who would go on to win – Fidel Ramos.

In their historical and continuing exploitation of the state’s financial resources and regulatory powers, the Lopezes represented the pre-eminent rent-seeking family of the Philippines (Ibid.), This is most evident in the manner by which the Lopezes negotiated their exit from the west zone concession when a nearly-bankrupt Maynilad (MWSI) filed for an early termination of its concession contract on 2 December 2002.<sup>53</sup> The settlement involved the state shouldering MWSI’s debt in a debt-to-equity deal whereby MWSS took a majority stake in MWSI. Despite failing to meet many of its contract obligations, including not paying its concession fee since March 2001, MWSI also managed to negotiate a partial drawdown on its US\$120 million performance bond instead of a full recovery.<sup>54</sup> The final settlement thus freed the Lopezes from further obligations to both MWSI and MWSS. This came at a crucial time for the family whose business empire was reported to have been in financial difficulty. How the Lopezes managed this was revealed when Lopez-owned ABS-CBN popular broadcaster Noli de Castro was declared as president Arroyo’s running-mate in her successful bid for re-election in May 2004. The MWSI restructuring which

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<sup>53</sup> Other than the unforeseen impact of the 1997 Asian financial crisis on the dollar-denominated debt of MWSS of which Maynilad shouldered 90 per cent as part of the Concession Agreement, a combination of poor corporate governance, and financial and operations mismanagement were to blame, in contrast with Manila Water. See Wu and Malaluan (2008).

<sup>54</sup> The performance bond is a fund put up by the concessionaires for the government to draw upon in the eventuality that contract obligations are not met by the private utilities.

was declared by Arroyo in March 2004 as ‘a gift [to] the Filipino people because of the need for clean water’ was therefore cynically seen by local observers as a ‘gift’ for the Lopez’ Benpres Group (Blanc-Brude 2004).

Although both their experience and influence in Metro Manila mark them out from the rest, these two families are hardly the most wealthy or powerful families in the Philippines, and were not the only families to benefit in the Post-Marcos era. There is also a distinction to be made between them. The Lopezes represent one of the most successful ‘Chinese mestizo’ sugar-based families to be directly involved in politics, with their position in the Sugar Bloc in the House, the Liberal Party bloc in the Senate, and the Vice-Presidency in the late 1960s up to martial law under Marcos, representing the high point of their influence (Hedman 2000: 73; McCoy 2009). The only other coherent family along these lines of similar importance is the Cojuangco family, which arguably is more split. The Ayalas, by contrast, stand alongside the Aboitizes and arguably the Chinese families (the Gokongweis, SyCips, and Sys etc.) as representatives of the oligarchy whose ‘foreignness’ has corresponded with abstention from direct involvement in politics, and whose rise to wealth and power was not based on the familiar pattern of oligarchic rent-extraction – sugar land combined with political office and generous loans from the Philippine National Bank.

Both concessionaires (MWCI and newly-rehabilitated MWSI) have since successfully renegotiated extensions to their original 25-year concession by a further 15-years a few months before President Arroyo stepped down from her office in 2010. This is despite the lack of a rebidding process and relatively modest compensation in the light of their general noncompliance with their service commitments. In a clear case of the regulatory revolving door in the water sector, two members of Aquino’s new cabinet, public work secretary Rogelio Singson and energy secretary Jose Rene Almendras, used to head Maynilad and Manila Water respectively. It has also been said that some of the biggest unnamed backers of president Aquino’s presidential election campaign were Manuel V. Pangilinan, owner of one of the new companies (Metro Pacific Investments Corporation) that own the present Maynilad, and the Ayala group (*Philippine Daily Inquirer*, ‘Arroyo pushed water firm’s contracts’ 2 August 2010).



Privatization in the neoliberal sense has therefore also accompanied privatization in the traditional sense of oligarchic domination.

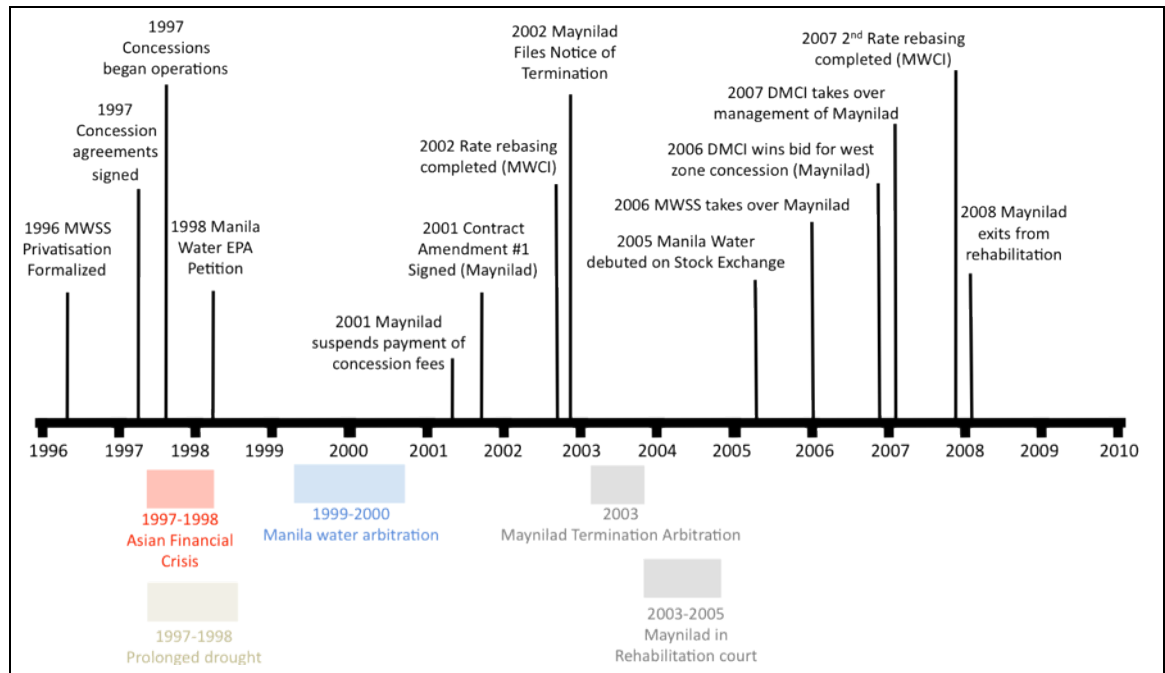
Lauded for his market reform and criticised for his limited political reform, the Ramos regime did nothing more than reconstitute oligarchic patrimonialism around a 'new' group of economic and political oligarchs. Contrasted with his reforms in banking (Hutchcroft 1998), water privatization has been touted as a success in terms of service delivery extension, capital investment etc, but the basis by which it was reformed conformed not only to the dictates of neoliberalism as advocated by the World Bank (Carroll 2010), it also conformed to the structural pattern whereby an oligarchy dominates the political economy (just like in the banking sector). Hence, sections of the economic elite marginalized by Marcos became the biggest supporters and beneficiaries (the Lopezes) of economic reform by Ramos (and Aquino) (Pinches 1997), as well those that were initially against Ramos's reforms (the Ayalas). Both Aquino and Ramos pursued economic reforms that benefitted 'old' and 'new' oligarchs, as well as foreign capital. This is even though civil society had strengthened, and there were more checks and balances in government since the Marcos era. The political system of oligarchic domination remained a highly patrimonial one and reformist coalitions and mobilization remained peripheral (Balisacan and Hill 2003: 20). Hence, before investigating the mobilization of resistance around privatization, it is prudent at this juncture to appreciate the regulatory environment of the water sector after privatization.

#### **4.6 The Contested Regulatory Framework Since Privatization**

The formal regulatory framework in the water regulatory space following privatization of MWSS in 1997 has been described as fragmented (World Bank 2005: 108); even captured (People's Freshwater Network 2004). Privatization was supposed to take politics out of service delivery, but the clientelistic character of the water sector identified by the World Bank almost a decade ago persists. This is especially true from the perspective of the urban poor service delivery, as will be discussed later. The consolidation of the privatized water sector in Metro Manila occurred during Arroyo's presidency. Evidence of how the sector remained structured by oligarchy and politically-motivated discretionary

behaviour after privatization is revealed at various episodes of contestation. For example, when MWCI challenged the regulator’s rejection of its tariff increments (to account for foreign currency fluctuations), Arroyo had to personally intervene (Lavado 2001).

**Figure 5. Timeline of implementation of concession agreements and rehabilitation of west zone concession**



Source: Adapted from Erhardt, ‘Case Study: The MWSS Regulatory Regime’, Presentation to the World Bank, 5 July 2005.

Over 30 different government agencies deal with various aspects of water in the Philippines. The sheer number of departments involved coupled with their vaguely defined scopes has led to a fragmented water management system plagued by overlapping activity, poor data, and an incoherent water resources plan that is inadequate in meeting any long-term sustainability for the sector (Lavado 2001: 18). Regulation of the two concessionaires is performed by the new water regulator the MWSS-RO. Its functions include contract monitoring and enforcement, including contract alteration, and undertaking rate rebasing reviews. It can also handle customer complaints. There has been a general consensus that the MWSS-RO is less than independent, and lacking in expertise. Due to the haste in privatizing MWSS, there was no time to set up a proper regulatory framework for the water sector. As an agency created by the Concession Agreement, MWSS-

RO has no legislative mandate, and therefore no legal statutory independence from the political principal. Indeed, its operating budget comes directly from the concession fee paid by the concessionaires. Furthermore, decisions made by the MWSS-RO are reviewed by the MWSS board of trustees (Cariño 2005: 16), which is notorious for being staffed with political appointees. As shown earlier, the MWSS was created by Marcos alongside numerous other GOCCs ostensibly for economic development but in reality for oligarchic plunder. This trend continued when out-going president Gloria Arroyo appointed her former political adviser to head the board on 5 March 2010 despite lacking any relevant qualifications. This was also after appointing her manicurist and gardener to various other administrative positions. In his first state-of-the-nation address following his successful election, President Benigno Aquino, son of former-president Corazon Aquino, also revealed that members of the MWSS Board under Arroyo's presidency practically 'wrote their own paychecks' with generous salaries, allowances and bonuses (*GMANews.TV* 'MWSS board members 'basically wrote their own checks'', 29 July 2010).

In 2001, the MWSS Board had 'along with the concessionaires' presidents' signed termination letters to two deputy regulators known to oppose a petition for water rate hikes (Ibid.). Disputes between the concessionaires and the MWSS-RO have exposed the weakness of the regulator. For Fabella the regulatory outcome was simply to be expected, 'MWSS morphed by virtue of the CA [concession agreement] from a water and sewerage service provider to a regulator. It failed badly in the first; how could it succeed in the second?' (2006: 25). The lack of an independent regulator and overall lack of regulatory sanction meant that there was considerable discretion by various stakeholders in the regulatory framework, thus undermining water regulation as a whole. This includes local politicians engaged in pork barrel clientelism in urban poor communities. It also includes mobilization of countervailing power – whether in the form of local mobilization, alternative regulatory mechanisms or more overt political challenges to power elites – by the urban poor against a compromised and weak regulatory system. Such collective action takes place in the informal sector, which is the subject of the following two chapters.

#### *4.6.1 Regulation, service delivery, and the urban poor*

The two concessionaires are regulated by contracts typically designed for a single large-scale system focusing on production (Solo 1999). The contract is silent on the urban poor and informal water vendors. Hence it has been argued as being both pro- and anti-poor, depending on how the concessionaires have interpreted the contract themselves. For example, Rosenthal (2001; 2002) argued that although no specific incentives for extending service delivery for the poor are stipulated in the contracts, an ‘aggressive’ programme of expansion in the first five years of privatization aimed at nearly universal water coverage. Both concessionaires are expected to serve an ever-increasing proportion of Manila’s residents via ‘new connections’ according to a detailed set of targets. Targets are provided right down to each municipal unit within the two service areas for each five-year period of the terms of the agreements. Such disaggregating of service targets thus requires the concessionaires to invest in rich and poor parts of the city (Rosenthal 2001). The contract provides flexibility to experiment with new approaches to service provision in urban poor communities, as well as catering to third party provision. While specific ‘output standards’ (water pressure, reliability, quality, customer service etc.) are described, ‘input standards’ (construction methods, pipe diameter etc.) are not stipulated. Rosenthal argued that this has been the source of innovative services in poor neighbourhoods (Ibid.). Flexibility in the type of services that may be offered thus allow for the installation of public standpipes for example in ‘depressed service areas’. This will count towards meeting coverage targets.

Although exclusive rights to serve customers in their respective service areas are granted to the concessionaires by the contracts, third party provision is allowed as long as ‘the activity is properly licensed and the concessionaire consents’ (Ibid.). It is this grey regulatory area however that has become the source of contestation when MWCI encouraged the formation of community-managed water people’s organizations (see case study below). The tariff structure that the contracts commit the concessionaires to is the same structure used by MWSS. This is an increasing block system that distinguishes among residential, commercial and industrial customers. Purely residential consumers are charged 20 per cent of what industrial users pay for the first 10 cubic meters of water, a difference that almost

disappears at much higher quantities. Residential customers pay more than 4 times the per unit price for quantities above 200 cubic metres than for the minimum quantity of 10 cubic metres. The intention is to charge higher prices to customers demanding high quantities of water, and lower prices to others, with the assumption that the latter group is poorer (Ibid.). However, as suggested earlier, this was also a system that institutionalized scarcity so as to preserve the clientelistic features of water service delivery in Metro Manila.

For Cuaresma (2004: 5) on the other hand, since provisions in the CA do not differentiate any particular type of customer, formal or informal, rich or poor, the reality is urban poor areas are last in priority for new connections, and first in line to experience reduced water supply or reduced water pressure in times of water scarcity. Indeed, the government declared that as of 2002, 212 communities in Metro Manila remained 'waterless'. Pro-poor community programmes designed and implemented by both MWCI and MWSI were thus entirely at their own discretion, that is, unregulated. Thus the number of residential water connections increased from about 740,000 in 1997 to more than 900,000 in mid-2001, many of these to poor households. The first three years of MWSI's *bayan tubig* (BT) ('Water for the Community') scheme saw more than 50,000 new water connections,<sup>55</sup> which account for 65 per cent of MWSI's progress in the first five year period. MWCI's *tubig para sa barangay* (TPSB) ('Water for Depressed Communities') programme was more varied with three different schemes (Rosenthal 2002). This means that the poor has had little access to the formal water system. Instead, as the following analysis will show, they have been forced to rely on a combination of 'community programmes' from the private utilities and the informal sector, as they had done in the past.

The increasing block tariff structure (designed to help low-income consumers pay less per cubic meter) used in the pro-poor water programmes via group taps, subcontractors, bulk water, etc., effectively results in a reclassification of

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<sup>55</sup> The scheme uses small diameter pipes to connect households to the water main – sometimes running these along the ground or on walls – and delegates maintenance responsibility to customers. In some cases it has lowered the connection fee and allows customers to pay it in instalments over a period of up to twelve months.

households from ‘Residential’ to ‘Semi-Business’ customer. This means that unregulated pro-poor programme rates are on average four times higher than regulated individual connection rates (Cuaresma 2004: 22). Poor households typically consume less water. Those that consume on average 3 to 5 cubic meters per month still have to pay for the initial minimum block of 10 cubic metres per month (Rosenthal 2001). Furthermore, while Section 9.5(i) of the CA prescribes a connection fee not exceeding Php3,000 for connections or reconnections by residential customers to a water main or a public sewer that are both located less than 25 metres from the connection point, most urban poor households are located far from main roads where primary pipes are usually laid (Ibid.: 25). The concessionaires have therefore benefited from this unregulated service expansion that has continued the pre-privatization condition of the urban poor – they continue to pay higher tariffs. Where they have access to the informal sector or more formally regulated private water vendors sub-contracted by the concessionaires, they have to bear high connection charges. Following privatization, the formal and informal interface of water regulation has ensured that the basic inequity for urban poor water access remains. Meanwhile, both concessionaires continue to use such ‘pro-poor’ programmes as evidence of their corporate social responsibility.<sup>56</sup>

This chapter has forwarded two main arguments by way of introducing the background to water privatization in the Philippines. Firstly, I argued that any understanding of urban water politics needs to be situated within the macro-political/social context of an oligarchy that has dominated the Philippine political economy. The continuity of oligarchic power is one that has been produced from colonial times, and reproduced along different stages of state formation in the Philippines, through pre-Marcos, Marcos, and post-Marcos periods. This forms the micro-political dynamics of fragmented manipulation of (water) scarcity by machine politicians through their access to the institutions of the state. Set against the macro-backdrop of oligarchy domination, the ‘institutional scarcity’ observed by Rew then presents the water sector as another case of the long history of

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<sup>56</sup> See, for example, Manila Water’s Corporate Social Responsibility website [http://www.manilawater.com/section.php?section\\_id=4](http://www.manilawater.com/section.php?section_id=4)

oligarchic predation observed in other sectors like banking (Hutchcroft 1998) and sugar (Billig 2007).

The second argument provided an account of the water privatization process and post-privatization regulatory realities situated in the context of oligarchy domination. In this historical overview, ‘contestation’ by subordinate groups prior to privatization has been minimal and has consisted mainly of collective ‘coping strategies’ by residents to access water. Rather than motivated by public interest to solve a manufactured ‘water crisis’, the timing, speed and nature of reform can also be explained by the changing configuration of oligarchic interest in the Philippines, as well as domestic and international capital that desired not just any kind of institutional reform but a form of *privatization* involving large-scale, private (and often transnational) utility companies that is amenable to global processes of fictitious commodification as described in chapter two. However, this was not to be a straightforward neoliberal fictitious commodification of a moral economic water sector.

Instead, this means that the nature of reform manifested in the privatization of MWSS not only left untouched the basic features of oligarchic democracy in the Philippines, but also reconstitute it. This would also result in episodic but recurring forms of contentious collective action by Filipinos across society.<sup>57</sup> Consequently, politics in the water sector is likely to be dominated by regulatory conflict and remain contentious, oscillating between intra-elite regulatory conflict, and regulatory mobilization by NGOs and POs for the foreseeable future. The regulatory and contentious politics of water privatization which this and the next two chapters covers is therefore emblematic of state-society dynamics in the context of neoliberal institutional reform and contested (oligarchic) democracy in the Philippines.

This chapter has set the stage to argue that contestation will continue as the water sector has been transformed into an arena for mobilization by social groups and

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<sup>57</sup> Owing to the role played by the Left in the overthrow of the Marcos dictatorship, it would be elements from this group that has been responsible for the more innovative and novel forms of mobilization observed, and described in the next two chapters.

further politicized in ways that are consistent with oligarchic domination. So far, the discussion has centred on regulatory and utility behaviour in the institutional context of the water sector in Metro Manila set against a larger backdrop. This has been situated against the structural context of oligarchic domination. While some attempt at an alternative political economy of water privatization in the Philippines has been attempted, elite analysis has been the main focus in the bulk of the literature.<sup>58</sup> To limit analysis to oligarchic and institutional politics can however only provide part of the story. Neither was this simply some kind of Polanyian ‘society’s response’ to water privatization that has given it its contentious character. Although privatization inadvertently opened up the water sector as a new space of resistance where different sites in the water regulatory space may be used to undertake contentious collective action, mobilization in the Philippine context was to take place within the opportunity structure shaped by the oligarchy.

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<sup>58</sup> The elite and institution-centred perspective provided in this chapter is not that different from the dominant political economy literature on water privatization in political science that focuses mostly on institutional design and regulatory governance and incentives to the dearth of ‘marginal’ actors. Hence, approaches like new institutional economics and the regulation literature for example, examine the case of water privatization in Metro Manila as a contractual and regulatory game. The incentives of players, their actual behaviour, and the response of regulators and the eventual regulatory outcome are studied. Explanations have focused on explaining why, and how privatization can (or should) occur, how it can be successful or subverted leaving very little consideration for collective action behaviour by citizens and consumers, especially contentious ones.



## 5 MOBILIZING FOR SUBSISTENCE

Nestled in a small refuse-filled gap between two hastily built dwellings on recently titled lands ran a shiny blue water pipe. With no ground to bury itself in, the pipe emerges defiantly from a height of piled garbage that drops three metres onto the communal corridor, bending a tight corner and entering a water meter encased in concrete: ‘This way, no one can remove the metre’. Manny grins as he proudly shows off the water reticulation system of Community Water,<sup>59</sup> a people’s organization (PO) from Sitio Imelda in Taguig City. This was a prosaic setting for a development that not only injected new life into an ailing privatization model, but also challenged the notion of the poor in cities as nothing more than urban cousins to the rural peasants famously described by Marx as a ‘sack of potatoes’ – incapable of agency and collective action. James Scott (1976) showed that because peasants are driven by the need to have access to resources as a matter of life and death, they are occasionally willing and able to challenge the asymmetrical relations of power that stand in their way. Likewise, the response of communities in Taguig City, Caloocan City, and elsewhere across Metro Manila challenges prevailing expectations about the impact of water privatization on the ability of the urban poor to gain access to water.

This chapter analyzes the micro-politics of the urban poor in the context of water privatization in Metro Manila, and local politics in Taguig and Caloocan. In this thesis I argue that regulatory mobilization is one way of understanding how organized Filipinos have responded to water privatization. This is a form of politics mostly visible at the sectoral or policy level that is mediated by the interplay of a constellation of actors in local politics. This chapter focuses on the micro-politics of the urban poor in Taguig and Caloocan in their response to water privatization, and highlights patterns of contestation, competition, and collaboration between the urban poor and a diverse array of actors in the context of access to water for subsistence. While their agency and capacity for regulatory

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<sup>59</sup> The names of some of the individuals and organizations mentioned in this chapter have been changed.

mobilization with the help of NGOs is recognized, their participation in networks of clientelism with local patrons and their political machines is also observed. Underlining their mobilizations for emancipation and co-optations into patron-clientelism is their need for water, and their desire for subsistence with dignity.<sup>60</sup>

The chapter begins with an introduction to the status quo of water access by the urban poor in Metro Manila on the eve of privatization of the MWSS. Prior to privatization, Filipinos have responded to the institutional scarcity of water via a series of coping mechanisms. This ranges from participation in the informal sector by purchasing water from informal vendors, to engagement with more corrupt practices. Informal settlers also frequently act as clients for local political patrons who are after their votes. Examples of successful mobilization by the urban poor for basic services like water are rare, although there is a precedent in the urban poor housing movement. This was the situation of the urban poor and water access in the Philippines prior to privatization. The chapter then turns to the case studies where the micro-politics of the urban poor in Sitio Imelda in Taguig and Maharlika in Caloocan, and their attempts to obtain water after privatization, are described.

This chapter shows that the moral economy of water in urban poor communities prior to privatization is best understood as a political psychology based on locally embedded norms and networks. This was a subsistence mobilization by urban poor communities that aimed to minimize risk arising from water access. This involved patronizing, participating in, or enabling, a wide variety of informal water providers in the local community. The associational networks giving rise to diverse informal water provision ranged from clientelistic organizations or political machines of local politicians to various forms of community-managed systems, to entrepreneurial initiatives. The poor did have access to MWSS water, but only indirectly and with higher transaction costs than ‘regular’ customers. They obtained water the same way the urban poor obtained other subsistence

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<sup>60</sup> This chapter builds substantially upon research undertaken by Matouš (Matouš) who provides an engineering perspective. As far as I know, this chapter represents the first academic study of water POs in their local and sectoral political contexts in Metro Manila following privatization in 1997.

goods like housing, land and food. Through mobilization for subsistence against the backdrop of patrimonialism in the public service sector and clientelism in local politics, collective action by the urban poor was a highly localized phenomenon that was underpinned by local norms of moral economy.

### **5.1 The Urban Poor and Water on the Eve of Privatization**

Informal settlers in cities across the Philippines have limited access to potable water due to the nature and location of their settlements. Some of these places are among the most dangerous areas in the city, like steep riverbanks, floodplains, hillsides, garbage dumps, and along railroad tracks (that are still in service). Due to the illegality of tenure, authorities have been reticent about extending water services to such areas for fear of legitimizing their settlement. This could lead to the permanent settlement of these communities, and attract further migration to these often-congested areas. Urban poor communities are often also located in places that are inaccessible and difficult to service. These areas lack adequate space for laying down reticulation and road networks for the functioning of a formal water distribution system. It is also challenging for authorities to regulate and manage water services in urban poor communities. Residents of these areas have been accused of engaging in illegal activities such as tampering with water meters, setting up illegal connections to water mains, stealing water from fire hydrants, and threatening water inspectors when they try to prohibit these activities. The urban poor also tend to have difficulty in meeting regular payments for water and sanitation charges (Ehrhardt 2003; 2007: 229-30). Such unpredictable revenue streams and existing tenure and right-of-way issues impeded urban poor access to water.

Persistent undersupply from MWSS before privatization had taught residents in Metro Manila to employ a range of coping mechanisms. This was manifested in the 'spaghetti connections' prominent in many communities. Prior to privatization, at least 40 per cent of all households in Metro Manila had access to alternative sources of water like private waterworks systems, individual tubewells, booster pumps, storage tanks and private water vendors (David and Inocencio 1996: 4). Many households relied on multiple sources of water supply and many

of these sources are from private tubewells and private water vending. Most of the households with piped water connection from MWSS, private waterworks systems, and tubewells tended to own or rent their house and lot, while in urban poor areas water vending was prevalent. Up to 30 per cent of households relied mostly – if not fully – on vended water for their daily supply (Ibid.). Much of the urban poor who were institutionally cut off from the formal water sector mainly fell into this category, while also relying on public faucets.

On the whole, poor households usually relied on vended water, consuming less while paying more for their water. Households with MWSS connection consumed an average of 32 cubic meters per household, or 6 cubic meters per capita. This was 5 times more than poorer households (that depend on vended water). While only 10 per cent of households connected to MWSS use less than 10 cubic meters,<sup>61</sup> nearly all households dependent on vended water fell under this category (David and Inocencio 1996: 4-7).

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<sup>61</sup> This is considered to be the ‘lifeline level’ (David and Inocencio: 7).

**Table 2. Distribution of sample households by water source and by annual household income bracket, Metro Manila, 1995 (%)**

Income Class (Php)	MWSS	PWW <sup>†</sup>	TBW <sup>††</sup>	PF <sup>†††</sup>	Water Vendors			
					Delivered	HF*	HC**	PU***
Under 30,000	1	-	-	40	14	4	12	9
30,000-39,999	6	4	-	20	14	12	6	12
40,000-59,999	11	8	9	20	-	19	18	26
60,000-99,999	25	4	9	-	29	42	29	41
100,000- 149,999	16	8	-	-	14	15	35	8
150,000- 199,999	14	12	18	20	29	4	-	3
200,000- 249,999	5	4	28	-	-	-	-	1
250,000- 499,999	13	36	9	-	-	4	-	-
500,000- 749,000	2	8	18	-	-	-	-	-
750,000- 999,999	4	-	-	-	-	-	-	-
1,000,000 and above	3	16	9	-	-	-	-	-

\*HF-hose with fixed charges; \*\*HC-hose by containers; \*\*\*PU-pick-up by containers; <sup>†</sup> PWW-private waterworks; <sup>††</sup> TBW-individual tubewell; <sup>†††</sup> PF-public faucets

Source: David, C. C. and A. B. Inocencio (1996). 'Understanding Household Demand for Water: The Metro Manila Case', Philippine Institute for Development Studies.

The price difference between water directly obtained from a MWSS connection or indirectly from a vendor (which was often obtained from a direct MWSS connection source elsewhere) was about 13-fold in 1995. A direct connection to MWSS was about Php8.50 per cubic metre.<sup>62</sup> Vended water ranged from Php22 per cubic metre to as high as Php72 per cubic meter for vended MWSS water delivered to the households. Households dependent on vended water thus not only have low incomes, they also pay the most for water. It is worth bearing in mind that while MWSS water picked up from households with MWSS connections is the more common mode of buying water among poorer households, the average

<sup>62</sup> US\$1 Dollar is equivalent to 44 Philippine Pesos (27 October 2007, Universal Currency Converter, <http://www.xe.com>)

price per cubic meter does not include the cost of time and effort to queue and carry water from the source to the household, as well as the inconvenience of not having tap water. Even assuming a lower opportunity cost of labour among poorer households, David and Inocencio estimated that considering these factors may bring up the real cost of such vended water to Php45 to Php55 per cubic meter, 8 to 10 times more than the cost of water from a direct MWSS connection (Ibid.:7-8). Despite the progressive rate structure of MWSS, the water price structure was in fact regressive as shown in the previous chapter. The average price of water decreased from about Php36 per cubic meter for households with annual average income under Php30,000, to only about Php7 per cubic meter for households with incomes of over Php1,000,000. The ratio of water bill to income ranges from 0.6 per cent to 8.2 per cent between the rich and poor households, respectively (Ibid.: 8-9).

As discussed earlier, MWSS failed to cater to the water consumption needs of Metro Manila, especially the urban poor. However, most residents were in fact connected to, or at least have some kind of indirect access to MWSS water. The 80 per cent of households relying on privately vended water, most of whom were the urban poor, were actually buying MWSS water indirectly (David & Inocencio 1996: 5). What explained the intermediary component in the urban poor's access to water? As described in the preceding chapter, the clientelistic institutions of water service delivery in Metro Manila, as epitomized by MWSS prior to water privatization, have 'institutionally maintained scarcity' (Rew 1977) by keeping both water tariffs and supply low. This 'failure' to provide adequate water supply to its residents led to the institutionalization of a large informal water sector (David and Inocencio 1996: 9). Many residents, and most of the urban poor, in Metro Manila have therefore been dependent upon a range of 'informal' providers, suppliers, practices, arrangements and networks for their access to water. As discussed earlier, such 'informalities' in urban water services typically involve illicit or semi-licit independent actors who were not formally recognized or authorized by the state (Moretto 2007: 350). They may not even be formal companies and hence did not pay tax. Without full or official recognition, they did not comply with official rules and procedures in part or in whole. Hence, they existed at the periphery of the regulatory space. Sometimes acting as primary

suppliers, in other cases supplementing a formal provider, they range from household vendors to small network providers, private entrepreneurs, cooperatives and various other forms of community organizations. They also frequently employed intermediaries like tanker and cart carriers to distribute water. These informal activities were no less institutionalized than formal public or private water systems. They possessed rule-enforcing mechanisms, including customs, norms and values, and were based on informal organizational networks like the family, other social networks and community-level organizations (Ibid.). Some of these may have various form of social, legal and political status. Water was the main commodity of exchange but is also sometimes a 'gift'. Hence, the informal water sector rested on alternative arrangements based not solely on exchange, but also on solidarity, reciprocity and need.

These informal water suppliers, and the alternative arrangements and networks for obtaining water, described the informality of water in Metro Manila. It reflected the complex survival strategies in urban slum communities where, even under conditions of endemic clientelism and market capitalism, the urban poor may have some agency in highly unequal power relations due to their risk aversion to overdependence on a single source of water. In terms of water access, that strategy is to have multiple sources where water can be consumed in varying quantities. While this always implies that the urban poor pay higher per-unit costs for water, they also have multiple sources to draw from if one source should fail to deliver (either due to high price or unacceptable patron demands), thus minimizing the risk of their (water) subsistence. The decision to purchase water of varying quality was also influenced by the variability of income. During periods of unemployment or reduced income, the household may decide to purchase water from a less reliable source, or reduce water consumption.

According to David and Inocencio, 'vended water is sold through a well-organized, informal, and relatively open system of illegally distributing MWSS water' (1996: 5). Consumers who were reliant on vended water usually purchase and collect water from other households with their own access to water. Much of this is also distributed through plastic pipe connections from these households (charged on per container basis), or from MWSS main water pipes (based on a

fixed charge). Others obtain vended water from cooperative-managed public faucets using 5-gallon plastic containers or 3-gallon plastic pails. A small proportion is delivered in containers using carts, bicycles, or jeepneys, or in tanks using trucks (Ibid.). In the case of mobile water truckers/water haulers, they rely largely on neighbourhood networks for business expansion and do not advertise their services beyond printing a name and contact number on the side or back of their vehicles. Through *suki* relationships, regular customers and their referrals are sometimes able to obtain discounted rates (Van den Berg 2002: 14-15). *Suki* relationships can thus describe many of the relationships between various informal water vendors and their customers (UTCE Ltd. and Japan PFI Association 2003: 109). In informal settlements located in public land, there was usually access to water via hose connections made to water mains of government buildings. Where the occupied land was privately owned, water bought in containers is more popular. These were usually sold by other households in the area with their own direct connection to MWSS water. Of all households with MWSS connections in 1995, 43 per cent had an annual household income below Php100,000 and it is estimated that three quarter of low income households with MWSS connections obtained them illegally.

Beyond buying from water vendors in the informal sector, Rew (1977) also argued water may be obtained ‘through political and bureaucratic channels’ in Metro Manila. As suggested earlier, water access for the urban poor is a political struggle. In local contexts dominated by the political machines of urban bosses, urban subsistence is bounded up with local clientelism. Here, a brief account of the local politics of the City of Makati in Metro Manila under the mayorship of Jejomar Binay will prove instructive.

#### *5.1.1 The lord of Makati*

Clientelism can be found in urban areas where there are massive disparities in living standards. Local politicians encourage the growth of slums and squatter settlements as this fosters patronage. Feelings of vulnerability among the urban poor are perpetuated by insecure tenure. Dependence (on patrons) is reinforced by abject living conditions (De Dios 2007: 185). The patronage is in turn



underwritten by local revenues from business and real estate taxes as legal and illegal rents from political office become appropriated. For de Dios, this 'looser form of clientelism' (2007: 170-71) was epitomized in the long-time mayor of Makati city, and present Vice-President of the Philippines Jejomar Binay. In this wealthy financial centre with extensive pockets of depressed areas, Binay secured his power base among the numerically vast urban poor via a combination of strong-arm rule and generous provision of social services (eg., education and medical care). This was pursued through cultivating an ideology of himself as a 'pro-poor' patron who is different from the rich in Makati. He was, however, no political modernizer. His political success stemmed not only from his mastery of the machine politics in Makati as practiced by the previous incumbent, whom he had defeated, but Binay took machine politics in Makati to a whole new level:

Binay has control over vendors, mendicants, teachers, engineers, barangay tanods [watchmen]. He employs representatives from each barangay in the municipio and bloats the payroll. Why, there are dead people on the voters' list (Gloria 1995: 92).

It is Binay's control of these 'parallel institutions and relationships' with the urban poor that has configured the unique and 'loose' form of clientelism in Makati. Through his personal machinery, Binay provided services to the urban poor in Makati like free education in the local university, free medical care, burial assistance for families in bereavement, basketball courts and paved roads. Even the local opposition cannot deny what Binay had done for the poor in Makati. However, this quote is indicative of the nature of his assistance:

What our constituents should be made aware of is what he is not delivering. Where people need medicine, they are given roads. Where people training for livelihood, they are given cement (Go 2001).

This suggests that decisions to invest in service delivery like water are not driven by need but by politics. While services are dispensed, security of access is never guaranteed. The urban poor are dependent on patrons like Binay for their day-to-day living. Hence there was no urban poor office in Makati, and community organizing was actively discouraged. Only a few NGOs work with the urban poor in the city, and the local government office only interacts with informal settlers in Makati when it tries to evict them (Shatkin 2000). During his time as Mayor,

Binay had done what bosses in the Philippines have done: accumulate economic and political power using his democratically elected status to access state resources. In the city housing the financial district of the country, and where its elite resides, it was alleged that Binay has tolerated collusion between building contractors and permits officials in local government (Go 2001). In his first three terms as mayor of Makati, Binay accumulated at least Php 80 million worth of real estate properties in Makati and Batangas, a nearby province. While Binay gained recognition for this unique brand of patron-clientelism, he was hardly unique in this regard. In Makati City, Binay had merely continued a long tradition of the local government's grip on local development. Successive mayors prior to Binay had made use of the city's substantial revenue generating capacity to build their own political bases among the large urban poor population (Shatkin 2000).

Through the operation of these political machines, vended water, and even wells were delivered and dug respectively sometimes free of charge. This is most frequent during election campaign periods and is provided by local politicians pursuing the urban poor vote. In water-poor and vote-rich areas in urban poor communities, local organizations have been set up to provide water services that are supported by politicians who routinely provide water pumps and various forms of assistance. Members of these organizations may pay a onetime bond of Php500 and monthly fees of around Php300 where the cost of water per cubic metre is around Php25 (Velasco 2006: 113). Outside the election period, water vendors, or individuals with access to water who have managed to navigate around or become part of the political machine of a local economy, then have 'license' to service a particular area. The dynamics of this will be revealed later in the cases of Taguig and Caloocan.

Such a compromised water system thus naturally opens itself up to corruption and rent-seeking. For example, a report had unearthed institutionalized corruption in MWSS known as the *alaga* system. This was where former MWSS employees accepted bribes to install illegal connections. Offenses were then ignored by MWSS employees. A former MWSS employee reported that some officers who installed pipes that went through urban poor communities would offer to install illegal connections. These were priced between Php10 to Php12,000 for a cluster

of four to five homes (Rimban 2000). Other methods include queue jumping (*pag-sisingit*), developed by customers and applicants to deal with the sometimes long drawn-out official follow-up procedures (*paglalakad*). These also sometimes involved ‘speed money’ (*lagay*) due to the expectation of delay and scarcity, thus compromising officials (Rew 1977: 18). Additionally, thieves, some of them water vendors, also turned off the water valves to some communities, forcing them to purchase water from them for prices as high as 13 times the amount that both concessionaires charge (Ibid.). Obtaining water from vendors in the informal sector, participation in clientelistic network and corrupt practices are not the only ways by which the urban poor obtain water. Sometimes, the ‘coping mechanisms’ of the urban poor for subsistence needs like water also take on a mobilizational character.

#### *5.1.2 Urban poor movements*

As covered in the previous chapter, the pattern of oligarchic politics in the Philippines that was largely dominated by provincial and rural elites was broken by 14 years of authoritarian rule and martial law under Marcos. Marcos had concentrated power upon himself and his cronies, as well as shifted the country’s economy away from its rural base and towards export-oriented industries. In the wake of his fall from power following the EDSA revolution of 1987, the oligarchy that re-emerged was different from the pre-Marcos and Marcos eras, as covered in the previous chapter. While a reconstituted elite reasserted control via oligarchical democracy, a plurality of political actors also emerged including a growing middle class, government technocrats, foreign and domestic export-oriented economic interests and multilateral finance institutions and aid organizations. Just as machine politics lose some of its competitive and integrating dynamics, new forms of mobilization emerged in urban areas, such that by the 1980s, when oligarchical democracy resumes, there is something of an infrastructure of Left activists and organizations on the ground.

The political left and church organizations that mobilized against Marcos created a powerful network of grassroots organizations – many in the form of NGOs and people’s organizations (POs) – all over the Philippines and especially in the cities.

From fighting for land tenure and obtaining basic services like electricity and water, to organizing *fiestas*,<sup>63</sup> and resolving conflicts, people's organisations (POs) in urban poor communities in the Philippines help to make life in the community more liveable (Velasco 2006: 110-17).<sup>64</sup> Whereas NGOs operate at a sectoral level, and can also be seen as intermediaries between the state and communities, POs in the community are what Velasco referred to as 'primary organizations' that engage in 'subsistence mobilization' that aims to fulfil basic, material needs, and are not targeted towards overturning dominant, oppressive power relations. These were basically grassroots membership-based organizations that can take many interest-specific forms like farmer's, women's and community organizations, as well as cooperatives and trade unions. The distinction between NGOs and POs in the Philippines is difficult to establish. In organizational terms, NGOs are primarily accountable to their donors, while POs are accountable to their members. POs and communities tend to be a 'captive market' since they desire access to funds or projects that NGOs have (Putzel 1998: 78-79). This relationship has been shaped by Marcos-era politics, when an extensive network of NGOs and POs from different political groupings worked together to oppose the Marcos dictatorship. In the past, Left NGOs and party machinery have mobilized POs for national/sectoral-level issues, and have been accused by POs and local communities for ignoring local issues. The relationship between NGOs and POs is therefore also a contentious one. Putzel attempted to distinguish four functional characteristics of NGOs that set them apart from POs – policy advocacy, service delivery, alliance building, and 'popular education' (Ibid.: 79-80) – but as the following cases studies of water POs and coops show, they often overlap in function.

In the context of rapid urbanization and growth of informal settlements from the 1970s, the urban poor housing movement in Metro Manila emerged out of many of these grassroots organizations as a serious challenge to Marcos's vision for the

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<sup>63</sup> A legacy of Spanish colonialism, *fiestas* are annual celebrations of a locality's patron saint in the Philippines.

<sup>64</sup> Due to the diversity and dynamism of such organizations at the community level, they have also been identified by different names although People's Organizations is the local term. Shatkin (2007) on the other hand refers to them as 'community-based organizations'.

development of Metro Manila (Shatkin 2007: 28-31). For example, the Zone One Tondo Organization (ZOTO) in the Tondo Foreshore Area was formed in the late 1960s to organize against the demolition of urban poor settlements under martial law. Tondo Foreshore Area was the largest informal settlement in the Philippines, with conservative estimates of 200,000 inhabitants in the 1980s, out of which 80 per cent of the people live considerably below the poverty line. 63 per cent of the population have no regular water supply, and only 58 per cent possess any type of sanitary toilets (Rüland 1984). ZOTO aimed to struggle for the security of tenure and support life in the communities through self-organization and self-help. Through mutual help and organization of technical assistance, self-help projects like schools, health centres and water supplies were established. ZOTO also established links with local and national politicians in a bargaining process where they offered votes in return for protection from eviction. They were also beneficiaries of the pork barrel, where they managed to obtain things like paved footpaths and public water pipes. These experiences – mobilization and participation in patron-clientelistic relationships were to cement the political socialization process that was to characterise future urban poor collective action in Metro Manila (Ibid.: 328-29). It is here, in the example urban poor service delivery like water provision, where the relationship between mobilization for empowerment and resistance, and clientelism, is blurred.

This was the equilibrium of institutional scarcity in the water sector in Metro Manila in 1997. Due to the institutional scarcity of water in the Philippines, the urban poor have multiple sources of water. They may obtain water from vendors at a high price in the informal sector, participate in clientelistic networks and obtain their water cheaply in return for votes. They might also engage in corrupt practices like illegal connections and, occasionally, they may mobilize for water in the ways that they occasionally mobilize for other subsistence needs like land. Water privatization changed this dynamic by rewriting the rules of service delivery and introducing two new players into the water sector. Water provision was now delegated to the private sector, with the state taking a regulatory role. The new actors were the two big water utility concessionaires, and as an unintended consequence, a new group of informal water vendors consisting of mobilized urban poor communities in cities like Taguig and Caloocan in Metro

Manila.

## 5.2 The Case of Taguig City

Since 2000, urban poor communities in Taguig have had regular access to potable water. This has been commonly attributed to MWCI's programmes for poor communities, the *tubig para sa barangay* (TPSB) programme developed in 1998.<sup>65</sup> By 2004, TPSB and BT have served at least 100,669 in the east zone concession area in Metro Manila (Sy and Cleofás 2004). Less acknowledged and studied is the fact that the introduction and success of such programme have depended upon collective action of the urban poor and the existing informal water sector.

### 5.2.1 Background

Figure 6. Map of Taguig City



Source: Created by Katie Hampson (2013)

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<sup>65</sup> MWSI's own programme for the urban poor, the *bayan tubig* programme, was introduced in 1999 for the west zone.

Laguna de Bay is the second largest freshwater lake in Southeast Asia, and the largest in the Philippines. Romanticized by the founding father of the Philippines José Rizal in *Noli Me Tangere*, it was the scenic setting for the dramatic picnic in the novel where the heroes Elias and Ibarra battled with a crocodile before settling down for an afternoon of food and music in the wooded meadows. However, Laguna de Bay has now earned the unfortunate tag as the world's largest septic tank. At a public meeting on the record of local governments' environmental performance, the Laguna Lake Development Authority estimated that up to 70 per cent of the pollution in Laguna de Bay came from household waste. 80 per cent of this household waste came from informal settlers, many of whom populate the 70 hectares along the coastline allocated by the National Housing Authority (NHA) for the resettlement of displaced settlers in Metro Manila (Telleron 2007). These informal settlers, along with up to 30 communities throughout Taguig were classified as 'waterless' by the Philippine state in 2005 (National Economic Development Authority 2005).<sup>66</sup> Almost a decade after privatization, many residents in Taguig did not have sanitation facilities and direct access to potable water.

Like the metropolitan area it is in, Taguig is a city of extremes. The old Fort Bonifacio area (renamed as Bonifacio Global City) is a thriving middle and upper-class residential and commercial area catering to the offices of transnational and national corporations, foreign embassies and their expatriate employee communities, with well-developed infrastructure and amenities. Its proximity to the business districts in neighbouring Makati City and Ortigas Centre means that large tracts of land are ripe for development as a 'magnet for big-ticket investors' (Taguig City Website.). They are, however, also highly attractive to informal settlers. To the east of the 'C-5' – the only major highway in Taguig – are countless informal settlers relocated from other depressed areas in Metro Manila after the EDSA revolution of 1986. In 1995, Taguig had a population of 381,350. By 2000, this had increased to 467,375 with the highest population growth rate in

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<sup>66</sup> 'Waterless areas' are defined by the Philippine government as areas with less than 50 per cent water supply coverage (National Economic Development Authority 2005).

Metro Manila. Much of this is attributed to in-migration. In 2007, Taguig's population reached 613,343 (Government of Philippines 2008). There were about 25,000 households in informal settlements in 2000. More than half of these occupied public lands and the rest lived on private land (Asian Development Bank 2004: 64). Many of them were concentrated along the western shore of Laguna, and in the *poblacion* area. Many of these areas of Taguig did not have adequate water supply and sanitation. Basic services in the informal settlements were wholly inadequate. Despite the proximity to an obvious water source, residents in Taguig could not depend on Laguna de Bay for their water supply.

Taguig is not the single bailiwick of a dominant political family or clan, and has been the political battleground for two families for over the last two decades. Since 1992, no mayor had managed to last more than two terms in office (Cuarteros 2007).<sup>67</sup> This 'curse' was broken by the incumbent Mayor, Sigfrido 'Freddie' R. Tiña in 2007. Tiña became mayor of Taguig in 2001 after a long career in the private sector. Seen as a young, enterprising and ambitious leader,<sup>68</sup> Taguig City has fast risen in the stock of both the media and business community. His tenure as mayor has been credited with transforming Taguig from a 'sleepy municipality to a thriving city' (*Frontpage Taguig*, December 2007/January 2008). Tiña's father, Dante O. Tiña, was an associate justice at the Philippine Supreme Court from 2003 to 2009. From 1987 to 1998, Dante Tiña also served as a three-term congressman representing the Taguig-Pateros District. Father and son both founded and head the ruling Kilusang Diwa ng Taguig, the local political party that serves as the primary political machine of the Tiñas. In 2010, he declared his candidature in his son's Mayoral seat in Taguig, while Freddie Tiña ran for congressman in Taguig's Second District. While Freddie Tiña was victorious, his father was narrowly defeated by Maria Laarni L. Cayetano in a bitter contest.

Laarni Cayetano was the incumbent congresswoman of Taguig-Pateros when she

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<sup>67</sup> Mayors may serve for a maximum of three consecutive terms. Each term is for three years. Under Philippine laws, no local elective official can serve for more than three consecutive terms in the same position.

<sup>68</sup> *People Asia Magazine* named Tiña as one of the Philippines' 'People of the Year' in 2007.



decided to run for Taguig City's Mayoral post and was successful. She is the wife of Alan Peter Cayetano, Freddie Tiña's long-time opponent. Alan Cayetano is a senator in the Philippine senate. His political career was forged in Taguig where he was a city councillor (1992-1995), vice mayor (1995-1998), and an elected representative in congress for the Taguig-Pateros district from 1998-2007, when he was also the youngest congressman ever elected at the age of 27 in 1998. His sister, Pilar Juliana 'Pia' Cayetano, is also a senator and was the youngest woman elected in the history of the Philippine Senate in 2004. Their brother, Rene Carl Cayetano, ran an unsuccessful campaign in the Taguig-Pateros legislative seat vacated by his sister-in-law. Alan, Pia, and Rene's father was Renato 'Compañero' Cayetano. A former senator, Renato was deputy minister for trade and industry during the Marcos administration, and was appointed chief presidential counsel by then President Fidel V. Ramos in 1995. The Cayetanos have the support of the local military community (large parts of Taguig were military reservations) and have supported political candidates with military backgrounds in the past (eg., Ricardo Papa and Arthur Alit). The Cayetanos are all lawyers. Despite their political rivalry, both the Cayetanos and Tiñas can be said to come from the same pool of corporate lawyers with close ties to big corporations, excellent connections within the judiciary and, since the 1980s, local political machines in Taguig.<sup>69</sup> The outcome of the 2010 elections left the city in a political gridlock, with the Taguig City government in the hands of the Cayetanos, and the two legislative districts controlled by the Tiñas and their allies.

East of the C-5 is the *poblacion* ('old municipality') area. This comprises barangays in the lower Taguig area, which are inhabited by native Taguigenos and make up the first (Taguig-Pateros, or District One) of two legislative districts in Taguig. The electoral base of the incumbent's political power is, however, derived from Taguig's more populous District Two. Until 2009, District Two had only four barangays containing more than half the population in the city. Many of the 30,000 'squatter' households occupying land illegally are in District Two. Much of the land occupied by 'squatters' is part of the former Fort Bonafacio military reservation. Some of the communities initially were nothing more than a few

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<sup>69</sup> John Sidel, email to author, 17 November 2009.

families living in tents until the late nineties. Shelters were then constructed, before other improvements like footbridges, roads, and electricity and water supply were gradually added (Matouš 2004: 54). Collective action by the urban poor focused on ‘defending’ these occupied lands and securing land tenure.

Before privatization in 1997, less than half of all households in Taguig had piped water. The other half spent more than 10 per cent of their income on water consumption, relying on deep wells (36 per cent) and water from vendors (18 per cent) (Asian Development Bank 2004: 64). The tariff of privately owned deep well operators can be as high as Php120 per cubic metre. Others (including higher-income households) rely on alternative private vendors like water trucks, which also charge around Php120 per cubic metre. The poorest may purchase their water (charged per bucket) from neighbours who have their own individual connections at four times the average tariff of a water PO (For the POs studied this in case, this was around Php25 per cubic metre. Others are known to have charged higher. See below). Lodgers buy their water from their landlords at approximately double the price. Even though some of them may have been renting for up to ten years, they cannot apply for their own direct water connections (Matouš 2004: 40).

#### *5.2.2 Mobilizing for subsistence in Taguig (2002-2006)*

In 2002, six years after the privatization of MWSS, MWCI still had not extended its coverage to the peripheral areas of its east zone concession area. The first few years after privatization were deeply troubled times for both concessionaires as a combination of drought and the Asian financial crisis increased the financial burden of both utilities, while also making it more expensive for them to raise capital for their investment projects from the financial markets (Wu and Malaluan 2008: 215-16). Added to this was the difficulty of extending water service to urban poor settlements. MWCI was a willing service provider but faced the same technical difficulties as its predecessor, MWSS, before privatization. To address the problem of land tenure among the urban poor, MWCI’s community TPSB programme waived the usual land title requirement. The difficulty with the bulk-selling scheme from MWCI’s point of view was also locating suitable and

trustworthy communities and community organizers who not only had the capital required or could mobilize the necessary funds, but could also take over the responsibility of running what was effectively a local water utility. Such factors would minimize the transaction costs of MWCI in providing water to these communities. Even with mobilization, these ingredients are in short supply in urban poor communities. The potential rewards however are very high. With little fixed investments incurred and a guaranteed stream of billed volume from the community, ambitious local managers of MWCI have every incentive to engage in such arrangements. This was also where the role of urban poor collective action and local community leaders made the difference.

In 2002, Jordan, a community organizer on land issues in Taguig was running out of money for the expensive court battles to secure tenure for the informal settlers.<sup>70</sup> Jordan had noticed that workers were laying massive water pipes along the C-5 highway near some communities for whom he was handling land dispute claims. Jordan approached the manager of the local MWCI office, Loida S. Dino, and understood that despite laying those pipes, MWCI had no immediate plans to install the secondary pipes necessary to provide water locally. He was told that extending service coverage into Barangay Signal Village alone would take five years and cost Php100 million.<sup>71</sup> To obtain water from MWCI, Jordan was

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<sup>70</sup> The land tenure problem of different urban poor communities in Taguig is complicated by the history of Taguig as a military reservation, its prime real estate, and its attraction to migrants from the provinces. Taguig was the site of the American base Fort William McKinley established during American colonial rule. Turned over to the Philippine state in 1949 after independence from the US in 1946, Fort McKinley became the permanent headquarters of the Philippine Army in 1957 and was renamed Fort Bonifacio (after the Father of the Philippine Revolution against the Spanish). Fort Bonifacio was privatized following the Bases Conversion and Development Act of 1992 passed by President Aquino. The mandate of the resulting Base Conversion and Development Authority is 'to convert former US military baselands and Metro Manila camps into productive civilian economic growth centers consistent with the thrust to generate business opportunities, jobs and economic activities' (Base Conversion and Development Authority). Thus while a few households have the titles to their land, many are on illegally occupied public land in various stages of dispute. Some have been made accessible to squatters for purchase and titling, others remain contested by various vested interests ranging from military officers and their families, more recent migrants, and different organs of the state like the Bases Conversion and Development Authority and the local government of Taguig. See Shatkin (2007) for a closer study of the dynamics of collective action by the urban poor on land tenure.

<sup>71</sup> According to local sources, the main water pipes along the C-5 highway were not built

advised to organize the community into a bulk-selling arrangement, in other words, a TPSB programme. In this arrangement MWCI would sell water at a wholesale or bulk-rate (with a tariff that is higher than a direct individual connection) to local organized groups in the community, usually existing or newly formed POs) who effectively become sub-contractors. In this arrangement, the POs are solely responsible, not MWCI, for the provision of water service, the maintenance and monitoring of the reticulation system, and the charging and collection of payments. As this chapter will later show, they, like the concessionaires, perform regulatory roles as an unintended consequence of water privatization and insofar as they are unregulated by the water regulatory authorities.

In 2002, after being privy to the development of Dream Village Water for Community (DVWC), the first water PO set up in neighbouring Barangay Western Bicutan.<sup>72</sup> Jordan set up the second group of bulk-water systems in Barangay Signal Village. This was to be the model for the future water POs in Taguig, and would number over 80 organizations at its peak. Armed with only Php3,000 and a promissory note for the outstanding amount,<sup>73</sup> Jordan persuaded Dino that he was the man MWCI could count on to establish the water POs needed to extend service coverage into the urban poor community.

It was not only due to Jordan's powers of persuasion that the mobilization took

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by Manila Water. Known locally as the 'Maharlika Line', the C-5 main water pipes were built by President Arroyo to secure the votes of the electorate in the Muslim settlement of Maharlika Village in Taguig. The pipes were then 'turned over' to Manila Water, which had no immediate plans to extend direct water connection to local residents via the construction of secondary and tertiary water pipes.

<sup>72</sup> DVWC was part of the first group of three water POs which were based on a different system. Formed in 2000 in a community of some 500 households, this was a different version of the bulk-selling or TPSB arrangement. With an initial capital of Php99,000 and an agreement with Manila Water for an 11-month installment payment plan, DVWC connected up to 50 households in the first connection phase before reaching 300 customers (households) by May 2003. Seven vendors – sub-contractors – accredited by DVWC distributed water using hoses and selling drums. No meters were involved. Each vendor was estimated to be earning Php400 a day from water by the drum at Php15 per drum. DVWC also acts as a 'regulator' by setting the price and acting on related complaints. Damayan Village in another community also had a similar setup.

<sup>73</sup> Jordan had needed Php18,000 and despite securing promises from 18 individuals, only 3 people in signal village came up with the money reflecting the strong initial skepticism in the community.

off. Jordan was also one of the local leaders working for the newly elected Mayor Sigfrido ‘Freddie’ Rodriguez Tiña, who won marginally against the incumbent in a tightly contested election in 2001. Proclaimed the winning mayoral candidate by the Philippine Commission on Elections after a long delay, in a decision that was bitterly contested by the losing incumbent who barricaded the municipal hall with garbage trucks causing garbage to pile up in the streets of Taguig (*Newsflash*, ‘Taguig Poll Protests Bury Town in Garbage’, 8 June 2001), Tiña needed to shore up his credibility quickly. The delivery of water by POs under his control was an opportunity for him to establish his new authority and reward his voters. Given the Mayor’s political influence in the area, combined with the formal jurisdictional powers of the local government unit (LGU) in the granting of excavation permits for example, being on the right side in local politics was important for the smooth running of what was still a high-risk experiment. Jordan was initially employed by the LGU as a ‘water consultant’ where he organized the local political machinery for Tiña.

Under Jordan's instigation and with his personal participation,<sup>74</sup> LRT community, Barangay Signal Village, Barangay Tanyag, and Barangay Upper Bicutan thus entered into talks with MWCI and Jordan's contacts in the LGU where he previously worked.<sup>75</sup> Between 1,000 and 1,500 families were said to have benefited immediately (Villa nd). These were also communities where Jordan was handling land dispute cases. By 2002, Jordan had suggested to these communities that unless additional revenue was located, continuing the expensive legal processing of the disputes was also not possible. The arrival of MWCI into Taguig provided Jordan with the opportunity to accumulate such funds.

Under his leadership, the number of water POs established as part of MWCI’s TPSB programme in Taguig mushroomed to around 50 between 2002 and 2006,

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<sup>74</sup> Starting in Barangay Signal, Jordan and 18 others paid for a mother-meter to be connected to a secondary piping extension from Maharlika line.

<sup>75</sup> Ever since he started the first three water POs in the highway C-5 area of Taguig, Jordan became less reliant on his patron – Tiña – and eventually became a ‘ghost employee’. He is presently a nominal LGU employee and collects a ‘salary’ but does little actual work for the municipality. Much of local political machinery in the Philippines is full of such ‘ghost employees’.

with POs under Jordan in barangays Signal Village, Western Bicutan, Lower Bicutan, Maharlika, and Hagonoy. These were grouped under a coalition of around 50 POs called the Social Reform of Taguig Agenda (SRTA). Jordan is also the head of Damayan water service, another community in Taguig. There is a high diversity of POs operating in diverse circumstances and no two POs are the same. For example, two POs in two neighbouring communities in Taguig were managed by the same set of leaders under Jordan, with nearly identical social and physical contexts. However, one PO suffered up to 30 per cent losses in NRW compared with the other of only around five per cent. Matouš suggested that this could be due to free-riding, since the leaders of one of the POs were not local residents (Matouš 2007: 45-46). Compared with the local office of MWCI who only had 4 staff to monitor service operations in each barangay, Jordan claimed to have 5 men for every 350 households.<sup>76</sup> Some leaders of POs under Jordan in SRTA were required to provide daily reports to Jordan personally, while others may not see him for up to three months. The role played by Jordan was significant in establishing and managing the POs. However his contribution needs to be understood in context. The first is the form of local leadership offered by community leaders and organizers like Jordan. This has become prominent in the local politics of Metro Manila since 1986 (Karaos 2006). This will be discussed later. Secondly is the moral economy of local social norms and networks that Jordan's leadership tapped into. This will now be considered in the next sections

### *5.2.3 Profile of a water people's organization*

Formed in late-2003, Ruth's Community Water Association<sup>77</sup> was the first of twelve water people's organizations to be formed in the community of Sitio Imelda in Barangay Upper Bicutan in Taguig.<sup>78</sup> Together with three other water people's organizations in Sitio Imelda, these people's organizations were formed after consultation with various representatives of MWCI facilitated by the

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<sup>76</sup> Jordan, interview with Petr Matouš, November and December 2006.

<sup>77</sup> Some names have been changed. Henceforth referred to as 'Community Water'

<sup>78</sup> Anthony L. Gutierrez and Fernando B. Villasquez 'Notes on the Series of Workshops Conducted for Taguig Water Service Associations' 20 November 2008.

barangay at the purok level.<sup>79</sup> After registering with the Securities and Exchange Commission (SEC) as requested by MWCI, a contract was signed between MWCI and Community Water and the other three people's organizations. Under the terms of the contract, the POs paid MWCI a connection fee of Php4,000 each to set up the main pipeline on the main roads of each purok, and install mother-meters.<sup>80</sup> The POs in turn were responsible for the water connection from each household to the main pipe and mother-meter.

Even though residents in Sitio Imelda were paying between Php67-70 per cubic metre for water from deepwell operators and other private water vendors, the community was initially highly sceptical of the water POs. However, as soon as the POs were set up and had running water in their pipes for sale at only Php25 per cubic metre, residents rushed to apply for water from the POs. By 2008, Community Water had round 125 members (households), serving almost 2,000 individual residents in Sitio Imelda. Residents were billed according to the reading on the mother-meter.<sup>81</sup> Crucially, it was the PO, and not MWCI, that collected payment from residents using their service. Although formed at the same time, and located in the same community, the internal organization of each PO varied. The distinction between officers, members and customers of the water people's organizations is not clear. For example, Neighbourhood Water claimed to have 20 members serving some 86 customers. Sitio Imelda Water was run by four 'member-officers'. Community Water was managed by five trustees serving 125 members, while Block Waterways has 205 members, some of whom also run the organization. Day-to-day decisions were made by these officers/trustees while major decisions were made at general assemblies of all members/customers. Such ambiguity and variation in terms of membership status further suggest that the international organization of POs are a function of existing social networks in the

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<sup>79</sup> The Purok is the subdivision of the Barangay.

<sup>80</sup> This was divided into an initial payment of Php2,500, with the balance to be paid within a year. The connection fee included the cost of the water meter, pipes, fittings and labour cost.

<sup>81</sup> Bulk-water is the scheme by which MWCI charges a bulk rate of Php19/m<sup>3</sup> to community PO sub-contractors in Taguig who in turn, directly distribute water via individual connections to household under their own tariff calculation. Rates once again vary from Php25/m<sup>3</sup> to Php35/m<sup>3</sup>. Community Water charges its customers Php25/m<sup>3</sup>.

locality. One expression of this is *bayanihan*,<sup>82</sup> which may partly explain why ‘officers’ were willing to work for the POs not as ‘formal’ employees but as part of a collective. They may not have been paid in monetary terms (although many do, especially initial investors) but they ‘earned’ in terms of reinforcing their own standing as a member of the collective.<sup>83</sup>

Interviewee 1: m-hm. We do not pay in money terms of course when there’s work all we all together eat together when it comes to lunch, lunch time. It is not payment... it’s very cultural you see, you give food to friends... It is not payment it is your way saying thank you... Because they help us and so we feed you. Especially when, we started it in the beginning it was very difficult to set the, set up the lines, and it was, it would be raining we would all be working together. We never paid a single cent to those who help us... specially Jordan. We eat together...

Interviewee 2: bayanihan eh.

Interviewee 1: which we call bayanihan.

Interviewee 2: share, we share to each other.

The redistributive element of the urban poor moral economy is demonstrated by the use of income earned from the highly profitable water business of the POs. Apart from expenses related to the operation and maintenance of the water system, POs also utilised earnings for community projects such as street lighting, paving of foot paths, and undertaking the legal requirements needed to secure formal ownership of the land on which the community is located, where land tenure was a problem. Neighbourhood Water members received cash ‘dividends’ while its customers were given gifts in kind of about Php1,000 worth of groceries at the end of the year.<sup>84</sup> Community Water has also made donations to the church,

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<sup>82</sup> Although part of an official Marcos-era government promotion of ‘local culture’, the concept of *bayanihan* has obviously become part of the dynamic body of Philippine cultural norms and mores that different Filipinos may tap into at different times, under different circumstances.

<sup>83</sup> Susan and Bravo, interview with Petr Matouš, March 2006.

<sup>84</sup> Anthony L. Gutierrez and Fernando B. Villasquez ‘Notes on the Series of Workshops Conducted for Taguig Water Service Associations’, 20 November 2008.



as well as disbursing ‘grocery allowances’ (Php300) during the Christmas festive period to all members. In many of these water POs, initial investors from the community are also given refunds of their capital expenditures and are also entitled to dividends (Ferrer 2006).

Officers in the organizations performed the function of meter reading and bill collection, in addition to handling administrative functions like records and bookkeeping, and liaisons with the LGU and MWCI. Meter reading and collection is done between twice to four times a month. Billing within the community is based on sub-meters, which is often shared by several households or tenants under a single connection account. The POs’ ‘flexibility’ in payment has helped revenue collections. As suggested earlier, the POs were internally regulated by locally rooted social norms. Since the runners who collect payment also live in the same community as their ‘customers’, they were able to collect more frequently, as well as scheduled their visits to ensure that costumers had money on hand for payment. Relationships between POs and their customers were thus not simply based on business alone. Other than *bayanihan*, *malasakit* is another norm by which the internal regulation of water POs took place.<sup>85</sup>

Even the unemployed those who just, uh, is tambay, even the unemployed notify us if they notice water leakages even if it’s not our water network. It’s the *malasakit*. Community Water has exercised much latitude in allowing members a range of payment means that sustains the connection without automatic resort to cut-offs.

Additionally, payment balances were treated as interest-free loans in various forms of *suki* relationships so social pressure helped to prevent defaults to a certain extent. This community-managed approach in service delivery also helped to address the problem of non-revenue water (NRW). Community Water officers regularly monitored pipes or hoses located aboveground and were able respond immediately to problems of water wastage caused by damaged pipes. Speedy response time also motivated community residents to voluntarily alert the officers whenever they see instances of water wastage. They also closely monitored household water consumption to spot irregular usage (a possible sign of water

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<sup>85</sup> Petr Matouš, interview in Creekland Orian Dream Village, March 2006.

pilferage). Hence in place of individual binding service contracts, the bond between customer households and the water PO was formed by existing interdependent networks of reciprocity and redistribution. By 2008, most of these POs had broken even and recovered their initial investments. However, some POs have been running up losses due to payment delinquency since 2006 when MWCI began to directly connect households to MWCI pipes, bypassing PO pipes. Suddenly, the POs had new ‘competitors’.

#### 5.2.4 *Mobilizing for subsistence since 2006*

WHEREAS, the aforesaid tedious, arduous and circuitous procedure observed and the practices that it breeds endanger the health and lives of people who have no choice but to use and drink water of MWCI that is unfit for human consumption.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED by the Sangguniang Panlungsod of Taguig in session assembled strongly endorsing and fully supporting the sentiments and demands of the people of the City of Taguig for an ample supply of clean and affordable water available at affordable rates through direct individual water connections with Manila Water Company, Incorporated (MWCI) and other related concerns (Taguig Sangguniang Panlungsod Resolution No. 172 (Series 2006)).

On 18 October 2006, the Taguig Sangguniang Panlungsod (city advisory council), legislative body of the city local government, passed Resolution No. 172 condemning the actions of POs for over-charging customers for their water service. The resolution claimed exorbitant tariffs of Php30-35 compared to Php10-12 for a direct connection with MWCI.<sup>86</sup> The POs were also accused of laying inferior infrastructure – pipes that were ‘submerged in dirty, clogged and muddy drainage canals’. Perhaps most damagingly, the POs were labelled as syndicates in a newspaper column written by Tiña (*Manila Standard*, ‘Water, water everywhere, but not a drop to drink’, 17 July 2006). Even before these public confrontations, the Tiña-controlled LGU had already acted to prevent more water POs from forming by delaying their registration with the LGU,

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<sup>86</sup> The powers of the Sangguniang Panlungsod are defined by the Local Government Code of 1991. It has legislative and quasi-judicial powers and functions.

especially in areas that had strong support for the Cayetanos like Upper Bicutan.

According to an official from the city's water services department,<sup>87</sup> by May 2008, 16 POs that serve 6,685 households in their respective communities were converted to individual connection. 49 were in different stages of conversion. 11 other cases required legal or external (regulator) intervention while the remaining 13 POs were in dispute. It therefore seemed surprising for both Tiña and MWCI to undermine the POs. This was considering Jordan and his associates have allowed Tiña and MWCI to both claim credit for the work in water service delivery that was actually performed by the people's organizations. According to Jordan, this change in attitude by local politicians, and the attack on the water POs, with MWCI's support was political. After all, MWCI continued to pursue bulk-water selling in other parts of its concession area even as it undermined the bulk-water schemes in Taguig 'deceptively' by providing direct connections to customers, who also purchased bulk-water from POs.<sup>88</sup>

Having been elected in controversial circumstances in 2001, and having consolidated his vote base in 2004, Tiña was in a position of strength as he geared up for the campaign for a third and final term as Mayor in Taguig. No incumbent mayor had completed three full terms since 1992 and Tiña was aiming to break the 'curse' (Cuarteros 2007). Yet the water POs that have served him so well in 2001 and 2004 had become too independent from his sphere of influence. To prevent them from mobilizing against his re-election campaign in 2007, Tiña attacked the POs with the help of MWCI as he faced a strong challenge from long-running political rivals of his family, the Cayetanos. With over 200,000 registered voters in Taguig, and Barangay Signal Village commanding just under 40,000 of those registered voters, it had the largest voting population of the 18 barangays in the city. Tiña was therefore loath to lose control of the area under Jordan's control. As Jordan had implied:<sup>89</sup>

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<sup>87</sup> Datu Allan, interview with author, 20 September 2008. According to Datu Allan, these figures were in fact furnished by Manila Water to the local government. This suggests that the local government not only has limited regulatory scope and knowledge over the local water sector, but it is also dependent on Manila Water for information and expertise.

<sup>88</sup> Jordan, interview with author, 21 March 2007.

<sup>89</sup> Jordan, interview with author, 25 January 2007.

Author: So the relationship will continue?

Jordan: Yes.

Author: So its like, you will continue to support him?

Jordan: No, we do not stand that way, I will not say, “don’t elect him”, but I will not say, “elect him” too. I will stop my mouth from opening...

MWCI and the local government’s actions in encouraging individual direct connections led to an increase in payment delinquency, resulting in many POs falling into arrears with MWCI. This provided yet another excuse for MWCI to terminate its contract with the POs. In 2007 13 POs including Community Water brought their case to the regulator for arbitration. Jordan claimed that they were also prepared to ‘resort to the courts’ to seek redress. They claim that MWCI was deliberating undermining their business, something that MWCI denied during the arbitration.<sup>90</sup> MWCI’s official stance was that the POs were over-charging their customers, while MWCI was obliged under the terms of the Concession Agreement to provide direct connections. The political and economic relationships linking Jordan and the POs, Tiñga, and MWCI were thus complex. From the perspective of MWCI, the POs presented a welcome opportunity to expand water service delivery (without needing to bear too much risks and incur transaction costs) in poorly connected areas at a financially difficult time for the concessionaire. To this end, it had skilfully managed its relations with the local community and politicians as evidenced by its official stance of claiming sole credit for community-managed water systems in Taguig. At the same time, it attributed blame on the very same POs for over-charging and poor service performance.

The final reprisal by Tiñga on the threat posed by Jordan and his POs came in 2009. In a plebiscite that almost completely redrew the political map in Taguig, ten new barangays were added to the original 18. Barangay Signal Village, Jordan’s base of power bore the brunt of the changes by its division into four new barangays - North Signal Village, Katuparan, South Signal Village and Central Signal Village. Speaking to the media, Tiñga explained: ‘The rapid increase of population in the city has posed a great challenge to our local leaders. We believe

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<sup>90</sup> Jordan, interview with author, 25 January 2007.

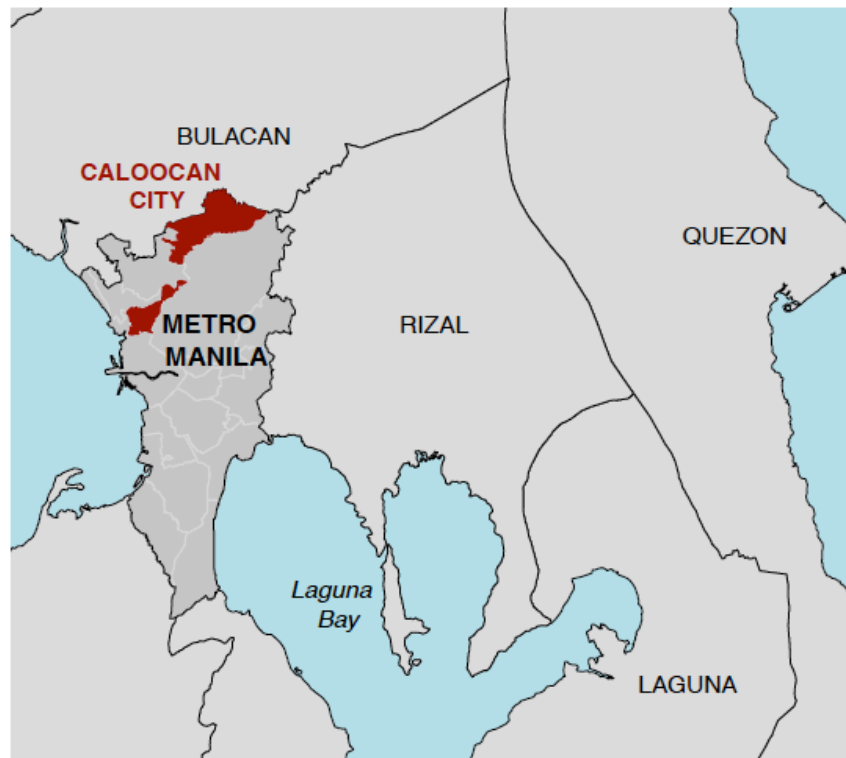
that this is the perfect way to bring the city's growth and development to the grassroots level'. According to Tiña, barangays, such as Signal Village had to be subdivided because their population of over 100,000 was too large. This made it difficult for the local government to ensure that basic services were reaching all the constituents (*Positive News Media*, 'Taguig City has added 10 new barangays', 8 January 2009). Now that Jordan's powerbase had been broken up, this would no longer be a problem. Approximately 20 water POs remaining in business have been resisting pressure from MWCI, MWSS and the local city government to terminate their operations. With Jordan's help they approached NGOs like the Institute for Popular Democracy (IPD) and party-list organizations like the Akbayan Citizens' Action Party for assistance.<sup>91</sup> Some of them are in the process of converting into cooperatives where they will have more institutional strength, while also filing charges against MWCI for overcharging and charging of non-existent costs (such as sanitation charges even though MWCI did not provide sewerage facilities in the areas served by the water POs).

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<sup>91</sup> See the next chapter for a closer study of the roles played by IPD and Akbayan

### 5.3 The Case of Caloocan City

Figure 7. Map of Caloocan City



Source: Created by Katie Hampson (2013)

#### 5.3.1 Background

Since 1933, Caloocanians have had a national monument in the Monumento area dedicated to the revolutionary Andres Bonifacio. Today, local residents of Caloocan living in Bagong Silang also have their own edifices reminding them of the dominance of the incumbent mayor, Enrico ‘Recom’ Echeverri. Take any of the roads leading into Barangay Bagong Silang, in North Caloocan City, and one of the most prominent features of the contemporary Caloocan urban and local political landscape will quickly come into view – water tanks. Looming high over the city, the water tanks look almost extra-terrestrial. Echeverri’s yellow water-tanks sprout all over the barangay, and throughout the city. It is clear that these are Echeverri’s water tanks since a remarkable likeness of his face in the form of a moustached-smiley face is painted on them. While the Bonifacio monument in Monumento Caloocan marked an initial military defeat of the outnumbered *katipunans* followed by the eventual political liberation of the Philippines from

her colonial masters, the water tanks in the Bagong Silang can be said to represent the ongoing struggle of urban poor communities in Caloocan for water.

**Figure 8. Photograph of a watertank in Caloocan City**



Source: author

Caloocan in northern Metro Manila occupies a romantic place in Philippine history. The city was where the secret society of the *Katipunan* organized and launched the Philippine Revolution against Spanish occupation under the leadership of another founding father, Andres Bonifacio. Today, Caloocan comprises two non-contiguous parts – North Caloocan and South Caloocan. Large portions of the original city were portioned off (in 1939 and 1949) to create the former capital – Quezon City – resulting in the separation of Caloocan into a largely urbanized and developed south and a semi-rural and peri-urban north, where most of the urban poor in Caloocan are located. From a population of 1.18 million people in 2000, it had become the Philippine’s third most populous city

with a population of 1,378,856 by 2007.<sup>92</sup> Population growth has been more significant in North Caloocan where about 52% of the city's population resides. The city's population is expected to reach 1.87 million by 2017 (Asian Development Bank 2004: 37). In 2002, about 63 per cent of the land in South Caloocan was residential compared with only 46 per cent in North Caloocan. Industrial and commercial land use in South Caloocan was at eleven and seven per cent respectively, compared with only five per cent combined in North Caloocan. In fact, 36 per cent of North Caloocan remained vacant in 2002 (Ibid.).

Similar to District Two in Taguig, Bagong Silang in North Caloocan is a melting pot of resettled urban poor migrants from all over Metro Manila. It was developed as a resettlement project in the early 1980s. Just like District Two in Taguig, North Caloocan, known locally as the *bukid* area, is the epicentre of politics in Caloocan. Whoever wins the bulk of votes in North Caloocan then wins any political race in Caloocan city (Cuarteros 2004).<sup>93</sup> For more than half a century since the 1950s, Caloocan has been contested by two political families – the Asistios and the Malonzos. Since 2004, the Echiverris have been ascendant. Leader of the notorious gun-brandishing 'Big Four Gang' that terrorized Caloocan in the 1960s, Luis 'Baby' Asistio served 13 years on death row before receiving a presidential pardon by Ferdinand Marcos. He then went on to serve as representative of the city's second legislative district (South Caloocan) from 1992-2001 and 2004-2007. Asistio belongs to a political clan founded by his father Macario Sr., a well-known athlete and Manila policeman who served as municipal mayor from 1952. Re-elected when Caloocan was proclaimed a city in 1962, he served as the mayor of the new city for another decade until 1971. Luis Asistio's brother, Macario 'Boy' Asistio Jr. was a three-term mayor of the city (1980-1986, 1988-1995), while his sister Aurora Asistio-Henson represented the 1st district of Caloocan (North Caloocan) in Congress from 1992-1995. Luis Asistio had become a 'partymate' of then president Estrada and a horseracing aficionado, and had been instrumental in getting many people appointed to

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<sup>92</sup> Government of Philippines, 2007 Census.

<sup>93</sup> Norman, interview with author, 29 September 2008.



Estrada's government before he was disposed in EDSA II.<sup>94</sup> The Asistios continue to feature prominently in Caloocan social and political life. Luis Asistio's sons were charged with drug trafficking and assault, and linked to a syndicate of textbook publishers in 1999 (Chua 2000). In 2010, Luis Asistio lost to Enrico Echiverri in the election for Mayor in Caloocan.

Reynaldo Malonzo was next in dominating Caloocan politics for almost a decade when he defeated the Asistios in 1995, and survived a recall election in 1996. A movie actor who starred in a slew of forgettable action flicks, Malonzo found greater recognition in politics with the help of his so-called 'Champion Team' consisting of himself, Edgar R. Erice and Enrico Echiverri (Cuarteros 2004). A resident of the *bukid* area, his victory was seen as a triumph over old dynastic politics of the Asistios. By 2001, the Asistios were deposed from the key political offices in Caloocan as Erice was elected as the representative in the second district in 2001 (until 2004), and Echiverri served two terms as the representative of the first district from 1998-2004. In 2004, Malonzo had reached the end of the three-term limit in political office. Instead of standing down, Malonzo declared that his wife, Gigi Ennace Malonzo, would stand as candidate for Caloocan mayor in the 2004 elections. By then, Malonzo's son, Ronald Malonzo, was also serving as a city councillor in the second district. In his nine years as mayor, Malonzo had built up an impressive political machine. He was said to have employed up to 5,000 'barangay coordinators' in the city hall. These political appointees were short-term contractual workers who were strategically distributed across the 180-plus barangays in Caloocan. Contract renewal was dependent on loyalty to the Mayor. The Malonzo dynasty seemed to be consolidating its strength, but the rest of Malonzo's 'Champion Team' had other ideas (Ibid.).

The 2004 mayoral race for Caloocan was a clash of old, incumbent and emerging dynasties. The four-cornered fight saw Macario Asistio attempting a comeback, Gigi Ennace Malonzo, and incumbent district representatives Echiverri and Erice squaring up, with the latter two 'new-comers' dominating the campaigns in an

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<sup>94</sup> EDSA 2 was the peaceful overthrow of Philippine President Joseph Estrada from power between 17-20 January, 2001.

election which Echiverri eventually won. Key to Echiverri's victory was his command of the votes in the *bukid* area. The Asistios' machinery was stronger in Southern Caloocan and less so in the north, as was Erice's. The Malonzos had started out with the advantage of a strong political machine in North Caloocan. In April 2004, weeks before the elections, some 300 poor families from Barangays 126 and 127 were granted land certificates as a testimony to the dominance of Malonzo's powerful patron-client structures (Cuarteros 2004). However, Echiverri was able to win, as he had also been the legislative representative of the *bukid* area for the past two terms. Perhaps the perception of Malonzo as a consolidating political dynasty also turned voters away from him. Upon his victory, Echiverri wasted no time in turning Caloocan into the 'tarpaulin capital' of the Philippines (*ABS-CBN*, 'Asistio accuses Echiverri of premature campaigning', 18 March 2010). Echiverri has shown every sign of developing his own political dynasty just like his predecessors (his son Ricojudge 'RJ' Echiverri is a local city councillor, and the incumbent chairman of the national League of Barangay Captains<sup>95</sup>). In May 2010, he was re-elected as mayor for the third and final term in a landslide victory over Luis Asistio. His running mate for vice-mayor was Erice who also won against Macario Asistio and Reynaldo Malonzo.

Twenty-three 'waterless areas' were identified in Caloocan by the National Economic and Development Authority in 2005 (National Economic Development Authority 2005). Most of these 'waterless areas' were unsurprisingly, located in North Caloocan. Barangay Bagong Silang is the biggest barangay in the country and yet only one third of the barangay's population of 400,000 people had piped water. Vended water deliveries were unpredictable, and cost about five times more than piped water. The local municipal water system was only started in 1982 and began life as the Interim Water System Management (IWSM) with three pumping stations in Phase 1. Everyday water tenders manned public faucets and collect 50 centavos per family regardless of amount of water collected. Individual connections were made available later for Php30 per month. Lacking proper regulation from the local authorities and MWSS, pilferage and illegal

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<sup>95</sup> Ricojudge ran for congressman of the 1st district in 2007 elections, but lost to Oscar Malapitan.

connections, wastage and payment delinquency were common. The ad hoc reticulation system expanded in this fashion as new areas in Bagong Silang were settled. With monthly payments failing to cover operational costs, there were only two functioning pumping stations by 1987, down from five at one point (Conti nd). IWSM was restructured into the Bagong Silang Water System (BSWS) and this second attempt to establish a modern water system in the barangay was more successful. Illegal connections were disconnected and public faucets were fitted with water meters. Water service delivery improved and revenue increased, allowing for new investments to be made for pipes. By 1992, there were fifteen pumping stations. An attempt to turn over the water system to MWSS in 1992 was rejected. BSWS thus became a cooperative – the Bagong Silang Water Service Cooperative, INC. (BASIWASCO). Internal organizational strife led to the Caloocan City government taking over the running of the water system. Renamed PATUBIG, it became part of the Mayor's office under Malonzo for nine years (Conti nd), during which time local sources suggested that PATUBIG was run as part of Malonzo's political machine. When Echiverri came to power in 2004, his men wasted no time in painting his image on the water tanks. The absorption of the municipal water system into the incumbent political machinery thus continued even through a turnover in local politics.

Initially, Echiverri looked like he was serious about solving the structural problem of water access in the city. The Caloocan Sangguniang Panlungsod passed a resolution which authorized Echiverri to 'negotiate and enter into agreement with the appropriate government agency and/or private entities if necessary and to execute and implement whatever is necessary to ensure immediate solution to the water shortage at Bagong Silang and other areas of Caloocan City' (City of Caloocan Resolution No. 1569 s. 2004). On 22 November 2005, residents from five barangays in Bagong Barrio in South Caloocan marched from their homes to the local office of the West Zone water concessionaire, MWSI.<sup>96</sup> Carrying empty pails and placards, they were led by one hundred members of Water for the People Network (WPN) and Alyansa Sigaw Tubig (AST) its local affiliate (*Manila Bulletin*, 'Waterless residents march with empty pails to Maynilad', 23

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<sup>96</sup> These were barangays 142, 144, 146, 149, 153, and 157 of around 100,000 residents.

November 2005). Most of them were protesting the lack of service delivery from MWSI. Some complained that they have even received billing notices even though they were not getting any water. A few of them have even paid after threats from MWSI that their supply, when it arrives in future, would be cut otherwise. ‘We cannot endure another dry Christmas’ declared their leader, Canilao at the rally. Two days after the demonstration, MWSI announced in a press statement that the water supply in Bagong Barrio had increased by 30 per cent following “valve manipulations” to increase water pressure and improve water supply. For several households, these meant that water flowed from their taps from midnight to early morning (Mortel-Baricaua 2006). Joining the protestors that day was newly elected Echiverri who addressed the crowd:

I fully sympathize with the plight of my constituents and I am personally asking the MWSI management to do its part of providing efficient water service to the people as they are paying their bills monthly (Ibid.).

Echiverri’s presence was not a surprise to Canilao, who noted that by then, the 2007 local elections were looming: ‘Posters that say *ito ay taos pusong handog ni Mayor Recom sa mga residente ng Bagong Barrio* (this is a heartfelt gift from Mayor Recom to the residents of Bagong Barrio) are now in place’. With the mayor’s water trucks delivering water in night rations, Canilao explained: ‘Mayor Recom deliberately lets our families live without water and ingeniously found a way to take advantage of our miserable plight’ (dela Cruz 2005). Bagong Barrio, however, at least possessed some kind of MWSI infrastructure.

Although within the concession area of MWSI, the community of Maharlika in Bagong Silang, remained unserved by the utility. MWSI was hit even harder than MWCI Company in the 1997 financial crisis. Coupled with poor management (it eventually filed for termination of its concession in 2002), it has barely been able to extend service coverage to urban poor areas. The reticulation in Bagong Silang and much of Caloocan was antiquated, or absent. Water losses were high in Bagong Silang. For every litre accounted for, two were lost to leakage and pilferage. The LGU-managed PATUBIG was also plagued with similar problems. Like the urban poor in Taguig, residents purchased water from privately owned water tankers or hauled in by tricycles (approximately Php125 per cubic metre).

They were also recipients of water dispensed freely and directly by the local government of which about 250 cubic metres were delivered weekly. Water could also be purchased from privately-owned deep wells (charged at around the same price as the water trucks). Residents also purchased water from nearby villages that had access to either MWSI or PATUBIG at around Php100 per cubic metre. With bottled water at an almost prohibitive Php1,500 per cubic metre, water was also collected by residents from run-off (from roof tops) in small ad-hoc receptacles (drums, pails, basins, pots) when it rained.

In the same year as the water POs in Taguig were set up, the west zone concessionaire that served Caloocan, MWSI, filed a notice of early termination of its contract with MWSS. Embroiled in financial, legal, and regulatory disputes, MWSI was in no position to even offer its BT programme systematically in Caloocan. However, the urban poor community was also in no condition to be mobilized for water due to the political context of the *bukid* area. Mobilized groups were aligned to a bewildering array of political formations and local politicians, who competed for control of the rich-vote district. The local saying about the political status quo summed up the dynamics: ‘the more political allies split, the more development there is in the *bukid* area’.<sup>97</sup> In his 2010 re-election campaign, Echiverri boasted of having provided for ‘180,000 linear meters worth of roads; 100,000 linear meters of drainage and canals; 300 classrooms; 114 covered courts; 78,610 new jobs; 16,438 manpower trainings and 14,300 new businesses around the city’ (*Balita*, ‘Local NGO says Echiverri win a sure thing this Monday’, 9 May 2010). It was not a development, however, that had included water service delivery.<sup>98</sup>

### 5.3.2 *Mobilizing for subsistence in Caloocan (2006-2008)*

It took three attempts at community organizing, corresponding to at least three successive sets of local leaders, before a community-managed system similar to

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<sup>97</sup> Norman, interview with author, 29 September 2008.

<sup>98</sup> According to the website of the Caloocan City local government on the ‘Caloocan City Waterworks’, it was indicated that the only plans for water service delivery were rehabilitation and repair of existing deep well pumps and the continuation of free water tanker deliveries (Caloocan City Website).

the Taguig water POs was set up in the form of cooperatives. Providing external assistance since 2006 were IPD, the NGO Philippine Center for Water and Sanitation, as well as the network Bantay-Tubig.<sup>99</sup> The informal community group they assisted had a track record. Many of its members were unemployed women in the community who, as member of the Maharlika Neighborhood Association implemented an electrification program for Maharlika under the Depressed Area Electrification Program (DAEP) in 1997. The group's efforts benefited Maharlika as a whole and, as such, had considerable clout and respect in the community.

The first group of leaders were a cheerful husband and wife team. Chosen to mobilize the Maharlika area in Bagong Silang, a community of 440 households, on the problem of water access, partly due to their experience in community organizing in the area (they were members of the local organization of the party-list Akbayan Citizens' Action Party, and were also active in the local parish). I first observed them leading a demonstration on building a water tank for rainwater collection in July 2006. When I next returned to Bagong Silang a few months later, they had become *personae non gratae* in the community after allegations of corruption, mismanagement and political disagreements. The woman who took over from them was Betty, a member of another leftist party, SAMBISIG. By this time, however, it was nearing the 2007 elections. Strangely, mobilizing on crucial subsistence issues like water was significantly scaled back as collective action in Bagong Silang and throughout Caloocan was channelled into campaigning for the mayoral and legislative elections.

The second leader was another veteran in organizing in the community. Secretary general of Zone One Tondo Organization (ZOTO) from the 1990s,<sup>100</sup> Betty organized actively for Akbayan in 2004, serving as treasurer of the Akbayan chapter in the first district of Caloocan. She was also a member of SAMBISIG and most recently served under Ricojudge's abortive campaign in 2007 for

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<sup>99</sup> See the next chapter for a description of some of these groups.

<sup>100</sup> ZOTO was a formidable and militant urban poor organization which resisted government attempts to demolish their informal community in the Tondo Foreshore area in the 1970s.

Congress as his main operator in Bagong Silang. The seemingly contradictory role of Betty in working for both the progressive and reformist Akbayan and the political machine of Ricojudge (the imaginatively named ‘RJ for congress movement’) reflected the general political strategy of some among the Left, like Akbayan, who are open to working with reform-minded politicians. It also revealed the political dynamics of Bagong Silang. Almost everyone, and certainly almost every mobilized group I met in Bagong Silang, supported one of the three political rivals in the *bukid* area – Echiverri, Asistio and Malonzo. This led to different political factions within groups. The Akbayan chapter in Bagong Silang has been a headache for the Akbayan party because of this local rivalry.

On 29 November 2006, residents from the ‘waterless communities’ in Bagong Silang also decided to march and demonstrate their grievances to MWSI. Rather than taking their protest to the local branch office of MWSI, however, they took them to the office of the water regulator, the MWSS-RO in Balara in neighbouring Quezon City. This time, Echiverri was not present. Led again by Left NGOs Bantay Tubig and the Freedom from Debt Coalition, their demonstration was not only about the lack of water in their own communities, but was also against the rehabilitation of MWSI.

### *5.3.3 Water cooperatives take off*

The third leader was another woman, Cynthia. Unlike the previous leaders, Cynthia had relatively little political experience in the community. Although she worked for the NHA in Caloocan in the Interim Water Service Management and the Bagong Silang Resettlement Project in the early 1980s, and also in the Bagong Silang Water Service Cooperative for almost a decade from the late-1980s. She was also a member of the large community of overseas foreign workers (OFWs) when she worked as a caregiver in Taiwan. Perhaps with her lack of experience in local community organizing, Cynthia also carried little baggage. With the help of Akbayan again, Cynthia led a group of residents to form a water cooperative in Maharlika. IPD invited Jordan from Taguig to mobilize the leaders (illustrating not for the first time, the brokerage of IPD in diffusing and shifting the scale of

unconnected, localized mobilization for water<sup>101</sup>). By this time, allegations of financial mismanagement by Betty had marginalized her role in the group leaving Cynthia to take control. IPD provided extensive training and planning workshops (including cooperative training seminars, basic bookkeeping and accounting, and financial management) for the group which led to the formalization and registration of the cooperative. Community Water Service Cooperative of Bagong Silang (CWSC-Bagong Silang I) began direct negotiations for a bulk-water contract with MWSI, loans from financing institutions (eg., Peace Equity Foundation (PEF), an institution specializing in financing for community initiatives), and with the Echiverri local government for policy and political support, as well as grants. A presentation was made to the Liga ng mga Barangay, of which Echiverri's son, Ricojudge was the president.<sup>102</sup> Although he was happy to include the cooperative and IPD's proposal to extend water service coverage in Bagong Silang as part of a series of pledges he was making to the city, his contribution to the cooperative's establishment was minimal.

In the beginning, only 20 households joined the cooperative, since few could afford the connection fee needed for pipes. Only two residents came forward with Php20,000. The rest of the Php60,000 needed in early estimates for a connection with MWSI came from personal loans from members of IPD. The seed capital was enough as down-payment to secure two mother-meters from MWSI. These were then connected to MWSI's main pipelines. Pipes then purchased from a local hardware store and 11 households were thus connected. Finally in May 2008, PEF awarded a grant of Php250,000. This was significant as it gave the cooperative a degree of financial and political autonomy from local politicians, and hence remains largely free from local clientelism. By 2008, 103 poor households were connected.

The fact that the newly formed water cooperative in Bagong Silang was able to reach an understanding with MWSI by April 2008 that parts of the barangay were

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<sup>101</sup> This will be discussed in greater detail in the following chapter in the context of regulatory mobilization.

<sup>102</sup> Liga ng mga Barangay (League of Barangays) is the organization of all barangays (almost 42,000) in the Philippines.



the service area of the cooperative, even though it had not even begun water service delivery, was understood by IPD as an admission that MWSI had firm plans for expansion into Bagong Silang. Indeed, MWSI had even told individual applicants for its services from Bagong Silang that they should apply to the cooperative instead. Although appearing to give way to the water cooperative in serving the area, MWSI was in fact playing its cards carefully. Requests by the cooperative for MWSI to adjust its bulk water rates to reflect the investment made by the cooperatives more equitably were rejected. MWSI presently sells bulk-rated water to the cooperative at Php15 per cubic metre. This would mean the cooperative needing to charge at least Php28 per cubic metre to cover its own costs. It was a take-it-or-leave-it offer even though MWSI was in no position to provide water to the households the cooperatives were about to make water available to. Despite such constraints and scepticism from the ground, the water cooperative went ahead. Just like Jordan's initial venture in Taguig, as soon as the cooperative was delivering round-the-clock potable water (from MWSI pipes) to the first 11 households by the end-May 2008, there was a clamour for more connections. This was strongest from Damayan, a zone of 500 households next to Maharlika. The cooperative responded to this demand by beginning consultations for expansion into that area. By June, plans for forming cooperatives in other areas were being explored (eg., nearby Barangay 180).

#### **5.4 The Significance of Taguig and Caloocan**

The cases of Taguig and Caloocan were hardly atypical. All across cities in the Philippines and especially Metro Manila, there has been a wide variety of episodic and spontaneous local mobilization over urban subsistence issues like water.<sup>103</sup> In the provincial capital of Bohol, Tagbilaran, political leaders were observed to have mobilized public opinion against Bohol Water Utilities Inc. (BWUI), a public/private joint venture company in the lead up to the 2004 and 2007 elections. BWUI was highly politicized in terms of a simplistic pro and anti-privatization debate that obscured the complexities of local politics and institutional problems of urban water supply (Fisher 2008; 2009). In the

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<sup>103</sup> On the issue of land tenure for urban poor settlers, see the discussion on the historical roots of regulatory mobilization in the next chapter.

municipality of Binangonan in Rizal province bordering north Metro Manila, Sixteen water cooperatives who have been the exclusive provider of water services in Binangonan have been threatened by the expansion of MWCI (Capistrano and Gutierrez 2003).<sup>104</sup> In Antipolo City, also in Rizal, the Lungsod Silangan Resettlers' Association, Inc. Multipurpose Cooperative (LUSRAI MPC) which had operated as a bulk-water service provider with MWCI since 2002 has been coming under the same kind of pressure faced by the Taguig water POs. With the memories in the origins of the squatter's association that was formed in the 1980s against forced eviction in Peñafrancia still fresh, members of LUSRAI found themselves under pressure from both MWCI and MWSS for individualized direct connections circumventing the cooperative. MWCI denied an application from LUSRAI MPC to expand its service coverage to other waterless urban poor communities in Peñafrancia. What then appears to be episodic and localized collective action against water privatization takes on a different hue when viewed from the perspective of the urban poor's water subsistence needs. Although Taguig and Caloocan are contrasting cities in many ways, the struggle for water by urban poor communities in both cities share similar characteristics that can also be found in urban settings across the Philippines. These are the micro-politics of the urban poor.

### **5.5 Micro-Politics of the Urban Poor**

An interest in the micro-politics of the urban poor emphasises the collective action that is enfolded within the local political ecology of urban poor communities. The response of organized urban poor communities in Taguig and Caloocan City shows that they are capable of contentious collective action but this is a mobilization that cannot be understood in straightforward terms. Just like other urban poor mobilizations across Metro Manila for subsistence needs, these are not social movements but independent community organizations that have the capacity to stage some kind of political action. The replication of their actions in different communities throughout Metro Manila, not just for water but for subsistence – land, food, livelihood – means that while there is no urban poor

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<sup>104</sup> See the next chapter for an analysis of how the cooperatives were part of IPD's regulatory mobilization in the water sector in Metro Manila.

social movement to speak of in the capital city, one can however point to a pattern of social mobilization by organized urban poor communities whose actions have, for example, been shown to have incrementally redefined state policies on squatting and housing (Karaos 2006: 51).

In both cases, the political agency of the organized urban poor communities in Taguig and Caloocan was based loosely on a consensus expressed in norms, sentiments, and practices about the obligations and rights of individuals and institutions with respect to others in the context of urban subsistence, even as it is also shaped by the political opportunities available to them. Here, basic strategies employed by the urban poor for pressing survival problems and grievances may be distinct from, *and* overlapping in terms of contentious politics of claim-making and clientelistic politics. This was evidenced by the identification of collective action by the urban poor can both challenge dominant power relations and also be readily co-opted into local political machines (Auyero 2008; Auyero et al. 2009). The actors at the heart of this water micro-politics in the Philippines were the independent political organizations and community leaders who have emerged recently in the last few decades (Karaos 2006, Velasco 2006). Many of these could be traced back to the legacy of the united front against the Marcos dictatorship during the 1980s (see next chapter).

#### *5.5.1 A moral economy of the urban poor?*

In the absence of clear evidence of the kind of subsistence guarantees one finds in rural areas (see Chapter Three), one cannot speak of a pure moral economy in Metro Manila. Instead, the main thrust of a limited moral economic analysis here is limited to a discussion on the mores, norms, and practices of urban subsistence that motivates mobilization. The concept of moral economy is used in this chapter to reveal the local political culture and traditions of poor people in the city involved with water service provision in their own communities, as well as their participation in countervailing expressions of power against domination by power elites – those who control access to resources they need for subsistence. At the same time, such contentious collective action does not preclude their participation in patron-clientelism. A local moral economy of subsistence needs can be

identified as motivating claims to the right to water in diverse and unexpected forms of mobilization. As shown especially in the case of Taguig, sometimes, this collective action challenges dominant relations of power when it breaks away from or disrupts clientelistic networks. At other times, it may inadvertently support and even knowingly assist in the reproduction of such power relations.

The perpetual precariousness of urban poor life generates a thick body of associational life – underpinned by an urban moral economy of the poor – that ranges from informal neighbourly and kinship ties to more formalized associations and organizations, all of which have been observed in the Philippines (Nelson 1979; Berner 1997; Jocano 2002; Shatkin 2007). This is then a set of norms and associational life by which the urban poor may ‘defend a place in the city’ (Berner 1997). The struggle for subsistence in the city rests upon overlapping and consolidating networks of trust and solidarity that emerge from the shared experience of everyday life in the locality. This explains why water POs like Community Water do more than just sell water in their community. Even water vendors in the informal sector have to cultivate good relations in the communities they serve in. Therefore, more than just exchange, there are other norms operating in places like Sitio Imelda and Bagong Silang where water POs are concerned. These norms include practices that may be crudely essentialized as *utang na loob* (transliterated as ‘a debt of one's inner self’ (de Guia 2005)), *hiya* (shame), and *malasakit* (compassion or empathy). Relevant horizontal and vertical networks are those of kinship, *compadrazgo* (ritual or fictive kinship), *suki* (privileged market relationship between a buyer and seller), neighbours, friends, and patron-client bonds.<sup>105</sup>

*Utang na loob* describes a dyadic bond between two individuals whereby the debtor will attempt repayment even when it is acknowledged that the debt can never be fully repaid. Gifts thus initiate a long-term reciprocal interdependency in which the grantor of the favour can expect help from the debtor whenever the need arises and the debtor can, in turn, ask other favours (Dolan 1991). During my

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<sup>105</sup> Such a perspective necessarily subscribes to some kind of essentialization of what may be understood as ‘Filipino values’.

long visits in Taguig for example, I was regularly shown by Manny during our frequent walks in Sitio Imelda which household was in tariff arrears, and which was late. Lapses in payment were never a problem for Community Water unless they were prolonged. From my discussions with Manny, it was important for Community Water to take care of its members, who were more than just customers.

In Jocano's (2002) seminal study of coping behaviour in the urban poor environment in the Philippines, he observed that the economic aspect of transaction was also a means of fostering social relations (Jocano 2002: 52). This is evidenced by the seemingly arbitrary nature by which customers of sari-sari<sup>106</sup> stores are allowed to make purchases on credit. Jocano shows that such a privilege, *suki* is a relationship of patronage between the owner of the store and the customer. *Suki* relationships are based on repeated and regular interactions, personal trust, loyalty and the meeting of (reciprocal) obligations (2002: 50-51). For the water POs and cooperatives, *suki* relations are the lifeblood of these organizations. Eventually, the economic motive underlying the *suki* relationship may be transcended and become ritualized in kinship terms – the *compadrazgo* system – when either the customer or storeowner sponsors a baptism or marriage. Such relationships are based on networks of relationships, which not only promote social relations but also the capacity for agency. The aim here is social security (as opposed to simply income maximization). A household experiencing a temporary crisis in its subsistence can expect assistance from other members of the network. These personal relations are locally based and are thus formed over the course of daily routines and interactions (Berner 1997: 78, 86). Towards the end of my fieldwork research in Taguig, I was approached by Manny to be the godfather to his nephew. I attended the baptism of his nephew and was obliged to make a gift, which I did in the form of a small sum of cash. No one had explicitly asked me to but I knew it was expected. Given my growing relationship with members of the community in Sitio Imelda, and especially with Community Water, I knew that this act 'formalized' my status as a *kumpare* (godfather), and membership in the community.

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<sup>106</sup> local neighbourhood store

The enforcement of norms via social sanctions regulates relations of reciprocity and prevents free riding. Sanctions punish non-conformers and ensure cooperative behaviour (United Nations Human Settlements Programme 2003: 150). They include shaming, gossip, shunning and even acts of violence. Gossiping or *tsismis* in particular, play a crucial role in the communities I visited. Engaging in *tsismis* was ostensibly frowned upon but regularly partaken in. It plays a role in reality testing, passing news, for building consensus. Gossip is the weapon of norm enforcement. Collectively, these norms form the basis of social relations and networks, sustained and reproduced in urban poor communities.

One of the most important norms these practises reinforce is that of reciprocity, something that is not unique to the urban poor in the Philippines. For example, Lomnitz's (1977) work on a shantytown in Mexico revealed how the urban poor were protected against scarcity in subsistence via a system of reciprocal exchange that dealt with needs as diverse as employment seeking, loans, goods and services, and personal, moral and emotional support. In their study of the 'barrio economy' in Latin America, Friedmann & Salguero (1988) similarly observed that investment by households in relations of reciprocity bring about feelings of goodwill and social recognition. As discussed in Chapter Three, reciprocal social networks most crucially help to supplement low incomes and frequent joblessness. Reciprocity is an essential mechanism for coping not only with life in the countryside, but also with the volatility and vulnerability of life in the city. From the way that the water POs in Taguig and cooperatives in Caloocan conduct their business, it was clear to me that the norm of reciprocity, not simply one of exchange, underpin the way they manage their operations. Although the exchange of water in these communities involve forces of demand and supply to a certain extent, they are not the over-riding motivation. Decisions over water provision in each PO and cooperative are also embedded in social relationships.

It has also been noted in Metro Manila (Shatkin 2007) that residents are more likely to participate in local community groups where they have a sense of identity based on social networks within the locality. Berner (1997: 61-105) for example illustrated how everyday life for urban poor is rooted in and revolves

around the 'locality'. The norms and networks that constitute a community's identity facilitate the development of consensus among residents and make local groups more effective in making decisions, in engaging residents in collective action, and in dealing with government. A community identity may arise from ethnic, linguistic, religious, or kinship ties. It may also arise from experiences with collective action, most notably in response to the threat of eviction. In the case of the water POs and cooperatives in Taguig and Caloocan, this came about from existing social relations in the community, as well as externally derived when threatened by the water utilities and local politicians.

Shatkin (2007) found three distinct forms of community identity that strongly impact on the nature of community organizing: a *defensive* identity that is based on the perception of a hostile environment for the community; a *dependent* identity which sees the community as dependent on local economic and political interests; and a *transformative* identity that sees the community as having agency, or the potential for agency, in the local political economy. These identities are, however, not discrete; representing multiple identities of mobilization that are always contingent on shifting dynamics of local politics. They are constitutive of the moral economy of urban poor subsistence whereby the same community may be capable of mobilization that is defensive, dependent and transformative at the same time. In Taguig and Caloocan, the collective identity was a mixture of dependent and defensive where local politicians and economic actors were treated with a mixture of deference and suspicion. Their transformative identities were briefly acquired as the POs and cooperatives became involved in bulk-selling, and realized that local political and economic elites threatened their newfound sources of subsistence.

Sometimes responding to perceived moral wrongs; at other times drive by self-interest, what was recurrent was a complex political psychology of shared norms and values. This was the source of their capacity for defensive mobilisation when their access to water is threatened. What was less clear was whether the organized urban poor should be seen as part of the counter movement given the deliberate role they may play obtaining water in their communities on the one hand, and the inadvertent role they play in formalising the informal water sector on the other.

Motivated primarily by the need to gain access to resources to survive in the city, theirs was a form of contentious politics that was politically ambiguous in its affiliation and outcome. Understood as political psychology, the moral economy of the urban poor can inspire collective action that is both ambivalent and ambiguous vis-à-vis dominant power relations. Seen as strategies for survival, collective action constitutes networks that can be activated for clientelistic or contentious collective action. At the local level, it is a defensive mobilization necessitated by the vagaries of subsistence in the informal economy. Mobilization for subsistence, tapping into normative framings of basic needs by the urban poor, can become an assault on a long-established patron-client local economy favouring what has been essentially ‘privatized’ fixes to secure political access to votes. This is especially the case when the subsistence threshold or livelihoods of communities are threatened. Collective action in this sense is both reactionary *and* radical, responding to changes in a larger dominant political economy for subsistence even as spaces for subverting local patrimonialism are opened up. Under certain conditions dictated primarily by local political ecology, such mobilization exerts political power that may strengthen or weaken prevailing power relations, and sometimes creates new ones along the way. Hence, driven by subsistence needs, the urban poor have become a class of political actors in their own right. Although *some* aspect of local collective action can be said to constitute Polanyi’s counter movement in its early stages of resistance, the analysis in this chapter showed that insofar as this was society’s reaction to commodification, the outcome was not a straightforward. Rather, it was a complicated process of multiple causal pathways, all of which were mediated by local politics. Specifically, it was the messy micro-politics of patronage and contention around access to water by the urban poor that provided the political opportunity structure for collective action.

#### *5.5.2 Local politics of patronage and contention*

In both Taguig and Caloocan, the problem of water access has been particularly acute in resettlement areas and other undeveloped public or private land settled by migrants from the provinces. These are inevitably urban poor and ‘waterless’ communities. Often forming numerically decisive voting blocks, they have long



been the targets of patron-clientelism by local politicians vying for power in the area. In both Taguig and Caloocan, a newly elected mayor who had overturned a more established political dynasty represented a new group of *trapos*<sup>107</sup> who looked the part of the reform-minded politicians that have been high in demand in the Philippines in the wake of mounting political disenchantment and demobilization. Both Tiña and Echiverri had close ties or experience in politics in the local community, and have both been successful in securing three-straight terms as mayors on the back of a well-established political machine with its roots in urban poor resettlement areas. Both were quite happy to encourage, or at least not inhibit collective action around, subsistence issues like water as they recognized that it was in their own interest. Tiña allowed his own political operator, Jordan to start water POs in Taguig. It was only when they had become too powerful that he stepped in to undermine their clout. For Echiverri, it remains early days in water mobilizing, but so far, he has been inclined to continue his ad hoc but highly visible clientelistic water service delivery while not offering much help to the Bagong Silang water cooperative. Unlike in Taguig, local urban poor communities in Caloocan are trying to develop their own water systems independent of local politicians although they are not doing so without other political patrons in the form of NGOs (see next chapter).

The cases under scrutiny here have suggested that local communities may be more than just willing clients in local politics. At the same time, their engagement in contentious politics did not stray too far away from their immediate day-to-day needs. Motivated primarily by subsistence needs, they have always needed to undertake collective action to obtain basic services. As a mobilized force, they can muster considerable political power but are also a highly heterogeneous and parochial group. In their collective action around water, their highly localized character is similar to previous mobilization on land tenure. Their politics of subsistence as such is unpredictable and possesses its own logic. In addition to the significant achievement of providing water service delivery, there is also an explicit but ambivalent political dimension to urban poor collective action. In the

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<sup>107</sup> The term *trapo* in the Philippines means ‘dishrag’; it is also a derogatory term referring to ‘traditional politicians’.

case of the Taguig water POs, their success may also have contributed to the erosion of power that local politicians like Tiña have had over their constituents. In the past, local communities with water problems needed only to lobby their local politicians, who responded out of their allocated congressional development funds with local water infrastructure projects like deep-well construction. This sustained the traditional patron-client political system dominated by local 'strongmen' and their political machines alluded to earlier. Now, not only can local civil society mobilize independently; POs like Community Water, and other waterless communities seeking to mobilize can also tap into broad-based anti-water privatization networks like Bantay Tubig who are aware of the value of utilizing congressional support from minority politicians for advocacy.

From these observations of how the water POs and cooperatives relate to power, the politics of the urban poor is an ambiguous one. This is seen in the sometimes intimate, but other times antagonistic relationship between the organized community organizations with local bosses. In the early days of the water POs in Taguig, the relationship between them and the mayor, Tiña, was a positive, and even mutually supportive one. Jordan was working for Tiña at that time and no doubt mobilized support for Tiña's political machine. In return, Tiña made sure that the local government was not an obstacle for the POs's venture into bulk-selling. All this changed when the POs became more successful in providing water than any mayor or local government ever did in Taguig. When the relationship between the POs and Tiña broke down, the POs organized themselves to oppose his political machinery as well as Manila Water. In Caloocan, collective action to form water cooperatives took a longer time due to the lack of support from local politicians. This was not down to lack of effort by the cooperatives. I attended several meetings between local groups and potential patrons, brokered by NGOs assisting the urban poor communities.

Therefore, rather than being simply antagonistic of one another, the two cases have shown that networks of clientelism and collective action may in fact constitute each other. Recent research reveals that the dynamic underlying political mobilization in the community is one involving recursive relationships between patronage and contention. Set against the prevailing view that political

clientelism and collective action are separate and antagonistic phenomena, Auyero *et al* (2009) suggested instead that patronage and contentious action should be seen as distinct but sometimes overlapping strategies for solving issues of everyday subsistence. This makes it difficult to discern contentious collective action in their purest sense in which people ‘break with daily routines to concert their energies in publicly visible demands, complaints, attacks, or expressions of support before returning to their private lives’ (Tilly 2006). It also means that it is difficult to identify patron-client relationships in a strict sense.

Auyero *et al* (2009) demonstrated several points of intersection and interaction between patronage and collective action: Network breakdown, patron certification, relational (clandestine) support, and reaction to threat. In each of these scenarios, the relationship between patronage and protest is a recursive one. In Taguig, a clientelist political machine engaged in mobilization for the constituents of Jordan on behalf of a urban patron – Tiñga, was able to exploit the changing political economy of the water sector. Here patron certification allowed for the patronage networks of Tiñga to be used for collective action in the local water sector when privatization occurred. As the water POs under Jordan’s leadership expanded in terms of customers served, they began to threaten Tiñga’s political machinery. This led to a network breakdown, leading to Jordan taking part of Tiñga’s political machinery with him to organize against their former patron as well as Manila Water.

Meanwhile, the story of water politics in Caloocan after privatization in 1997 is the story of how a clientelist political machine has maintained its capture of local basic services like water. This was partly due to the nature of local politics but was also due to the failure of the west zone concessionaire, MWSI to meet its service obligations. It is arguable if Echiverri would have continued his policy of delivering ‘free water’ a few times a week if MWSI was in a position to deliver directly connected water round the clock. Echiverri had developed a well-oiled electoral machine that delivered him to power, and gained his re-election in 2007 and 2010:

He does not need to deliver the water to barangay Bagong Silang in order to

win a third term as mayor of Caloocan city in 2010. For in every corner in that giant barangay he has community leaders who are loyal to him. These leaders are actively mediating on behalf of the communities for the delivery of some of the expressed needs once in a while... (Esguerra nd).

Instead of the local politician, political patronage was obtained from other patrons in the form of NGOs. The ability of local leaders to mobilize the community, even with their own experience in collective action over land tenure and electricity supply, has been limited by the strength of the incumbent mayor and the weakness of the private utility to present a credible threat to the current clientelistic system of water service delivery in Bagong Silang. Here, the recursive relationship between patronage and collective action appear to be less intimate than in Taguig. This may however be part of the reason why mobilization around water has not been as robust as that in Taguig.

#### 5.5.3 *People's organizations or political machines?*

Observing how the urban poor in much of the Middle East and elsewhere effect social change by 'quiet encroachment', Bayat argued that the collective action of noncollective actors take the form of 'social nonmovements', which:

embody shared practices of large numbers of ordinary people whose fragmented but similar activities trigger much social change, even though these practices are rarely guided by an ideology or recognizable leaderships and organizations. The term movement implies that social nonmovements enjoy significant, consequential elements of social movements; yet they constitute distinct entities (2010).

The form that collective action here by the urban poor for water access in Metro Manila can also be said to take the form of nonmovements. However, there is more of a recursive relationship with existing networks – something many Middle Eastern countries lack due to state repression on organized groups and opposition. They involve far more routine and everyday activities than the more anomalous mass displays of rioting or looting identified by Auyero *et al* (2009). As suggested about these networks and organizations are drawn from the social (moral economic norms and networks), economic (water vending in the informal sector), and political (patron-client relationships and contentious collective action)

spheres. Mobilization does not depend singularly on POs or cooperatives or even political machines per se, emerge out of the interfaces of these different systems.

The Social Reform Taguig Agenda (SRTA) was in fact a political machine organized by Jordan for Tiña. SRTA are the initials (Si Fredo Tiña Ako) of the former mayor and present congressman's name. After they fell out, Jordan renamed the organization to its present name and has used it for his own purposes. Jordan estimates that of all his POs, only 30 per cent were set up for the purpose of water service delivery. 70 per cent of them had existed as far back as 1986.<sup>108</sup> These POs were formed when the barangay of Signal Village was created. Much of Taguig, and most of the land settled by the urban poor, were part of the military reservation owned by Fort Andres Bonifacio. In Bagong Silang, the new water cooperatives that were being formed were also not completely new entities. The Community Water Service Cooperative of Bagong Silang, for example, was reliant on residual networks from previous mobilizations. Primary organizations like POs and cooperatives may play a variety of roles in addition to what they were ostensibly set up to do. In the context of urban poor communities, these are some of the networks that form voting blocs that local leaders use to mediate with the powerful. For example, much of Betty's attention and mobilization resources were employed for the 2007 election campaign of Echiverri's son, Rico Judge. This does not mean that such organizations should be automatically thought of as being part of local political machines. Since these primary organizations are fundamentally oriented towards addressing the immediate and long-term subsistence needs of the community, there is always a possibility for a PO to pursue its own political agenda beyond short-term material offerings from local politicians. If these organizations are ambiguous in being neither social movements nor political machines, the roles of their leaders are also equally vague.

#### *5.5.4 Community leaders or political entrepreneurs?*

With the dominant role played by community organizers like Jordan, and to a

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<sup>108</sup> Jordan, interview with Petr Matouš, November and December 2006.

lesser extent, Betty and Cynthia, it may be challenged that what we are seeing are not examples of collective action but that of individual entrepreneurship and sub-contracting. This is an observation that relates to the nature of urban poor leadership and mobilization in Metro Manila today. Central to Karaos (2006) and Velasco's (2006) studies of urban poor collective action in Metro Manila are the role played by local leaders. For Karaos, there is a new generation of urban poor leaders who came to prominence in the months before and after EDSA III in 2001 when Estrada mobilized large numbers of the urban poor in Metro Manila to his side. Estrada's urban populism depended on local urban poor grassroots leaders who acted as 'political entrepreneurs'. These leaders connected the local issues of their own communities with the broader political interest of various politicians. At the same time, their personal connections with powerful and strategically located political actors were used to obtain personal gains as well as material rewards for their constituents. Their style of leadership at the local level is a paternalistic one, whereby the leader can build and change support and allegiances with power holders freely (Velasco 2006: 76). Karaos (Karaos 2006) conducted a careful character study of Bert Marano, the first president of Samahang Nagkakaisa sa Palupa (SANAPA), a federation of some 40 primary organizations active in a large urban poor community in the East Side of the National Government Center in Commonwealth, Quezon City. This was the base of much of the pro-Estrada mobilization during his impeachment trial and following his disposal. While Marano had played a prominent role in mobilizing support among the urban poor community in Commonwealth for Estrada, his profile is not atypical and it is striking how many similarities there are between Marano and Jordan, and to a lesser extent, Betty and Cynthia.

Both Jordan and Betty have extensive organizing experience with subsistence issues of the urban poor. Betty was involved with the well-known ZOTO in Bagong Silang. Jordan fought for tenure of the land many urban poor communities were occupying in Taguig. Both were familiar with the hardships of the urban poor and, in Jordan's case, could draw upon personal experience of being a former squatter whose own house had been 'demolished' over a dozen times in the past. Their organizing skills were also acquired from a particular political source – that of the underground Left. Familiar with the styles, language

and networks, both were also members of the left parties in the movement, Betty with SAMBISIG and Jordan with Alab Katipunan. Their relationships with their parties, similar to their dealings with other political organizations, were ambivalent. Jordan, for example, has more than half-a-dozen different ‘hats’: As head of his own water PO, as leader of SRTA, as water PO advocate in other cities in Metro Manila (Antipolo and Paranaque) as a consultant for IPD, as a sometimes-dormant member of Alab Katipunan, a community leader in Taguig, a land tenure advocate in Taguig and Laguna, and a businessman (chicken-breeding in Antipolo). The only people he appears to have unquestionable loyalty towards are his own leaders. His relationship with them however is a paternalistic, if not clientelistic one. As head of SRTA, Jordan’s relationships with the leaders of the POs in the coalition revolve around highly personalized networks. For example, Jordan is a *kumpare* of the Mayor family, founder of one of the most profitable SRTA water POs CUWASNECAI, located in Cuasay Street in Zone 1 in Barangay Signal Village.<sup>109</sup> Another leader of another PO meanwhile described Jordan as his ‘best friend’ after he had helped him settle some electricity bills in the past.<sup>110</sup> Jordan is a very charismatic leader in Taguig. Known to be generous to his friends (he’s been said to have problems with saying ‘no’) and strict in his running of the POs. His gift of the gab has helped him to convince doubters in Taguig and beyond. Jordan also receives dividends from some POs for his role in setting up the POs (eg., OLFA Zone 5).

While Jordan did wrestle away part of Tinga's political machine for his own 'entrepreneurial' activities, the fact is Jordan is/was a member of Alab Katipunan, a more shadowy and armed group, and has links with the ‘emergent left.’ That does not necessarily make him a progressive either. What he appears to be is part of the group of “relatively autonomous, often self-organized, community organizations” identified by Karaos (Karaos). These self-organized groups have populist tendencies and should not necessarily be seen as part of either existing *trapos* structures of the progressive movement.

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<sup>109</sup> Annie Mayor, interview with Petr Matouš, November and December 2006.

<sup>110</sup> Bravo, interview with Petr Matouš, November and December 2006.

5.5.5 *Neither customers nor citizens: The rise of the 'urban poor' and 'urban poor politics' as insurgent categories*<sup>111</sup>

Long denied the full set of privileges and services due to other citizens in Metro Manila, access to water by the urban poor is not only an improvement in material subsistence, it is also a step towards attaining full citizenship status. Even in this, they will always be denied the more regular and routine access to resources, which the city-dwelling citizen is now increasingly expected to obtain in individualistic ways as befitting a consumer. This is an outcome of neoliberal institutional reforms that, as far as possible, attempt to limit and distinguish political from socio-economic rights in their conception of citizenship. For the urban poor, however, as shown in the case of water, they need to mobilize and undertake collective action, often contentiously, to obtain the same kind of goods and services. Deprived of their rights as citizens, the urban poor can make some headway as 'organized consumers' but even in this, they have limited status, for they are not formal customers of MWCI. This can be illustrated in another way, by how MWCI relates to its customers. MWCI's regular (ie., individual) customers have access to a customer service hotline. When the hotline number is dialled, a call centre transfers the query or complaint to field officers and designated territory business managers who must respond to the complainant and provide advice on the duration that it will take to redress the problem. Once registered, the call centre must provide feedback on the status of the complaint within 24 hours. Standards for resolving complaints are set by the utility: priority complaints such as absence of water, contamination, and leaks must be resolved within 48 hours, while all other complaints must be resolved within 5 days. The system also has built-in automatic escalation, a strategy used to build vertical accountability where cases unresolved within the relevant time frame will be transferred to a higher level of management (Ranganathan 2008: 6-7). The complaint will escalate every hour until it is resolved. This is how MWCI has ensured the timely dealing of customer complaints. This system is however only available to individual customers – about 50 per cent of MWCI's total customer base. The other half who have access to MWCI via some form of bulk-selling arrangement via TPSB do not have access to this customer complaint

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<sup>111</sup> This section adapts arguments made earlier in Chng (2008).



management system. Formally, bulk-water users are not technically considered to be MWCI's customers. MWCI is not obligated under its contract with the POs to attend to the complaints of TPSB customers. They must thus turn to their POs for complaints. Bulk-water customers therefore do not enjoy the same recourse to formal grievance redress mechanisms as MWCI's customers, even though they are counted in the utility's overall coverage target (Ibid.).

The gap between the universal recognition of water as essential for human life and the specific institutional arrangements necessary for its distribution in particular contexts drives the multi-layered and complex debate over the nature of the bounded community with regards to urban water service provision. The parallel movements worldwide to privatize urban water services, and the resistance to this in the form of citizen mobilizations, represent the attempt to institutionalize competing notions of citizenship in the developing world. For some anti-privatization advocates, the privatization of water has been said to undermine citizenship through the erosion of democratic structures and processes, leading ultimately to poor service performance. The experience of Taguig and Caloocan shown here suggest that this is not necessarily the case, since water service delivery is bound up in local political contexts. Given that the local government was either unwilling or unable to address the issue, MWCI delegated water service provision to the POs outright rather than undermining or marginalising the local community. The status of the urban poor with regards to their right to clean and affordable water has always been compromised by the MWSS. The privatization of the water sector therefore provided a mobilized urban poor not only with water service, but also an economic livelihood and political empowerment in the face of clientelism.

In both cases, it was probably one of the first times a privatized water utility and an urban poor community association had worked together in the Philippines. It is also one of several different forms of political relationship between (mobilized) citizens and essential service providers in a post-privatization environment that suggest both advocates and dissenters of water privatization engage the issue in a variety of ways. In the Taguig case, the POs were re-empowered citizens, new customers and service providers all at once. This goes beyond any existing

formulation of citizenship models from either global water welfarism or radical cosmopolitanism. In the case of Caloocan, the desire to form cooperatives rather than simply rehashing existing POs can be seen as an attempt to institutionalize mobilized communities in water service delivery in more formal, universalistic and inclusive organizations as contrasted with the informal, particularistic and exclusive patron-clientelism affecting many POs.

It is unlikely that the Taguig example is an anomalous one. Privatization alters the political opportunity structures that allow collective action from citizens, contentious or otherwise. That the limited emancipation of the urban poor in Taguig and Caloocan has come about as a consequence of the universal but thin identity-conferring property of water is beyond a doubt, given the initial success of the nearly 90 POs providing water services in Taguig, and the potential suggested by the Caloocan water cooperative. The sustainability of this model, however, may be compromised ultimately not by 'local politics' but by the initiation and regulation of a culture in the community by POs, whereby the idea and practice of paying for water is produced and re-produced. Not only is the outlet for more militant collective action stymied as witnessed elsewhere in Metro Manila (eg., Caloocan), the commodification of water and its decoupling from state provision prepared local communities for the smooth expansion of MWCI in its service areas like Taguig. Hence, when the time came for the expansion of direct connections by MWCI (ie., conversion), POs were not opposed to this. What they had problems with was the political context out of which conversion was taking place. The people's response to water privatization has not simply been a singular movement of resistance. As Bakker explained, 'alter-globalization' activists have realised the futility of 'rights talk' and are focusing instead on alternative concepts and institutions. Taguig has brought attention to the monumental challenges to the institutionalization of alternative models of urban water services, and by implication, a democratic cosmopolitan citizenship.

As inferred by Esguerra (2005: 41), essential services like water may form only part of the agenda of a local civil society embedded in local politics. In this context, citizenship is not simply rights, duties, identities and responsibilities. Citizenship – the debates and institutions as expressed in the local community – is

a space which the urban poor and marginalized exploit for their own purposes. It is in this space that the universal but thin identify-conferring property of water as a mobilising source may be augmented, albeit temporarily. There is a greater recognition by the community than the other more powerful players in the regulatory space that there are competing demands on them for their allegiance, custom, and patronage. Rather than being passive ‘takers’, their active involvement places them at the forefront of citizenship debates in relation to water privatization. The ultimate fate of the water POs, cooperatives and others forms of mobilization by the urban poor (service delivery or not) will determine how far alternative models of urban water service delivery, and democratic citizenship, may be instituted whereby the urban poor become a political class of actors in their own right, and their agenda of subsistence becomes the basis for an insurgent citizenship (Holston).

The examination of the micro-politics of urban poor mobilization in Taguig and Caloocan has revealed an expanded realm of local political participation with industry or sector-wide effects in the regulation of water. The two cases revealed the workings of so-called informal water vendors in local communities over a brief but significant period in the post-privatization regulatory space. They were now increasingly absorbed into the dominant development discourse and practice as so-called ‘small-scale water providers’ in Metro Manila. Such informal water service delivery systems were of course not novel and predate water privatization. Indeed, they proliferate in the city and much of the country as part of a variety of mechanisms especially in areas where water supply, like many other basic services, has been absent, inadequately provided, or delivered as part of local patron-clientelist exchanges. Taguig was unusual because water bulk-selling and informal water vendors (‘small-scale water providers’ in Development discourse) have become popular all over Metro Manila, if not the world. Yet water POs in Taguig were systematically put out of business by MWCI and the local city government. The fall from grace of the Taguig POs has been extreme, and perhaps anomalous, but does present a cautionary tale for the urban poor and their involvement in the (informal) water sector at large. The story of how piped potable water arrived in the homes of the urban poor in Taguig City is a contested narrative. As discussed in the previous chapter on the background to privatization

in the Philippines, the dominant narrative emphasizes MWCI's role. The alternative narrative this chapter provides focuses on the role played by POs and local politics. The impact of cases discussed here and beyond, and relationship to wider regulatory mobilization by NGOs will be discussed in the next chapter.

The self-provision of water by organized communities in unexpected places – urban poor areas – in the wake of privatization, as an informal part of the water regulatory space is novel. This has been underpinned by mobilisation that is boundary-spanning and hence ambiguous in its repertoire of collective action. A function of the subsistence needs of the poor, such activity is also ambivalent vis-à-vis local politics. In these communities where notions of citizenship are paid lip-service by rampant particularistic clientelism, the urban poor has redefined what it means to be a water 'consumer' in a privatized regulatory framework when they undertake collective action for self-provision. At the same time, they also come into their own as 'citizens' in exercising their rights to live in the city. Sometimes, they may even temporarily turn into relatively autonomous and powerful political actors based on the institutionalization of their own water reticulation systems, and their partnership with the private water utility. At other times, they may, wittingly or unwittingly, reproduce local dominant power relations based on patronage. Therefore, the biggest threats to these community POs and their water businesses are not petty thieves or recalcitrant customers but rather, the local government for whom they are indirectly serving, and the water utility they have gone into business with.

While water politics in Caloocan was different from Taguig, similar dynamics of mobilization of segments of the urban poor in direct response to water privatization can be identified. I argue here that privatization has enabled the opportunity structure for politically diverse collective action in water service delivery at the local level. Further, this mobilization, insofar as it is successful, may be deployed for a variety of purposes within its own local political context of dominant clientelism and incipient 'outbreaks of democracy.' Such collective action may contribute to radical projects of insurgent reformism as well as to the production and reproduction of existing dominant patron-client relations. Thus, contrary to the portrayal of a politics in the Philippines as dominated by local and

national elites, the evidence from Metro Manila shows that local politics in the post-Marcos context reflect the *combination* of clientelism, populism and grassroots political mobilization (Shatkin 2000: 2357-2375) that may shed a few clues as to how dominant relations of power in the Philippines may be transformed. This analysis also confirms Shatkin's (2007) findings in his research on POs mobilizing on land tenure issues elsewhere in Metro Manila that the local political economy – the relationship between the state, the private sector, and local communities; and the capacity of local governments to address the demands of local community groups – influences the degree to which local social groups may become involved with local governance. As in the local water sector, the particular constellation of interests around land development in the locality, and the way these interests are in turn shaped by the location within the broader metropolitan region and the global economy, shape the character of local political economy. However, for such locally situated mobilizations to have any effect at a wider level (sectoral or national), additional help from NGOs operating at a more strategic level in politics is required. At a higher and wider level of mobilization, such parochial collective action may take on a more radical meaning that addresses the wider political economy of water provision. It is mobilization at this higher scale, when the collective action of communities are joined up with the help of NGOs external to the community, that we see a wider societal reaction to the commodification of water. This is the scale of mobilization to which we now turn to. Regulatory mobilization describes this form of contentious scale-shifting that is the subject of the next chapter.

## 6 REGULATORY MOBILIZATION

This chapter concludes the bifocal analysis of contentious collective action in response to water privatization in the Philippines, and examines ‘regulatory mobilization’ at the sectoral and policy level. This is where interventions by NGOs spread and elevate local forms of boundary-spanning claim-making by organized urban poor communities, like people’s organizations and cooperatives, to different scales of contention, motivated by their subsistence needs. Local (water) politics in this way become sectoral regulatory issues. Hence, NGOs may project countervailing power on behalf of POs across the regulatory space beyond local politics, thus implicating the formal regulatory framework as a whole. The source of regulatory mobilization lies in the local micro-politics of the urban poor and politically marginalized communities in the informal sector.

In the context of a global double movement – neoliberal institutional reform of public delivery of basic goods and services, and a societal countermovement rising in response – a self-conscious and politically marginal ‘emergent left’ has been reframing itself as a progressive force in the Philippines, set apart from the revolutionary left and the oligarchy that have dominated Philippine politics. Situated within a ‘contested democracy’ (Quimpo 2008) in the Philippines, the emergent left has been experimenting with the mobilization of countervailing power that appropriates the languages of legitimation. Many of these may appear to be modest in mobilization and objectives, but may also constitute collective action towards more radical processes and goals. Other ‘contentious’ mobilization that appears disruptive may in fact lead to regressive politics. In its response to water privatization as a specific process of fictitious commodification, part of Philippine society’s expression of countervailing power has been a form of regulatory mobilization.

Regulatory mobilization describes a realm of political activity whereby marginalized groups are drawn into the provision of basic goods and services through influence over the rules by which they are delivered. This is a form of

collective action to influence or obtain control over rules, modes of state intervention, and mechanisms of social control in a given regulatory space. This has occurred against a backdrop of institutional reform (privatization) where the rules governing the provision of essential goods and services, like water, are openly debated and contested (Chng 2012). Spectacular performances of ‘people power’ that have occurred in a cyclical pattern in the past decades have occupied much of the scholarly attention on social movements and civil society in the Philippines (Hedman 2006). However, other episodic and recurrent contentious collective action has taken place under the radar that is by no means less important. The main argument here lies in the observation of regulatory mobilization as a form of boundary-spanning collective action by NGOs and other social groups regularly associated with civil society whereby mobilization is neither entirely co-opted nor entirely transgressive. Furthermore, the hybridity of collective action is expressed in its service-delivery development-oriented function, and a policy-oriented and reform function. Regulatory mobilization builds upon the local micro-politics of urban poor subsistence identified in the previous chapter and through scale-shifting, elevates local water politics to the sectoral regulatory level.

There are three parts to the argument here. The first part of the chapter provides the background by sketching the recent history of radical and progressive mobilization in the Philippines. The focus here is on the Left. This section explains how a segment of the broad Left – the ‘emergent left’ – has become an important non-corporate and non-governmental actor in the regulatory governance of the privatized urban water sector in Metro Manila. This is due to the reframing of the emergent left as a result of its departure from the larger revolutionary left movement, and has occurred during a period of institutional reform in the post-Marcos era. Reform in the Philippines has most notably been in the form of political decentralization and economic liberalization. In both arenas, the emergent left has combined traditional political mobilization with more novel development work into a ‘reform agenda’ that ostensibly accepts the new institutional rules of a post-reform environment. Such mobilization also attempt to subvert institutional reform for its own purposes of political mobilization. The emergent left has attempted to establish a new progressive politics that rejects the

political status quo of oligarchy domination, as well as the radical alternative of social transformation by ‘smashing the state’ offered by the revolutionary left. In this way, the emergent left’s collective action in the urban water sector can be said to be a paradigmatic case of regulatory mobilization. For example, the regulatory mobilization of NGOs like the Institute for Popular Democracy (IPD) and the political party organization, Akbayan, at the local level was already alluded to in the previous chapter.

The second part of the chapter begins with a broader overview of mobilization in response to water privatization. Rather than taking politics out of water service delivery through an infusion of private capital and market efficiency, privatization politicized the urban water sector in Metro Manila even further. This can be observed in the increased role played by NGOs and other non-state actors in the water regulatory space. Existing analysis has focused on the visible and disruptive elements of mobilization, missing out on a more subtle and far-reaching mobilization of power emanating from urban poor communities. The third part of this chapter frames mobilization by the emergent left in the water sector in terms of regulatory mobilization. Tracing several streams of regulatory mobilization, I reveal the key actors involved in regulatory mobilization in response to water privatization and trace notable episodes of contention. Concluding with a discussion on key mechanisms, processes and subjects of regulatory mobilization, I argue that regulatory mobilization at the sectoral/policy level characterizes some of the more important social responses to water privatization in the Philippines.

### **6.1 Contesting Democracy in the Philippines: The Rise of the Emergent Left and its Reform Agenda.**

The macro context of the failure of the democratic institutions of the Philippine state to deliver public goods discussed in Chapter Four was primarily conceptualized in terms of oligarchic domination. This is a context, however, that has also been shaped by the mobilization of various groups of Filipinos in opposition to the highly inequitable status quo. In addition to having one of the world’s longest-running communist-led insurgencies, and a persistent state of rebellion among the Muslim minority in the south, Filipinos have also occasionally projected countervailing power in periodic displays of ‘people



power'. Indeed, the Philippines is also said to have a vibrant and dynamic civil society.

In just over two decades since the bloodless overthrow of the Marcos dictatorship (EDSA 1), the ensemble of social and political groups associated with civil society has become so developed, professional and sophisticated that the non-profit sector has now become a viable career option for fresh college graduates. By 2007, the Philippines was said to have about half a million 'civil society groups' (NGOs and POs) indicating that the 'civil society sector' is therefore 'large and vibrant by developing country standards' (Asian Development Bank 2007: 4). Highly experienced Philippine NGO experts now regularly work for and consult on civil society affairs internationally, as governments all over the world send their staff to the Philippines to learn about state-society relations (Ibid.). Paradoxically, the record of NGOs in the democratic consolidation of the Philippines since 'people power' in 1986 has been a mixed one. As observed by Franco, this impressive quantity of associational life is unevenly distributed throughout the country where:

Its contours broadly reflect the contours of the post-Marcos Philippine state, where the rule of law is unevenly institutionalized below and beyond the national capital (Franco 2004: 97).

Alongside this qualified description of the character of civil society is another observation that since EDSA 1 in 1986, Philippine politics in the twenty-first century has in fact been characterized by a general *demobilization* of the masses (Boudreau 2001: 131-76; Abinales and Amoroso 2006: 266-68). As 'people power' has become institutionalized as manifested in the 1987 constitution, with regular displays in the streets since EDSA 1 (ie., EDSA 2 and EDSA 3), accompanied by ongoing political decentralization, traditional politicians have likewise reconstituted 'business as usual' clientelism at both national and subnational levels of government (Eaton 2003). The source of this oligarchic hegemony, and mass exclusion of Filipinos, especially the urban poor, from meaningful participation in Philippine politics is also embedded in civil society. Hedman (2001) showed how the continuity of oligarchic domination has partly been dependent on its ability to mobilize sectors of society in the name of civil

society, thus demobilizing any counter-hegemonic collective action from those seeking more radical change and reform.

Meanwhile, POs' collective response to subsistence needs have largely remained embroiled in local politics, and have always been susceptible to clientelistic pressures as discussed in the previous chapter. POs rarely elevate their activity beyond their own communities. When they do so, it is usually with the assistance of NGOs, parties, and their networks of organizations. In the past, during the Marcos period of social mobilization, community issues – subsistence, livelihood, and other local concerns – rarely figured even in larger-scale sectoral and national mobilization with NGOs and other groups. The relationship between Left POs and other social groups is therefore a problematic one. That is not to say that POs are a homogenous group of actors as well. In fact, PO networks are rare and are frequently too divided – being too concerned with their own local issues – to be able to project a strong united front and raise their concerns to other terrain of struggle beyond their own locality (Karaos 2006). Hence although POs can be said to be part of civil society, they can also be distinct from it. The makeup of civil society in the Philippines is therefore a complex one. Furthermore, where it exists, civil society in the Philippines has been fractious. This context is best understood as being a 'contested democracy' (Quimpo 2008).

Nathan Quimpo (2005; 2008) shed light on this by turning the focus away from elites and towards the ostensibly 'powerless' and subordinate social groups, addressing the gap in the literature and correcting the imbalance of an elite-centric Philippine political science scholarship. In his review of the literature on Philippine politics (Quimpo 2008: 21-53), he critiqued, and then weaved parallel commentaries of 'elite democracy' and 'democracy from below' into his proposed approach: 'contested democracy'. Dismissing the top-down perspective which over-emphasises elite formation and intra-elite competition as epitomized by the works of Sidel (1999) and Hutchcroft (1998) discussed in Chapter Four, Quimpo argued that contested democracy was a perspective that better recognized the bankruptcy of an oligarchic democracy that only offers a truncated form of formal democracy which an oligarchy dominates. Set against this was a competing vision of democracy that was substantive and was expressed in struggles against

domination by marginal communities and subordinate classes (Quimpo 2008). Written off in the late 1980s and 1990s, there has been a revival of the Left in Philippine politics that is not only discernable from the revival of the revolutionary left, but also the emergent left. Quimpo showed how progressive forces are now increasingly drawn into new political arenas not previously associated with the revolutionary left in their bid to transform a deficient formal democracy into a participatory and egalitarian one, or to paraphrase Franco (Franco 2004: 129), how to both seize state power and exercise citizen power at the same time. Quimpo (2008: 94-294) revealed an emergent left that is increasingly drawn into electoral struggle and governance in urban areas and town centres, away from the countryside and the old emphasis on armed struggle and mass movement. It is this group of left movements, parties, NGOs and POs associated with the emergent left that Quimpo (Ibid.: 56) claims may become the 'true representatives' of democracy from below in Philippine's contested democracy.

#### *6.1.1 The 'revolutionary left' and the 'emergent left'*

The history of protest and resistance in the Philippines is also the history of 'Marxist, social democratic, socialist, communist, or liberal organizations', which constitute the broad Philippine Left. It is a broad church that is organizationally and ideologically complex, and convoluted. Beginning from before the Second World War, constant competition and cooperation during periods of mobilization have led to steady 'factional splits, schisms, debates, and organizational invention' in these organized groups (Boudreau 2001: 19-20). Organized Marxist opposition began in 1930 with the founding of the Partido Komunista ng Pilipinas (PKP). Initially pro-Moscow, the PKP figured prominently in the Huk - Hukbo ng Bayan laban sa mga Hapon (Hukbalahap) (People's Anti-Japanese Army) – rebellion which waged guerrilla warfare against the Japanese in the late 1940s, and during the early 1950s, against the government. Defeat of the Huks led the PKP to the adoption of a parliamentary strategy and eventual alliance with Marcos. This prompted splits within the PKP and eventually, the PKP lost much of its support to the Maoist Communist Party of the Philippines (CPP) formed in 1968, led by Jose Maria Sison. In 1969, Marcos extended his grip on power in his re-election to an unprecedented second term via a campaign where he 'out-

gunned, out-goosed, and out-gold' his rivals (Abinales and Amoroso 2006: 198). In this period of severe political and economic turmoil in the Philippines, the CCP denounced 'US imperialism, feudalism and bureaucrat capitalism', and called for the revolutionary overthrow of the 'reactionary' Philippine state. As an alternative to the 'semicolonial and semifeudal' order, the CPP aimed to establish a 'national democracy' on the road to socialism. The CCP gained a guerrilla army in 1969, the New People's Army (NPA), and began a Maoist-inspired protracted people's war (Quimpo 2008: 57-58). The CPP also began to infiltrate into organized protests groups all over the Philippines in the 1960s. These included the buoyant student movements in the cities, especially in Metro Manila, to workers' unions and peasant organizations.

Through its policy of 'centralized command, decentralized operations', the CPP had organized underground networks and NPA units in most of the major islands of the Philippines by the end of 1976. The CPP grew fastest in areas where human rights violations were caused by the military's presence under Marcos. By the late 1970s the CPP claimed to have a guerrilla force of fifteen thousand, the same number of cadres, and a 'mass base' of about a million. The party also controlled important schools in the cities through aboveground organizations like the League of Filipino Students and the *Kilusang Mayo Uno* (KMU) (May First Movement), and the umbrella federation of labour unions (Abinales and Amoroso 2006: 219-20). This was also the era where the predecessors of today's NGOs and POs were born. The Left had developed a myriad of 'cause-oriented groups' and coalitions, legal mass organizations and legal programmes that served as the backbone of the social movements in the last years of the Marcos dictatorship. These were involved in a wide range of issues from development work and sectoral issues, to health, human rights, and the environment. By the mid-1980s, it was estimated that some 20 per cent of all barangays in the country were 'penetrated, controlled, or influenced' by the NPA. The CPP had also mobilized peasants (via the *Kilusang Magbubukid ng Pilipinas* – Philippine Peasant Movement) and religious groups in the Catholic Church (Quimpo).<sup>112</sup>

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<sup>112</sup> John Sidel, email to author, 10 November 2010.

However, due to the CPP's boycotting of the elections following EDSA 1, a decision which the CPP Politburo described as a 'major tactical blunder', the political power it had built up over the years was forfeited when the broad anti-Marcos EDSA movement ended Marcos's dictatorship (Quimpo). Split internally over its stance towards the new constitution and electoral politics, it failed to adapt to the radically changed political landscape. From 1986 to 1989, both the underground and aboveground Left faced a wave of repression couched by the Aquino government in terms of suppressing counterinsurgency (Abinales and Amoroso 2006: 236-37). Belated attempts to enter electoral politics by the CPP took the form of Partido ng Bayan (PnB), which made negligible gains in the 1987 and 1988 elections. The Left was thus 'beaten back from the streets, the slums, the campuses, and the countryside'.<sup>113</sup>

Nonetheless, deepening inequality in the country, especially in the rural provinces, has seen the CPP steadily regain its strength from the 1980s and 1990s. By 2000, the NPA had increased its membership from a low of 6,000 in 1994, to over 11,000, demonstrating not only the revival of the CPP, but also the broad resilience of the Left in Philippine Politics. The 'emergent left' identified by Quimpo (2008) in the Philippines today is made up of leftist groups that broke away from the Communist Party of the Philippines (CPP) in the 1990s.<sup>114</sup> The breakaway groups are united by their rejection of violence for political ends, and instead commit themselves to mass movements and the electoral struggle. The remaining group became the biggest single bloc within the Left. Situated now on the revolutionary left of the spectrum, it consists of the CPP and CPP-aligned 'ND (National Democratic) movement'.<sup>115</sup> This group reaffirmed their commitment to

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<sup>113</sup> Ibid.

<sup>114</sup> This was a highly acrimonious split which also took place in the context of brutal purges from within CPP ranks. See Garcia (2001).

<sup>115</sup> The ND network includes the 'revolutionary united front' - National Democratic Front (NDF) - and thousands of open, legal ND organizations grouped under a coalition, the Bagong Alyansang Makabayan (Bayan) or New Patriotic Alliance. The NDs first burst into the limelight in the early 1970s during the upsurge of the student movement which were joined by the lower classes and marginalized sectors. The NDs soon spread throughout the country through their zeal and organizational skill. Armed struggle intensified after Marcos imposed martial law in September 1972 and the early years of the Marcos dictatorship saw the prosecution and killing of thousands of ND cadres and activists. Operating both underground and legally, the ND movement was the most

(predominantly rural-based) armed struggle as the mean to capture power. They are also divided by their attitudes towards democracy. The CPP and CPP-aligned ND groups take an instrumental view and attach no intrinsic value to the country's formal democratic processes and institutions. The same perspective towards elections and legislatures is also adopted towards human rights, which is rejected as 'bourgeois liberal'. Mobilization and engagement with mass organizations, NGOs and POs are also regarded as nothing more than serving and disseminating party (CPP) policy and directives. (Quimpo 2008: 78-83).

The emergent left however maintains an integral view and participates actively in elections, holds public offices, and works in governance. Represented by party-list organizations like Akbayan, political blocs like BISIG, and NGOs like FDC and IPD, they have also pledged to respect the integrity and autonomy of NGOs and POs vis-à-vis political parties, as well as the state (Ibid.: 87). Rejecting 'totalizing ideologies' and embracing political pluralism, the emergent left sees political struggle not merely as a means to seizing state power but also a gradual process in the transformation of power relationships that will change oligarchic democracy to mass, popular democracy (Ibid.: 86-87). Changing the *trapo* dominated political culture and institutions is also a key part of the emergent left's agenda. This is therefore a new political force that defines itself apart from the revolutionary left, bourgeois civil society, and the country's traditional political oligarchs. By 1993, the 'new politics' that this group had adopted could be considered as a 'post-Marxist perspective on democracy and the democratization process akin to Laclau and Mouffe's strongly Gramsci – influenced 'radical democracy.'" (Ibid.: 99-100). A Gramscian perspective on the hegemonic role of liberal civil society informs how they see themselves vis-à-vis other groups even

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powerful and organized force within the broad anti-Marcos movement. The ND movement peaked during the first half of the 1980s and thereafter went into decline after they campaigned for a boycott of the 1986 presidential elections. They thus manoeuvred themselves out of the people power uprising in 1986 that toppled Marcos and swept Corazon Aquino into the presidency. (Ibid.). The fallout from this tactical disaster led to the splits within the CPP and the ND movement. Many scholars however feel that the language of the 'ND' never really existed, and has been nothing more than 'insider argot'. This is because the ND was a complete failure in terms of establishing a 'united front'. Nonetheless, to the extent that this chapter adopts Quimpo's (Quimpo) perspective and terminology, it will also cite and appropriate the terms that Quimpo used. In his book, the ND was certainly a real 'entity'.

as they engage in contentious politics and development work in the space that civil society provides. Quimpo himself wrote:

Philippine civil society, as long as the oligarchic elite wields ideological and cultural hegemony in it, simply cannot be expected to transform an elite-dominated democracy into a more participatory and egalitarian one (2008: 125).

The tension between the emergent left and its engagement and constitution of civil society is best summarised by Franco (2004) as an emerging competition between two streams of popular democracy within the substantive, bottom-up approach concerned with system change. The first is a political-electoral reform stream aiming to seize power from corrupt and ineffective elites through the ballot box. The second is a social reform path that is seeking to promote change by exercising the power of citizens in governance (Ibid.: 100-01). For all its rhetoric, the actual politics of the emergent left continues to be fraught with tension with its political rivals – the revolutionary left, the oligarchy, and what Quimpo called ‘revisionist neoliberals’ – individuals and groups who present themselves as state reformists in the vein of good governance and participation, while working closely with traditional politicians (Ibid.: 200).

In the post-Marcos electoral arena, high hopes placed on the Left as a whole in the fight against the oligarchy were disappointed since much of the Left remained dominated by revolutionary left groups. Having boycotted elections from 1969 to 1986, the CPP and ND forces contested in the 1987 polls but had not shifted very much from their hardline position on the futility in participating in ‘bourgeois’ democratic institutions. Their involvement was instrumental, and was motivated by the belief that elections can be a useful tool in the primary aim of overthrowing the Philippine state (Quimpo 2008: 135-37). Individuals that will later break away from the CPP and CPP-aligned groups, like Walden Bello, however began to urge their comrades to see electoral contest as a central site of struggle (Ibid.: 139). Initial attempts at electoral contestation by emergent left groups during and after the CPP split met with limited success with many candidates and parties co-opted by oligarchic patronage politics (Ibid.: 141). The 1995 Party-List System Act that reserved 20 per cent of the lower house for the poor and for politically

marginalized groups saw new parties from the emergent left like Akbayan obtain seats in the house of representatives for the first time in the 1998 general elections. Gains for emergent left groups remained modest in the 2001 elections but the ND-affiliated Bayan Muna was the biggest winner. True to its CPP-inspired instrumental stance on democratic elections, Bayan Muna formed alliances with *trapo* candidates at the local and district levels (Ibid.: 144-45).

Such practices were not only limited to the revolutionary left groups. In an election campaign, Quimpo (2008: 150) observed how Left parties across the spectrum put up candidates who ran under both *trapo* and Leftist tickets. I had also observed this political dynamic in the 2007 elections in Caloocan when Cynthia (see previous Chapter), an Akbayan member, was effectively Rico Echiverri's campaign manager in Bagong Silang. Hence, in striking deals with *trapo* parties and individuals, and by allowing Left members and activists to run under *trapo* tickets, all Leftist parties and groups from both the revolutionary and emergent left have contributed to the blurring of the distinction between the patronage politics of the oligarchy and the ostensibly 'new politics' that the left is trying to advocate (Ibid.: 158-59). This shows that even though the emergent left is trying to distinguish its integral view of democracy from the instrument view of the revolutionary left, as well as the elitist patron-clientelism, the desire for, and the reality of electoral contests for political power may blunt more idealistic goals. This can be seen from the political agenda of reform that the emergent left have embraced.

The issue of political reform now dominates the political agenda. As the 'spirit of people power' becomes institutionalized (with, for example, the election of sectoral interest groups to the House of Representatives), and with political demobilization taking place (Abinales and Amoroso 2006: 266-67), a convergence around the reform agenda has occurred in the context of contested democracy drawing in elements of the emergent left previously associated with revolutionary determination to 'smash the state'. This can be said to be a convergence of insurgency and reform, partly due to:

[T]he very process of capital accumulation [that] has generated various



forms of resistance that appropriate the languages of legitimation. In the agrarian setting and among the urban poor, recalcitrance or rebellion are thus commonly framed in appeals to pre-colonial and pre-capitalist norms in which power and property serve a purely social use. Among the emerging urban middle class and within the national business elite, the hallmarks of successful capitalist development - good government and rapid economic growth - form the basis for an insurgent reformism (Sidel 1995: 168).

Social mobilization in response to water privatization is one example of such ‘insurgent reformism’ where contention among the urban poor and politically marginalized acquires boundary-spanning characteristics. Resistance is neither fully co-opted nor entirely transgressive. This is the mobilization context of any attempt to understand organized resistance to water privatization in Metro Manila. Despite such differences, the central lesson the emergent left is determined to learn is neatly summarised in this observation by de Dios:

what seems essential in breaking with patronage politics and bossism is the emergence (or successful creation) of a reliable social constituency (and ultimately electoral base) with a stake in broad local public goods provision rather than in patronage or special interest politics (2007: 147).

The emergent left’s desire to mobilize ‘from below’, rejection of violent means for political ends, ambivalence towards civil society, and attitude towards both state and civil society as terrain for political struggle, it is perhaps unsurprising that mobilization by the emergent left has taken takes on forms of regulatory mobilization that are neither fully transgressive nor entirely co-opted. Such mobilization is boundary-spanning, and hybrid in terms of its advocacy and service-delivery functions.

As explained in Chapter Three, in settings where rights are guaranteed and political participation are legitimate but the rule of law is weak and political institutions are easily compromised, the organization and utilization of norms for collective action to address the gap between rights promised and rights delivered – regulatory mobilization, emerges. If everyday resistance is part of ‘weapons of the weak’ in highly repressive regimes, then rightful resistance may categorize boundary-spanning claim-making in less controlled settings like authoritarianism in China. Further along the spectrum where rights are guaranteed, the rule of law

is established and political participation is legitimate like in the United States, resistance may take the form of legal mobilization (McCann 1994). In subnational authoritarianism in formally democratic settings like the Philippines, boundary-spanning resistance may take the form of regulatory mobilization especially at the policy or sectoral level. This explains why contentious collective action appears to be episodic and sporadic, lacking the organizational mass and cycle of contention that characterizes a social movement. The terrain of contention has changed. The street and public spaces remain the most visible and arguably potent form of direct action that brings down government. In the less visible arenas of regulatory spaces however, social forces have been mobilized in significant density. This includes, but also goes beyond the kind of legal mobilization that McCann observed in the United States, and rightful resistance described by O'Brien and Li (2006).

## **6.2 Mobilizing Against Water Privatization in Metro Manila**

Social mobilization in response to water privatization in Metro Manila has involved a wide range of engagements involving various actors, collective action frames and ideas, action repertoire, and set against varying local contexts within the broader background of Philippine state and societal formation. Some mobilizations have been explicit and directly observable, but most contentious collective action has been subtle and its impact on regulatory outcomes, indirect. There has been substantial variation in the roles of citizens, as water consumers, who mobilize in a regulatory space that has become increasingly complex and unpredictable since privatization. In short, privatization has increased the repertoire of contentious collective action in the water sector. This is the standout observation of social mobilization in response to water privatization in Metro Manila. Contentious collective action has fallen roughly into three phases so far. A pre-privatization 'anti-privatization' phase involving trade unions and industrial action, a post-privatization 'anti-privatization' phase where mobilization was most visibly dominated by NGOs from civil society, and the present post-privatization 'alternative' phase now represented mostly by NGOs *and* POs in regulatory mobilization. This section presents a broad picture of contentious collective action over water privatization. The next section will identify and elaborate on particular episodes of regulatory mobilization in the current 'alternative' phase.

### 6.2.1 Mobilizing against water privatization before 1997

Perhaps the clearest indication of how contentious collective action in response to water privatization has changed is the role played by labour unions. Prior to privatization in 1997, labour unions were the strongest, if not the only organised resistance to privatization. As MWSS was a government corporation governed by civil service commission rules, it did not have a labour union like many other government agencies. Instead, it had an official 'employees' association' (Cruz 2001: 11-12). The *Kaisahan at Kapatiran ng mga Manggagawa at Kawani sa MWSS* (Unity and Brotherhood of Workers and Employees of MWSS - KKMK-MWSS) was in effect the largest association representing MWSS workers. For the KKMK-MWSS, employment and security of tenure were the primary issues. KKMK-MWSS was principally opposed to any restructuring and reorganization of MWSS as an outcome of the Water Crisis Act, which would result in job losses for MWSS employees and members of its union (Ramirez 1995 : 7). This was an urgent and legitimate concern as the privatization of water utilities all over the world has always been followed by massive labour reductions in the privatized entity.<sup>116</sup> Indeed, from the original 7,370 MWSS employees before August 1996, there were only 4,306 or 58.4 per cent of the original headcount left after privatization (Cruz 2001: 16). The actual labour bargaining power of KMKK was non-existent since it was an employee's association – essentially a self-help association (Ibid.: 18). Hence, several unofficial labour unions also existed alongside the KKMK-MWSS, and were the primary organized labour resistance to water privatization. These were the Kilusang Mayo Uno (KMU) (May First Movement), a ND-affiliated alliance of labour organizations from all over the Philippines, the Confederation for Unity, Recognition and Advancement of Government Employees (COURAGE), an umbrella organization of public sector unions ideologically similar to the KMU, and the MWSS Employees Union (MEU). They were explicitly opposed to privatization insofar as 'water would be utilized for profit'. The MEU's main criticism of the Water Crisis Act for attributing the water 'crisis' to lack of projects as opposed to the system as a

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<sup>116</sup> For example in Argentina, water privatization in Buenos Aires saw the number of employees reduced to 50-60 per cent of pre-privatization levels (Cruz).

whole that failed to protect its water resources was also essentially an accurate one (Ramirez 1995 : 7).

While much has been made about the close consultation with what was effectively a powerless employee's association (Dumol 2000; Cruz 2001), the reality was that the consultation was only afforded a short time to prevent the unions from coming up with a consolidated position (Asian Development Bank 2000: 32-36). With a workforce divided among competing unions, and the largest one lacking any real bargaining power, what was already a difficult position for MWSS employees was exacerbated by the short time consultation that was allowed to take place. Dissatisfaction with the package being offered to workers led to the swelling of COURAGE's ranks (Cruz 2001: 32). On 30 June 1997, a month before the scheduled turnover of operations to the concessionaires, industrial action organized by COURAGE took place.<sup>117</sup> Although only around 200 workers joined the picket line, some 2,400 MWSS workers were absent from work (Dumol 2000: 117). A temporary restraining order and an injunction against the strike were obtained by MWSS. Unperturbed, some 400 striking workers sought for a temporary restraining order from the Supreme Court on 10 July to halt privatization which was due to take effect on 1 August 1997.

The extensive 81-page petition submitted by the MEU, COURAGE and KMU not only requested a halt to water privatization but challenged the overall privatization strategy of then-president Ramos. They claimed that the Concession Agreement violated at least six articles and nine sections of the national constitution concerning national patrimony, social order, labour, full disclosure on public transactions, bill of rights, social justice and human rights, and public utility franchises, among others (*Philippine Daily Inquirer*, 'Tribunal asked to stop MWSS privatization', 11 July 1997). This was, however, dismissed swiftly by the Supreme Court. Most of these workers were later laid off for their involvement in the industrial action (*Philippine Daily Inquirer*, '200 MWSS workers laid off', 13 August 1997). This was one of the first, albeit limited

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<sup>117</sup> The main grievance was the six-month probationary period that all remaining MWSS employees had to undergo before gaining full employment with the private water concessionaires and the restructured MWSS.

instances of regulatory mobilization employed in organized resistance to water privatization.

As noted by a key government official involved with the privatization of MWSS:

I think there were several reasons for people's apparent indifference to this issue [tariff disparity in rates between the East and West zones]. The first is that the amount of an individual water bill is relatively small; many people do not have an idea how much it is. People are more concerned about the availability of water and its quality (Dumol 2000: 103).

The same reasons however can also be used to explain the lack of wider organized opposition to water privatization. Prior to privatization, organized opposition was generally a labour issue involving unions. Water privatization was part of a larger set of reforms in the context of a public sector that was as inefficient as it was corrupt. The general public was waiting to see what improvements privatization would bring to the water sector.<sup>118</sup> The timing of water privatization also came on the heels of a successfully privatized energy sector that had almost immediately removed brown-outs in the Philippines which had become a daily feature of life for its citizens. Privatization thus had much credibility at that time (Ibid.: 119). Any wider opposition campaign would thus have needed to be well-articulated by social groups (Montemayor 2005: 215). These groups – NGOs and networks – would only emerge on the scene after 1997.

#### *6.2.2 Mobilizing against water privatization after 1997*

Mobilization at the sectoral level has been populated by broad-based networks who challenge the premises of privatization. They latch onto a global justice discourse that also attributes blame on the state and MFIs, thus implicating geo- and national politics. Local issues seldom featured here initially other than for use as examples illustrating the problems of water privatization. Initial response to water privatization in Metro Manila by civil society was muted as the country was caught up in the impeachment trial of president Joseph Estrada which divided the political opposition. A more united, and less distracted, opposition may have been better mobilized against water privatization. Although privatization took some

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<sup>118</sup> Carla A. Montemayor, interview with author, 9 October 2006.

people by surprise, bearing in mind the reforms were set in the context of a public sector that was both inefficient and corrupt, many were also waiting to see what changes privatization would bring to the water sector (Ibid.).<sup>119</sup>

Manila residents received a rude shock when MWCI petitioned unsuccessfully for rate increases blaming foreign exchange losses and the effects of *El Nino* barely a year into its operations. MWCI's initial failure to increase tariffs did not discourage the concessionaires from continuing to renegotiate the original terms of the concession contract. In December 2000, MWSI proposed to raise tariffs and postpone service obligations (Esguerra 2003: 18). By March 2001, it had stopped paying its concession fees to MWSS altogether (Chavez and Malaluan 2005). Once again, the prospect of tariff increases outside contract stipulations galvanised civil society into action and it was the groups associated with the emergent left that would become the most prominent. Between May and August 2001, organizations that would eventually go on to establish Bantay Tubig like the Freedom from Debt Coalition (FDC), the Institute for Popular Democracy (IPD), a leftist think tank, and the emergent left political party Akbayan, waged a public campaign against the tariff increases, attempts at modifying the original contract by MWSI, and to reform the regulator (MWSS-RO). Intensive lobbying at the House of Representatives via congressional hearings, direct action, legal cases, and a new President (Arroyo) who was eager to impress following the people's power revolution (EDSA 2) that disposed her predecessor, delayed MWSI's proposals by four months. When Arroyo finally intervened personally to revoke the Memorandum of Concession between MWSS and MWSI and demanded the latter to stick to its contract, MWSI threatened a 'water blackout' (Freedom from Debt Coalition et al. 2006). Thus in October 2001, water prices in Metro Manila increased sharply.<sup>120</sup> Public support for the campaign was limited due to the technical complexity of the issues, and allegations that the Chief Regulator at the time, Rex Tantiogco, advocated the changes in favour of MWSI (Freedom from Debt Coalition 2001). MWSI had lobbied hard in Congress, obtaining the

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<sup>119</sup> Ibid.

<sup>120</sup> In Maynilad areas, the basic water tariff increased by 135 per cent from Php6.58 per cubic meter (January to October 19, 2001) to Php15.46 (March 2002). In Manila Water areas, rates went from Php2.95 (January to March 2001) to Php6.75 (March 2002) or by 128 per cent (Bantay Tubig n.d.).

signatures of 70 congressmen for a congressional resolution backing its petition. It also mobilized urban poor support from some early beneficiaries of its services. MWSI's president, Rafael Alunan also utilised the media, and engaged NGOs directly in discussions (Esguerra 2003: 25).

This episode was to become characteristic of other early attempts by civil society and leftist organizations to challenge the regulatory framework of privatization in terms of its legitimacy, governance and performance in the immediate post-privatization anti-privatization mobilization. Other than bringing attention to the public the 'bonanza of favours' the administration and its regulatory agencies had given to the concessionaires at the expense of customers (AKBAYAN 2001), civil society largely failed to affect regulatory outcomes and participate as a player in regulatory decision-making. This may have to do with its lack of formal status in the regulatory space in the privatized water sector. In the eyes of formal stakeholders, civil society may be deemed as an illegitimate actor. Civil society has been unable to intervene effectively in influencing the outcome of MWSI's application for early termination in 2002, its financial rehabilitation between 2003 and 2005, and the re-bidding of the west zone to a new concessionaire in 2006. Even as protesters picketed outside the hotel during the arbitration process between MWSS and MWSI convened under the auspices of the International Chamber of Commerce, Bantay Tubig (as well as a congressman) was denied observer status by the arbitration panel to the hearings. Other legal interventions since 2003 during the rehabilitation hearings led by another NGO, Action for Economic Research (AER) through the courts has allowed the airing of public interest debates and secured some changes during the process, but failed ultimately to alter the bailout of MWSI by the government. Even when the regulator has criticised the concessionaires for failing to meet targets, it has been difficult for civil society to claim credit since it does not have a formalized role in water regulation after privatization.<sup>121</sup>

In the wake of the successful rehabilitation of the west zone, the anti-privatization

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<sup>121</sup> The constraints from not having a formal role can also be seen from the claim of Maynilad that consumers should not interfere with the process of tariff-setting because they are not party to the concession contract. See (Bantay Tubig n.d.).

campaign lost its momentum. Some NGOs appeared to be waiting to see what plans the new owners of the west-zone concessionaire, DMCI, have for the waterless communities before taking further action. Other NGOs may be adapting their strategies to incorporate engagement at the local level more fully. The self-assessment of Bantay Tubig by the current spokesperson, Esguerra was candid, 'Bantay Tubig has had little direct impact on water privatization'.<sup>122</sup> Although referring to a single NGO, it may be a limited, if not premature conclusion on civil society engagement with the privatized regulatory framework as a whole. Without a formalised institutional role in the privatized regulatory framework, the *informal* role NGOs will later play through regulatory mobilization may turn out to be more significant in the long term. Individual NGOs like Bantay Tubig and FDC may have had limited direct impact on regulatory outcomes but collectively, through mobilization, civil society has actively developed an informal role in regulatory space that has allowed NGOs occupying the space to exercise a kind of 'soft power'. This has been done through water advocacy networks (see below for descriptions of some of these networks) that have emerged since privatization. These networks continue to be the recipient of information from various stakeholders and 'whistle blowers', and are regularly invited to dialogues with MWCI. In other words, they have created sites of power in a regulatory space where formal regulatory frameworks did not design for civil society to have much power. The concessionaires have also responded to the influence of civil society through internal reforms. MWCI for example now has senior staff dedicated to 'stakeholder management', in other words, managing relations with NGOs.<sup>123</sup> Since 2005, MWCI has adopted a strategy for engaging with NGOs with varying approaches to different kinds of NGOs.<sup>124</sup> In the eyes of the public and in the discourse, efforts of NGOs like FDC and networks like Bantay Tubig have kept the issue of the 212 waterless communities on the agenda. It is an agenda that MWCI's recently developed sustainable development programme has also sought

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<sup>122</sup> Jude Esguerra, interview with author, 18 January 2007.

<sup>123</sup> Carla May Berina-Kim, interview with author, 9 January 2007.

<sup>124</sup> According to Carla May Berina-Kim, NGOs are categorised by MWCI into 1) pro-MWCI and privatization NGOs whereby MWCI may collaborate with on joint projects; 2) NGOs with 'different' views on privatization whose opinions are solicited for service improvements; and 3) anti-privatization NGOs that MWCI actively seek to have quarterly dialogues with.



to engage with.<sup>125</sup>

Meanwhile, pending before the Supreme Court is a petition filed by AER (Action for Economic Research), Bantay Tubig and other groups questioning the rehabilitation of MWSI. According to Landingin (2007), the petition claimed that MWSI's financial rehabilitation plan violates the terms of the contract under which the 25-year concession was awarded to MWSI in 1997. In addition to the Supreme Court case, Bantay Tubig had also filed a case with a regional trial court questioning the legality of amendments made to the Concession Agreement. Attempts were also made by other NGOs like the Centre for Popular Empowerment (CPE) to open up an additional avenue of legal intervention through another government agency, the National Water Resources Board (NWRB) over MWSI's rate increase. This was an interesting case because when MWSS and MWSI attempted to dismiss the complaint, NWRB's response was to deny their motion for dismissal, in effect asserting its heretofore unspecified power to hear consumer complaints in the water sector in Metro Manila. Increasingly, legal recourse either through the judiciary or arbitration bodies are popular in civil society engagement with privatization, even at the local level (see below). Whether legal interventions are more effective for civil society activism in the water sector, compared with other methods in its repertoire, remains to be seen and requires further study. Meanwhile, the indirect effects of civil society activism through legal interventions in the water sector cannot be dismissed as insignificant.

### *6.2.3 Left NGOs and networks mobilizing over water privatization*

Water privatization has presented itself as a 'learning' site for the emergent left to re-engage ordinary Filipinos. Although there is no social movement against water privatization today, what amounts to the mobilizing structures organizing contentious collective action in response to water privatization are a variety of formal organizations mainly at the sectoral levels, coordinating via a range of connective structures, a complex ecosystem of local organizations with varying contextual rooting and autonomy. While the actors who have mobilized in

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<sup>125</sup> N. Jeric T. Sevilla, Jr., interview with author, 9 January 2007.

response to water privatization are diverse, contentious collective action observed at the sectoral level from this perspective are mostly about a small group of individuals and organizations from the emergent left. Although they are among the weakest and newest players in Philippine politics, their role in the post-privatization water sector provide evidence showing how fast they may be learning the skills and reaping the political rewards from ‘governance work’. Reflecting contending perspectives in governance among the Philippine Left, the involvement of leftist groups in the water sector display similar political cleavages.

**Table 3. Observed social groups involved in water privatization mobilization**

Types of Left Groups <sup>126</sup>	Scale of Mobilization	
	<b>Sectoral</b>	<b>Local</b>
<b>Patrimonial</b>		political machines like SRTA
<b>Radical Democratic</b>	Bantay Tubig, FDC, AER, IPD	PATTAK
<b>Revolutionary</b>	WPN, IBON, COURAGE	Alyansa Sigaw Tubig

Source: Adapted from Quimpo, N. G. (2008). *Contested Democracy and the Left in the Philippines after Marcos*. New Haven, CT, Yale University Southeast Asia Studies. pp. 94-127.

A handful of NGOs and networks of numerous other civil society organizations are visible in their mobilization at this scale of analysis (Table 3.). Occasionally, political parties and party-list organizations, as well as congressmen or senators in both houses of the legislature will issue statements or forward resolutions for debate. Given the complexity of the issues surrounding water privatization however, these political actors usually take their cue from the more specialised NGOs and networks. The most prominent of these NGOs are the Freedom from Debt Coalition (FDC), Institute of Popular Democracy (IPD), and IBON Foundation. The networks are Water for the People Network (WPN),

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<sup>126</sup> Adapted from Quimpo (2008: 161-62).

Progresibong Alyansa ng mga Tagatangkilik ng Tubig sa Kamaynilaan (PATTAK) (Progressive Alliance of Metro Manila Water Consumers) and Bantay Tubig (Philippine Water Vigilance Network). Of these groups, Quimpo argues that it is those representing the radical democratic perspective like Bantay Tubig that present the most credible leftist alternative to the patrimonial politics of the Philippine oligarchy.

The FDC emerged to be the most vociferous critique of water privatization in the immediate years following privatization and launched a sustained anti-water privatization campaign.<sup>127</sup> FDC is also a member of the Technical Working Group of the Committee on Natural Resources of the House of Representatives to study and review privatization and economic regulation. FDC is a network of NGOs, POs and various political blocs of the emergent left. Its main platform has been a form of economic nationalism based on critiques of MFIs like the World Bank and the IMF for interfering with Philippine's economic affairs (Quimpo 2008: 112). Like the IPD, it is a post-EDSA creature in that it exists to present a broad united front for mobilization by the numerous but small groups in the emergent left:

Amid divergent sectoral orientations and political ideologies, the Coalition was bound by two basic principles: 1) That the Filipino people have the right to know the details of the country's foreign debt by virtue of being the ones forced to pay for it; and 2) That the Philippines have the right to adjust debt payments to the nation's capacity to pay to ensure economic growth.

The composition of the Coalition and the changing nature of the country's indebtedness are major factors that determine the campaigns and advocacy track of the organization (Freedom from Debt Coalition 2006).

The main issue the FDC mobilize collective action on is indebtedness:

Over the years, FDC has consistently recognized debt as the prism that holds the wide spectra of issues ranging from structural adjustment policies (SAPs) that the multinational financial institutions like the IMF, WB, Asian Development Bank (ADB), et al. were imposing on the Philippines to the power sector issues, taxation, fiscal reforms, water privatization, and the

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<sup>127</sup> Much of this section on the FDC and its mobilization over water privatization is drawn from the most extensive study done on this topic so far by Tadem (Tadem ; Tadem and Morada).

deregulation of petroleum products. These imposed neo-liberal policies have been woven into the campaigns and advocacy fabric of the coalition (Ibid.).

With the crushing Philippine national debt as its main framework, FDC has regularly worked with mass movements with the aim of strengthening them through its campaigns on debt, public finance and privatization of essential services (i.e. power and water) (Freedom from Debt Coalition 2008).

The FDC only actively researched into water privatization in 1997 *after* MWSS was privatized (Tabios et al. 2001: 8; Freedom from Debt Coalition 2005), even though legislation paving the way for privatization had already been passed by Congress in 1995.<sup>128</sup> The early objective in FDC's mobilization on water privatization was fact-finding and critical analysis for the purpose of building a consensus within the FDC to mount a campaign on (Tabios et al. 2001: 9). A consensus was needed as political blocs within FDC were split over the Estrada impeachment trial. FDC and the network Bantay Tubig, also filed a petition at the Supreme Court on 29 June 2006 seeking to overturn a resolution issued by the MWSS Regulatory Office (and the MWSS Board of Trustees) that the two water concessionaires should be treated as agents, rather than utilities. The legal and formal identity of the concessionaires determines the rate of return of the concessionaires' business. According to the Commission on Audit's report in December 2003, MWCI's rate of return in 1999 was 40.92 per cent. As mere contractors/agents, the concessionaires would also be able to pass on their corporate income taxes to the customers, and delay extending their services rather than being bound to provide services as a public utility. Under the MWSS Charter, a utility was entitled to not more than 12 per cent. FDC and Bantay Tubig thus urged the Court to strip the concessionaires' agent status, and restore the 12 per cent cap on the concessionaires' rate of return.<sup>129</sup>

FDC's role in mobilizing contentious responses to privatization has been well-

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<sup>128</sup> This was Republic Act 8041 ('Water Crisis Act') which provided President Ramos with emergency powers for one year to address the issues related to supply distribution, finance privatization, lay the groundwork for the reorganization of MWSS.

<sup>129</sup> For a detailed analysis, see the Philippines Center for Investigative Journalism (2006).

documented by Tadem (2004; 2005). Much of its mobilization was in the context of its long-running engagement with Philippine's indebtedness and MFIs. Therefore, its early campaigns had little traction with specific local issues in the community, and consequently had little to say on real alternatives to water privatization. In 2004, the FDC formed PATTAK which focused on developing a "grassroots-based consumer movement primarily aimed at improving water and sanitation services". Comprising mostly of POs and groups from urban poor and low-income communities, it does not have the prominence or sophistication of Bantay Tubig, and it appears to be the chief vehicle used by the FDC for mass-based activities. Tadem's analysis of FDC's key involvement in anti-water privatization mobilization ends where the new and current phase of mobilization – regulatory mobilization by activists – begins. FDC was to take a less frontline and more supportive role as a 'new' form of mobilization came into the picture, with IPD taking up the mantle.

The IPD was founded in 1986, the year the Marcos dictatorship fell. A think tank with close links with the emergent left, its ostensible objective is to 'maximize and broaden the emergent democratic space by actively promoting pluralism within the progressive movement and building coalitions for unified intervention in crucial national issues... [by enhancing] the capabilities of non-government organizations, people's organizations and progressive political formations' (Institute for Popular Democracy 2006). With a strong focus on research and advocacy, IPD has regularly employed researchers who also double as activists who are engaged with civil society groups, reform-minded government officials and government agencies.

Although IPD is seldom seen at the forefront of campaigns and mobilization, IPD has been influential in work behind the scenes. Its role in anti-privatization mobilization after 1997 was most evident through its role in the network, Bantay Tubig. Bantay Tubig, a 'citizens' coalition for adequate, accessible and affordable water in the Philippines' was formed in April 2002. It is a loose coalition of NGOs and party-list groups that first campaigned together on issues relating to water privatization between May and August 2001. Working without a full-time secretariat, network members and individuals campaign on a voluntary and ad hoc

basis, pursuing issues individually or via the network as a whole. Bantay Tubig and its members are some of the most prominent civil society actors in the water regulatory space, occupying multiple sites of resistance and governance simultaneously.

Bantay Tubig comprises Akbayan Citizens' Action Party, Alliance of Progressive Labor (APL), Citizens' Battle Against Corruption (CIBAC), Focus on the Global South-Philippines (FOCUS), Freedom from Debt Coalition (FDC), Institute for Popular Democracy (IPD) and Tambuyog Development Center. In its first few years as a formalised coalition, members of Bantay Tubig have collectively and separately organised public information campaigns on pricing and regulatory issues, protested against regulatory failings and discretionary behaviour of the two concessionaires, initiated congressional inquiries on various aspects of water privatization, and pursued legal action. Subsequently, its focus shifted nationally and locally as its role and activities increased in sophistication. Bantay Tubig began to examine the national water policy as a whole while documenting cases of community resistance not only to the concessionaires but other private water companies, as well as community-based water governance alternatives. Recently however, Bantay Tubig's presence has diminished as other networks and new NGOs have emerged to take over the momentum in pursuing the issues. As its coordinator, Jude Esguerra remarked:

I am actually unsure how the Bantay Tubig organization should proceed next if they want to have a politically viable, grassroots-based, coherent articulation of a proposal for an alternative to privatization.<sup>130</sup>

WPN is another network that has mobilized against water privatization but its allegiance lies with the revolutionary left. WPN describes itself as a 'campaign network' (Water for the People Network n.d.). Its main objective is to forward an alternative paradigm to the existing water regime perceived as 'private, foreign corporate-led'. The Filipino People's Water Code 'upholds the human right to water and the people's collective rights to manage their water.' It also claims to support local struggles over water to help them achieve 'national and international

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<sup>130</sup> Jude Esguerra, email to author, 23 May 2006.

projection'. The main groups behind the network are the Bagong Alyansang Makabayan (BAYAN) (New Patriotic Alliance), IBON Foundation, Kalikasan People's Network for the Environment (KPNE), Center for Environmental Concerns (CEC), and COURAGE.

The overview of contentious collective action over water privatization so far is chronological and broad. It is difficult from this high and abstract vantage point to identify the more subtle mechanisms and processes of regulatory mobilization. The final part of this section will introduce the broad strokes of regulatory mobilization which the rest of this Chapter will illustrate and analyse in terms of streams of contention. Streams of contention that can be characterized as regulatory mobilization are 'connected moments of collective claim-making that observers single out for explanation' (McAdam et al. 2001: 211).

### **6.3 Streams of Regulatory Mobilization**<sup>131</sup>

Regulatory mobilization in the water sector after the privatization of MWSS takes place in a regulatory space that is dynamic and unpredictable, implicating at least the informal sector as well as a clientelistic 'patrimonial' field of law. What NGOs have done is to take the lessons learnt in earlier periods of mobilization in other sectors, like the 'bibingka strategy' and apply them to the policy sector in the wake of water privatization.<sup>132</sup> This can be seen from NGOs and social forces associated with the emergent left like IPD and FDC's regulatory mobilization in the urban water sector in Metro Mania.

Regulatory norms – laws, principles, standards or guidelines - are identified, studied and manipulated in a variety of ways. For example, the principle of exclusivity in water privatization informs the rules that determine the nature and amount of competition in the water sector.<sup>133</sup> The evolution of any market

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<sup>131</sup> This section draws upon various internal documents of IPD.

<sup>132</sup> Borras (1999) called it the 'bibingka' strategy, named after the native Filipino rice cake baked in homemade oven of two layers. This concept is adapted from Fox's (1993) 'sandwich strategy' which described how reforming officials and mobilized popular movements defended a social programme against counterattack by hostile elites.

<sup>133</sup> Exclusivity determines competition within the market. Other forms of rules determining competition for the market itself may include regular rebidding of service

structure following privatization depends on whether exclusive franchises have been granted to a large extent, or if competitive entry by other providers is allowed. Since water services have traditionally been perceived as a natural monopoly, water service providers are usually granted a monopoly over a given supply area on the assumption that having one network is most economical. This granting of exclusivity is regarded as relatively harmless, and deemed a good way of enhancing the 'financeability' of private services and investment (Brook 2002: 10). Exclusivity is also justified by differential pricing for low and high-demand customers since cross-subsidies are needed to offset loss-making customers from profitable ones. A lack of exclusivity can potentially allow a competitor to only serve low-cost and highly-profitable customers, to the detriment of others in the service area (Brook and Smith 2001: 11).

The reality of exclusivity clauses has been to minimize incentives for private water firms to extend service coverage since the costs of servicing the poor are too high (Smith 2002: 218-19). Barriers to entry by competitors also reduces the threat of competition, and hence disincentives the firm (Brook and Smith 2001: 11). This reinforces the illegality of the informal water sector and keeps informal water vendors out of the formal market, even as the later depend on the former especially for service provision to the urban poor. The principle of exclusivity for private water utilities is therefore constitutive to the purposeful and actual formalization of the concession service area as a monopoly. As Budds and McGranahan (2003: 94) argue, 'with a true natural monopoly, concession contracts would not have to grant exclusivity to the concession holder; it would emerge 'naturally'.' Such exclusive rights to operate in any service area protect water providers from competition and some of the uncertainty surrounding future demand. This limiting of competition benefits the firm and attracts the private sector to participate in the water sector.

Challenging the exclusivity principle and rules that grant exclusivity may therefore further legitimize, and eventually legalize informal water providers in a

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contracts. Competition can also come via capital markets where rules are established for operators to purchase their competitors by buying shares on financial markets or through direct mergers (Public-Private Infrastructure Advisory Facility and World Bank 2006).



way that leads to a coherent peri-urban policy framework that can encourage small private investors regardless of the identity and nature of the central water utility. Specific issues include compensation of the private utility for any loss in revenues from not having exclusivity and incentives which nonetheless encourage private utilities for contracting third-party providers all the same (Ocampo et al. 2007).

Another norm challenged by regulatory mobilization concerns the practise of bulk-selling of water. Tariffs have been one of the earliest issues around which mobilization has formed. As discussed in Chapter Four, the existing tariff structure penalizes the urban poor while benefiting more well-off customers. Regulatory mobilization has thus addressed various aspects of tariff policies. In particular, bulk-selling by the concessionaires is a contentious practice. Bulk-sales refer to policies for wholesale or 'bulk-selling' of water supplies from the concessionaire to smaller water providers who then distribute the supply to individual customers. The individual customers do not have direct contractual relations with the central utility, but with the small-scale water provider (SSWP) instead. Issues that a peri-urban or poor-friendly bulk-selling policy will account for discounts to small-scale providers since they bear most of the cost of service expansion to urban poor and other difficult to reach areas, while the private utility claims credit for meeting service targets. Responsibility over water quality, and indeed over various internal regulatory aspects of any small-scale provider or informal vendor that purchases bulk-water from the utility is also covered by regulatory mobilization over this norm. Contention arises over any attempt by the private utility to convert existing customers of SSWPs to its own via direct individual connections (Ibid.).

This is closely related to reticulation policies that allow small-scale and informal operators to turn-over their assets to the private utility. Issues include physical and operational standards that informal vendors need to meet to obtain compensation for the investments they have made. During the initial period of any partnership between the concessionaires and SSWPs, reticulation issues arise when the water distribution system (reticulation) of the 'client' community has been, or will be constructed at the expense of the SSWP. This usually happens due to financial

constraints faced by the concessionaires. The accessibility of waterless areas to the concessionaires' water services has been hampered by the financial incapacities of MWSI and MWCI to construct the required reticulation. To overcome this problem, numerous communities in Metro Manila have formed and seek out SSWPs in the form of POs or cooperatives, and have undertaken the initiative in constructing the reticulation. They have shouldered all the financial cost related to the construction and operation of the water distribution system. Conflict arises when the private utility does not recognize its obligation to compensate the SSWP or when there is no consensual agreement on the terms of investment recovery for the SSWP (Ibid.).

Financing and cross-subsidies refer to policies that determine the mode of financing for the business operations of SSWPs. These policies refer to the financing of the capital expenditures on the water distribution system such as reticulation pipes, metres and construction expenses. This policy area has two major features, financing sources and financing period (Ibid.: 10-11). These policies pertain to the possibility of financial cooperation between the central utilities, local governments and the peri-urban service providers. Financing period relates to eventual full cost-recovery. This is however not always a viable objective for small peri-urban water providers but this should not deter investment as such local initiatives mitigate risks and inefficiencies beyond the capacity of large private utilities, which small communities can achieve (eg., through volunteerism and the use of high-maintenance but low cost technologies). Finance that is locally sourced burdens a community that may already be struggling for subsistence. More universal funding such as capital expenditure provided by a mix of public funds such as taxes and congressional funds in this case is desirable in the long run (Ibid.).

Regulatory mobilization attempts to influence over and mobilize constituencies with these formal regulatory norms. Having identified and studied the relevant regulatory laws, principles, standards, and guidelines, NGOs like IPD have brokered previously unconnected sites of local urban poor water subsistence struggles in Metro Manila. Brokerage has taken the form of regulatory mobilization that has rested on the social appropriation of local moral economies

of urban poor subsistence into a focused water struggle. This mobilization has emerged out of local groups and networks previously engaged in local subsistence struggles discussed in the previous chapter.

#### *6.3.1 Regulatory mobilization out of Taguig*

In the case of Taguig, claim-making on behalf of the water POs have taken a form of ‘defensive’ regulatory mobilization that seeks to help the remaining water POs in standing their ground and asserting their own exclusivity in their respective service areas. As of August 2007, only 20 water POs (mostly in Signal Village and Sitio Imelda) remain operational serving some 5,000 households. They have attempted to file charges against MWCI for overcharging and levying non-existent costs such as sanitation charges when no sewerage system has been installed in the areas served by the water POs. After a chance meeting at a conference, Jordan (the key instigator behind water POs in Taguig discussed in the last chapter) approached the executive director of IPD, Esguerra, for help. Esguerra recognized that what was happening in Taguig could set a precedent of future engagements between small-scale and informal water systems with private utilities and the formal regulatory framework. IPD has therefore tried to strengthen the legal position of the POs by bringing them out of the informal sector and into a regulatory space within the formal regulatory system, by converting the water POs into cooperatives.

At the same time, IPD encouraged and assisted the POs in their engagements with the water regulator (MWSS-RO) on matter relating to exclusivity, bulk tariffs, reticulation standards, and compensation for assets. To safeguard the economic interests of the POs, IPD’s strategy is to advocate for new rules along these issues. This advocacy has been carried out in various exchanges with the water regulator (MWSS-RO), the economic-regulator (NWRB), and the two concessionaires. Recognizing the similarity of the plight of the POs with other ‘waterless’ areas, IPD has also brought articulated similar issues with the west zone concessionaire (Maynilad) in its regulatory mobilization out of Caloocan (see below). To assist in the organization and expansion of water services by local communities, IPD is helping the SRTA in the creation of a revolving fund for water investments by networking various sources of financing that may be matched with the different

levels of risks involved in providing water in urban poor areas.

### *6.3.2 Regulatory mobilization out of Caloocan*

Making use of its institutional and historical links with Akbayan, IPD helped the local chapter of the Akbayan party in Caloocan in the mobilization of a group of residents in the urban poor area of Maharlika, an area of 440 households, with the intention of providing local water service delivery. Recognizing the legal weakness of the Taguig water POs, the objective was to build water cooperatives from the beginning. Training was conducted by IPD for the mobilized groups which led to the forming of a water cooperative and negotiation with MWSI for a bulk water contract. Financing from non-traditional financing institutions like the Peace and Equity Foundation was also sought. Meanwhile, negotiations with local politicians for supportive local government policies and political support are ongoing.

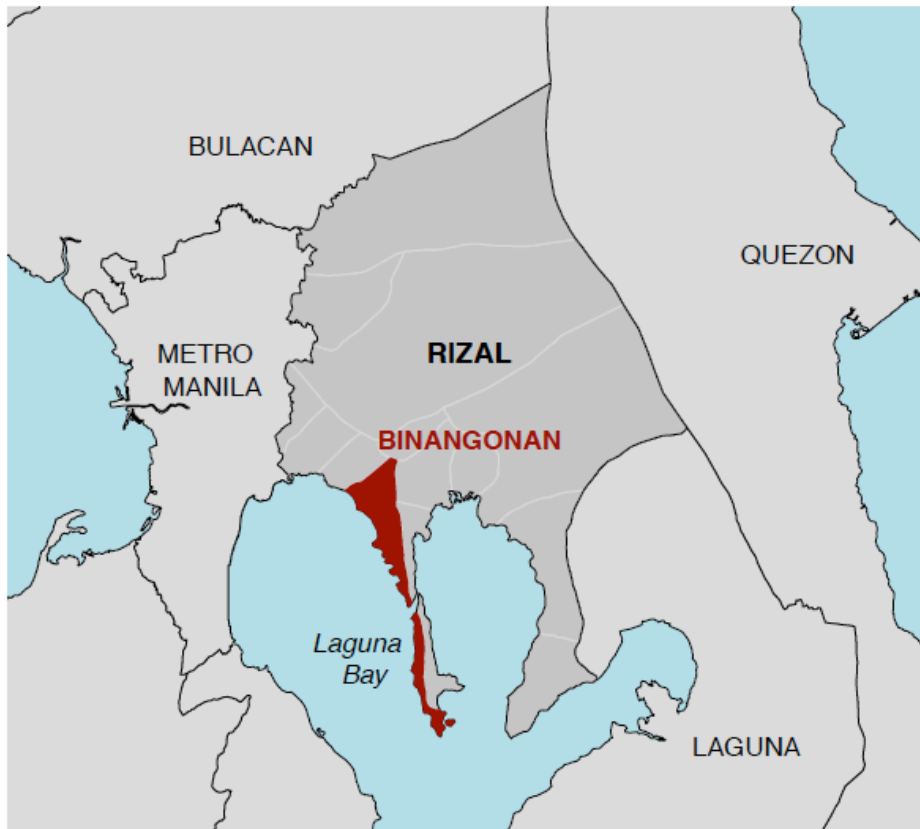
For example, IPD made a presentation to the Liga ng mga Barangay (association of barangay government authorities) regarding plans for water cooperative organizing in Bagong Silang with proposals for local government support. The local politician IPD was engaging with was the son of the incumbent mayor, who was eager to present IPD's proposals as part of his own development agenda for Caloocan. With IPD and Akbayan's help, the first water cooperative, the Community Water Service Cooperative of Bagong Silang (CWSC-Bagong Silang I) was established. IPD conducted pre-membership education seminars as well as committing officials of CWSC to undergoing cooperative training seminars, and various other courses like basic bookkeeping, accounting, and financial management. The intention is to provide service delivery within the formal regulatory framework, rather than subsisting in the informal sector. After obtaining information from discussions with MWSI on its immediate capital expenditure program (which excludes Caloocan North, along with the Bagong Silang area), the cooperative expected to serve the waterless areas starting with the 440 households in Maharlika in the first instance, and subsequently mobilizing similar cooperatives in adjacent Damayan (300 households) and Kaunlaran (700 households). There are plans to eventually serve other waterless areas in Bagong Silang

CWSC, with the help of IPD and Akbayan is seeking an agreement with the LGU in Caloocan to formally recognize CWSC as a partner of the local government's water service delivery system, as well as establishing performance criteria to qualify cooperatives like CWSC for financial support from the local government. The aim would be for regulation by the LGU water service department (PATUBIG) in monitoring and certifying the performance of CWSC and other future water cooperatives.

### *6.3.3 Regulatory mobilization out of Rizal*

What appeared to be local struggles for informal water provision in Taguig and Caloocan (described in the previous chapter) becomes something more widespread when considered with the case of water cooperatives in Binangonan, Rizal. Rizal is a mountainous province perched on the western slopes of the southern foothills of the Sierra Madre mountain range. Due to the hilly topography and lack of water infrastructure investment, people living there have long depended upon *pila balde* (queuing for water with a pail) for their water supplies. No water districts or water utilities have been able to service the largely rural area effectively (Ocampo et al. 2007). The municipality of Binangonan however is a different story. Located along one of the northeastern shores of Laguna de Bay (see Figure 10), Binangonan's long coastline provides rich resources of water.

**Figure 9. Map of Rizal Province and Binangonan Municipality**



Source: Created by Katie Hampson (2013)

Bordered by Metro Manila to the west, Binangonan has over the years been steadily incorporated into the built up area of the rapidly expanding Metro Manila. Under the MWSS Concession Agreement, Binangonan falls under the eastern zone assigned to MWCI. Since 2004, MWCI has conveyed its intention to extend its coverage to the municipality, using its water surface source to replace the ground water pumps of the cooperatives. MWCI has suggested to local officials that it would invest Php350 million to lay the reticulation and other water assets for the municipality (Institute for Popular Democracy 2008). In 2005, the mayor of Binangonan informed the cooperatives that MWCI was planning to extend its service delivery into Rizal, which is part of its service area (Ferrer 2006). This would directly affect the existence of the cooperatives. In other words, a fully functioning community-managed water system operated by cooperatives would be replaced by MWCI, which has failed to deliver on its obligations to provide water to the waterless communities within its existing coverage in Metro Manila.

IPD's claim-making on behalf of Binangonan came in its intervention to assist the

cooperatives. IPD facilitated and documented the cooperatives' community-based approaches as an example for the new water cooperatives it is helping to establish in other parts of Manila. IPD also assisted local leaders' engagements with government agencies, local politicians, other service providers, and advocacy networks by providing them with opportunities and venues for articulating and aggregating their grievances. At the same time, IPD also focused on strengthening the legitimacy and capacity of existing cooperatives by providing cooperative members of FEBICO (Federation of Binangonan Cooperatives) with technical assistance in tariff-setting and business planning. For example, IPD attempted to strengthen the position of FEBICO by assisting it in its application for water permits (to extract ground water) and Certificates of Public Convenience (CPCs) (to operate water distribution systems) from the NWRB. Like most SSWPs and informal water vendors, FEBICO cooperatives have operated water systems without water permits and CPCs. IPD also conducted workshops with FEBICO to assist the water cooperatives in formulating business development plans which are also required by NWRB in CPC applications. By 2007, some have acquired water permits and CPCs while others are waiting approval. FEBICO believes that MWCI is actively blocking the final grant of water permits and CPCs to the rest of the cooperatives. Although they have local legitimacy to carry out (water) service delivery, they have effectively been operating in the informal sector, aided by the poor formal regulatory framework and weak regulatory agencies.

Water cooperatives operate water systems in 21 of Binangonan's 39 barangays. Most of these cooperatives were barangay water system associations (BWSAs) in the past. BWSAs were run by barangay officials and financed by the central fund of the municipality. As the local municipal government was never able to adequately finance the BWSAs, they were passed over to the cooperatives. The decision was also motivated by the desire to limit the influence of politics by elected officials in the operation of the water system, and inspired by the success of several existing water cooperatives in the municipality. The water cooperatives acquired the mandate to provide water services to the rural barangays after a municipal resolution was passed transferring all management and operation of water systems (including ground water pumps) that was previously operated by the BWSAs to cooperatives. As a result payment delinquency and system losses

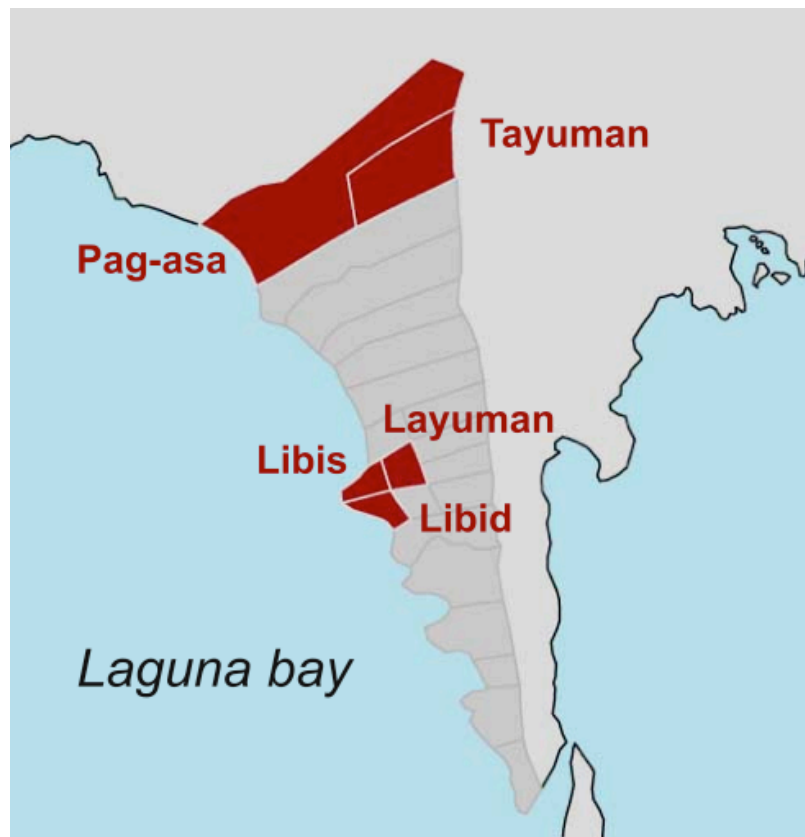
decreased overtime.

Of the 21 cooperatives, Darangan Multipurpose Cooperative is the oldest water cooperative in the country. The water cooperatives thus serve as agents to the local government in meeting water needs. This partnership and mandate from the local government is perceived by IPD as the most important legal aspect in arguing against the exclusivity claims of MWCI to cover the municipality. The legal mandate from the local government transferring all water-related assets to the coops is augmented by both provincial and national recognition via the Priority Development Assistance Fund (PDAF, formerly the Countryside Development Fund or CDF). The allocation of the PDAF is based on the selection of the incumbent congressman representing the legislative district of Binangonan.

Figure 11 illustrates the areas with cooperatives providing water services to rural barangays. These are assisted by IPD in their resistance against MWCI encroachment. In Barangay Pag-asa in the northwest of Binangonan, IPD assisted the expansion of the co-op water system as a ‘first line of defense’ against MWCI. In the Poblacion areas of Libis, Libid, and Layuman, FEBICO tried to take over the existing municipal water system with the help of IPD. This was in anticipation of MWCI’s own expansion plans. Poblacion, the town centre is served by the Binangonan Water Works (BWW) operated by the municipal government. BWW serviced the six poblacion barangays with cumulative total losses amounting to PHP5 Million (Lo 2007: 3). Much of the losses were due to the high rates of non-payment (Institute for Popular Democracy 2008). In contrast, the cooperative-managed water systems have remained operational to date and have safeguarded the value of donated assets and members’ capital contributions. Some water cooperatives have even managed to expand to other community services including credit provision. In 2005, the combined assets of the 21 member cooperatives of FEBICO totalled PHP46 million, with revenues amounting to PHP27 million. The municipal government has thus asked FEBICO to prepare a feasibility plan for the cooperative operation of BWW.



**Figure 10. Map of Binangonan barangays where IPD is helping cooperatives**



Meanwhile, MWCI has started to lay main pipes through Binangonan, with the consent of the municipal government but without notifying the cooperatives. MWCI has announced that it is offering direct water service connections to Pag-asa, the first barangay of Binangonan adjacent to MWCI's existing actual service coverage. It had also sent its staff to Pag-asa Water Service Cooperative (PWSC) to offer bulk water supply. In response, PWSC sought clarifications on whether it can continue to use its ground water pumps as back up supply, and whether MWCI can offer a bulk water rate equal to the current production cost of the cooperative. Pag-asa is also requesting that MWCI refrain from laying direct water connections to the residents to avoid competing with the cooperative. MWCI has not responded to any of the issues raised, although it had stopped extending the main lines in had already laid down in Pag-asa's area to the next barangay (Tayuman). By 2007, only a few households in Pag-asa had applied for direct connections with MWCI.

IPD assisted PWSC directly in its negotiation with MWCI. The cooperative was

the frontline in the struggle of the Binangonan water cooperatives in the face of encroachment by MWCI. To fortify the cooperative base, FEBICO agreed that PWSC would have to hold its ground, upgrade its supply capacity, expand its service coverage, and therefore match the challenge posed by MWCI. With the assistance of One World Action, IPD applied for a financial grant from Jersey Overseas Aid Commission (JOAC) to support the capital expenditure program, including the opening of a new ground water pump, of PWSC. In the grant agreement, the cooperative committed to expand its service coverage including the informal settlement at Sitio Sapa, an area where the cooperative operates a Level II water access to the residents in partnership with the local organizations. Sitio Sapa is also the site of MWCI's pilot program supported by the World Bank to provide direct connections for residents. With the funding from JOAC/OWA, IPD signed a memorandum of agreement with FEBICO and the PWSC for the specific application of the grant. Aside from service coverage improvement and service extension to the poorest, the PWSC commits to recover half of the grant amount in two years to contribute to a water revolving fund to be managed by FEBICO.

NGOs and POs working in exclusivity have so far engaged in the legal basis and authoritative codes that the concessionaires and SSWPs have deployed to assert their jurisdiction and authority. For IPD, the issue of exclusivity is crucial as it is a constraint on mobilization via private, small-scale community-managed water systems. Existing small-scale operators may also be co-opted by the central utility at any time while areas without such operators may continue to be 'waterless' until the central utility can come in. While legal codes remain the main source of exclusivity policies, IPD for example has identified and utilised other aspects of regulation in the water sector including elements of the Concession Agreement itself, and even the same exclusivity clauses that ostensibly discriminates smaller scale, third party water providers, against the two main concessionaires.

#### **6.4 Unpacking Regulatory Mobilization**

On the tenth anniversary of water privatization in Metro Manila, FDC organized a forum in August 2007 and summarized ten years of 'failure' in the privatized water sector. Accusing both concessionaires of failing to meet service targets, of raising water tariffs, and of lacking general accountability, FDC called on the

country's lawmakers to 'consider the reversal of the privatization policy on public utilities, especially water services, because water, next to air, is essential for our survival. We should not let any greedy and profit-oriented corporations manage our lives' (Freedom from Debt Coalition 2007). What looks ostensibly like another 'anti-privatization' mobilization is in fact, merely the tip of more subtle and extensive boundary-spanning mobilization in response to water privatization. In attendance at the forum were not only minority legislators but also water regulators and other government officials.

Collective action for water and subsistence by communities are place-specific struggles. Most of these localized struggles seldom appear on any media or analytical radar. Such contentious politics in local communities relating to issues of subsistence and water are also seldom directed towards 'larger' issues like privatization itself. The link between local mobilization and broader policy issues like privatization are made through regulatory mobilization by NGOs. This involved collective action by organized citizens in the identification, subversion, and on the rare occasion, creation of new rules over the provision of basic goods and services. The objective of regulatory mobilization has been twofold. The first is access to these resources for the constituents of the mobilization. The second is to reconfigure the means by which the constituents may gain access. This was a form of hybrid 'resistance' that emanates from a counter movement against water privatization. It is not necessarily set against the state and may involve penetrating the state to 'augment or activate its regulatory capacity' (Roberts 2008: 311).

#### *6.4.1 Changing political opportunity*

There is a constant awareness of a shifting opportunity structure afforded by a dynamic but unpredictable water regulatory space to mount regulatory mobilization. Allies are continually sought, permanent or temporary tactical and strategic alliances are formed with individuals and organizations in the water regulatory space, especially from within officialdom. With the explicit disavowal of overtly revolutionary alternatives (as contrasted with mobilization in the water sector by the revolutionary left), legal and regulatory tactics are combined with grass-roots collective action (see later as well as Chapter Five on 'subsistence mobilization'). Key issues of legitimacy, governance and performance of the water

sector, set against the context of Filipino state and societal formation have created the enabling conditions for civil society to engage with water privatization in a variety of ways. This discernibly takes place at two levels of regulatory space. At the sectoral level, challenges in the form of regulatory mobilization are often made questioning the premises of privatization and the regulatory framework. These engagements sometimes lead to reforms. At other times, they have reinforced the marginal role of mobilized citizens in water issues. Citizens who are customers of the concessionaires do not have a formal regulatory role. Mobilization that led to change has often resulted from exploiting weaknesses in the regulatory framework and failings within service provision, rather than aggregated and articulated as part of regulatory design. As shown in the previous chapter, much of regulatory mobilization has been based on local struggles of subsistence.

The weakness of the regulatory regime and recognition of strategic regulatory spaces for occupation by groups like FDC and IPD and networks like Bantay Tubig means that there are opportunities to interpret favourable or pro-poor dimensions of a concession contract that has been identified elsewhere as being ‘neutral’ in its service obligations for the poor (see Chapter Four).<sup>134</sup> For example, Bantay Tubig has utilized different frames of mobilization and sought out different allies, varying from locality to locality, prompting one MWCI manager to puzzle about the ‘inconsistency’ of Bantay Tubig.<sup>135</sup> This was illustrated in Bantay Tubig’s general stance against the rebidding of the rehabilitated west zone concession, which has been as central to its overall goal of universal service coverage as specific capacity building with Binangonan water coops and dialogue with MWCI on their behalf over policy options for future servicing of the area.

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<sup>134</sup> Contrast, for example, Cuaresma (2004: 5-6) with Esguerra (Esguerra: 35-39). As Rosenthal (2001) argued, while making no specific incentives for servicing the poor, the contracts include the aim of nearly universal water service coverage in the first five years, as well as providing sufficient flexibility for alternative approaches to service provision in poor neighbourhoods.

<sup>135</sup> Anonymous Bantay Tubig member, personal conversation with author, 26 January 2007.

#### *6.4.2 New and old actors*

Regulatory mobilization has spurred the development of new NGOs and networks, even as it has tapped into older and existing mobilization structures. New water advocacy networks at the national and local levels like Bantay Tubig work alongside existing NGOs like FDC and IPD, and at the local level, POs and other household associations. In the case of leftist NGOs covered in this chapter, many of their links are based on old political networks forged during the period of resistance against the old Marcos regime. These networks remain available to be tapped for ‘new’ issues such as water privatization even as newer single-issue networks have emerged. This is important to note because as the case of Manila shows, organizations and individuals mobilising on water do not do so exclusively. Even Bantay Tubig has found its water advocacy secondary at various junctures to the larger, nation-wide campaign to impeach the previous president, Gloria Arroyo.

In the formation of networks of NGOs and community organizations, IPD attempted to institutionalize the connections into a sustainable network with regulatory clout. The Associative Water Center Philippines (AWCP), for example, was formed in 2008 by IPD to share technical and policy inputs on alternatives to the privatization framework by supporting smaller, community-owned and managed ‘associative water systems’ and saw itself as evolving into either a ‘network of organized consumers operating their own water service systems’ or ‘a federation of water service cooperatives’ (Associative Water Center Philippines 2008). In Taguig, the aim is now to strengthen the legal position of the remaining water POs (who still serve around 5,000 households) by converting them into cooperatives with the help of IPD. Together with IPD and AWSO, a distinctive pattern of regulatory mobilization emerged in their joint pursuit of local and policy/sectoral advocacies that could strengthen and sustain the mobilization.

#### *6.4.3 Mechanisms and processes*

NGOs like IPD, and to a lesser extent FDC, have brokered previously unconnected sites of local urban poor water subsistence struggles in communities in Taguig and Caloocan in Metro Manila, and its outskirts in Rizal. Brokerage has

taken the form of mobilization based on the social appropriation of local moral economies of urban poor subsistence into a focused water struggle. This mobilization emerges out of local groups and networks previously engaged in local subsistence struggles. Thus, struggles around water privatization and local subsistence have undergone scale-shifting in the regulatory space. Defined as ‘a change in the number and level of coordinated contentious actions leading to broader contention involving a wider range of actors and bridging their claims and identities’, scale-shifting connects two different scales of collective action together – at the local and sectoral/policy level – transposing frames, networks, and a variety of forms of collective action to a potentially national level without a corresponding liquidation of the conflicts and claims at the local level that gave rise to them in their arenas of origin (Tarrow and McAdam 2003).

The examples and lessons of these specific struggles have been diffused and brokered to other sites of local resistance in Metro Manila and throughout the country, as well as entering interfaces of formal and informal regulation as not only specific cases or examples for mere policy or technical input but as legitimate actors themselves. All these contribute to the diffusion and emulation of contention. (eg., MWSS publication of socialized rates) across the city and country. This is not however a scale-shift that spread contention. Through scale-shifting, regulatory mobilization entrenches a form of contention that is neither entirely co-opted into formal institutions, but neither is it entirely transgressive so as to become violent. Contrary to the forms of major contention which the contentious politics literature uses the mechanism of scale-shifting to illuminate, the form of contention identified here is a ‘boundary-spanning’ form of claim-making. The distinction is that the domination-empowerment/resistance binary is blurred. It is a form of resistance that has the potential to project regulatory clout episodically but its source of power resides in the informal sector and not the formal regulatory framework where civil society and informal water vendors are excluded. This is a form of contention that has been observed in other contexts as discussed in Chapter Three.<sup>136</sup>

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<sup>136</sup> See, for example, O’Brien and Li (2006).

#### 6.4.4 *Framing*

The episodes of boundary-spanning contention described show how regulatory mobilization challenge norms like the principle of exclusivity. By relying on its weak and ambiguous enforcement by the regulators and the concessionaires in urban poor communities, regulatory mobilization encourages new and existing informal and small-scale water vendors. However this alone is insufficient in the legitimization of its claims, and IPD has employed a range of normative language to frame claims. This language is positioned within the broad framework provided in the 1987 Constitution, and specifically in the Local Government Code of 1991. It even draws upon Marcos-era legislation which strengthened the cooperatives movement. Hence, a range of arguments drawn from existing statutes and commitments to the Philippine citizen and specific sectors of society (eg., the urban poor, cooperatives etc) are summoned when charges are made against the exclusivity clause in the Concession Agreement as well as the principle underlying water sector regulation in general in Metro Manila. Established law offered a framework for activists to make sense of their circumstances and to ground their contention. Existing gaps between rights promised by the landmark people power constitution and the rights delivered helped the activists to identify opportunities for regulatory mobilization as well as threats to their collective action. The dynamic regulatory space that governed the Concession Agreement was one that activists thrived in given the weak regulatory institutions regulating the water sector as a whole, and the urban water sector in Metro Manila in particular. At the same time, evolving norms – eg., principles, standards and guidelines on the role of SSWPs – allowed for the staking of new claims based on the very same principles – eg., exclusivity – that may also be challenged in other sites of contention in the regulatory space.

Collective action frames developed for mobilization revolve around two main ‘master frames’ – a rights-based claim-making and a more development-driven service-delivery claim-making. The rights-based frame is general and abstract claim-making linked to citizenship and the human right to water. The service-delivery frame is particularist and specific claim-making on behalf of a constructed ‘waterless’ constituency, usually also part of, if not the whole of the urban poor in Metro Manila. These two master frames reflect the tensions around

collective action over water specifically. As discussed by Montemayor (2005: 215), on the one hand is a debate over the provision of water ‘within a larger ideological struggle, which compels us to reject the injustice and inhumanity of the profit-driven model’. On the other hand is the urgency to ‘face up to the practical, immediate needs of the communities we work with – the poor need water now’. These frames also express the two dominant and increasingly competing streams of popular democracy concerned with system change discussed earlier.

Collective action frames in the form of ideas that motivate and shape mobilization on water have been based on a discourse that is inherently self-contradictory. Most of the progressive elements of civil society that have mobilized citizens water based on the discourse that water is a human right, and thus a social good that should be provided by the state, also advocate the fundamental reconfiguration of the state. The creative tensions underlying this ideological contradiction have so far allowed a variety of responses from civil society to water privatization, ranging from an abstract critique of the neoliberal influence of privatization, to water service delivery in the community. The contradiction inherent to the discourse of water as a human right partially explains why mobilization in one locality (eg., Bagong Barrio in Caloocan City) is avowedly rights-based, and focused on making local politicians and the concessionaire accountable to its obligations, while collective action in another locality (eg., Barangay Signal Village in Taguig City) has ventured into alternative provision, and outright engagement with the concessionaire in business contracts. The Manila cases also show that water is also rarely a separate issue by itself; mobilization on water issues is also related to existing issues in the progressive agenda, and contextualised in local politics.

Using these different frames in regulatory mobilization, the aim is to mobilize these norms in particular ways so as to attract reform-minded elites in the water sector, as well as reformers outside the state and regulatory agencies, especially mobilized local communities in the form of POs, to undertake contentious collective action that will steer the regulatory space in the water sector in specific political directions to benefit the reform constituency. Hence, regulatory



mobilization in the water sector by the emergent left is less about opposing privatization or providing alternative forms of service delivery. The objective is to make use of the range of norms in play in the water sector, and influence the regulation and performance of the water sector so as to mobilize a sufficient political constituency to change the rules of the regulatory game.

#### *6.4.5 Subverting regulatory norms*

Regulatory mobilization here has been the organising and using of norms with regulatory effects. Many of these norms have been shown in the previous chapter to be located in communities where they act as internal regulatory mechanisms. The internal regulation of the water POs in urban poor communities in Taguig and its capacity for resistance for water was not unique. The struggle of the community for water, a moral economy for water (subsistence) predated privatization where it took the form of a range of ‘coping mechanisms’ as discussed earlier. These range from expensive sources from water vendors to ‘free water from politicians. A clientelistic public water utility that maintained the institutional scarcity of water combined with patron-client relations of power in the community meant that the urban poor could only access high-priced water or support local politicians. Patrons reward their clients through particularistic practices, undermining the rights of the urban poor to water and subsistence by virtue of their citizenship. This was however not a rigid patron-client system as the urban poor is motivated by a moral economy of subsistence ethic. When the opportunity came following privatization to take over service delivery themselves in Taguig, water POs were formed. These were not only collective action for community service delivery, this was a moral economic resistance against the clientelism of both the water sector and local politics. Different kinds of water POs can be found all over Metro Manila from Binangonan to Antipolo, and Caloocan. All these struggles might have remain localized and unknown if not for NGOs like IPD and FDC.

Resistance at the sectoral level against water privatization by NGOs initially revolved around broad issues like legitimacy, regulatory/utility performance, and tariffs. By seeking out the ‘waterless’ communities in Metro Manila, NGOs like FDC and IPD were themselves relying on a long legacy of progressive

mobilization dating back to the era of the Marcos dictatorship. Working with local and community groups like the water POs in Taguig, and cooperatives in Binangonan, Antipolo and Caloocan brought collective action at two different levels of the regulatory space together. This scale-shifting changed the character of society's response to privatization as a whole. Regulatory mobilization thus started out of pre-existing mobilizations by the remaining water POs and prior associational networks of water subsistence based on a local moral economy of water. Many of these mobilizations were located in the informal economy, or took the form of private water vendors, which have also been ignored by the formal regulatory framework. The NGOs linked up with other previously unconnected local struggles against MWCI's encroachment by forming initially informal networks and coalitions. NGOs and political movements engaged in regulatory mobilization sought constituent communities to be mobilized. NGOs like IPD perform this through brokering previously unconnected or weakly connected sites of local resistance.

By monitoring the Concession Agreement between the MWSS and the two private concessionaires, particularly on tariff setting and in meeting the water needs of the urban poor, aggressive mobilization in the water sector takes place at the policy level. For example, IPD advocated direct water service connections to the poorest. By engaging the water regulator (MWSS-RO) and the water concessionaires on these grounds, the NGOs challenge barriers to entry in the regulatory space. NGOs have attempted to increase their certification in the regulatory space by making use of intra-elite conflicts and uncertainties in the water regulatory space. For example, another NGO, CPE tried to open up an additional avenue of legal intervention through another government agency, NWRB, over MWSI's rate increase. This was an important case because when MWSS and MWSI attempted to dismiss the complaint, NWRB's response was to deny their motion for dismissal, in effect asserting its previously unexercised regulatory power to receive consumer complaints in the water sector. NWRB has been more accommodating to NGOs as it has been looking to assert its institutional clout under the leadership of a young and dynamic director.

IPD also assisted the POs and water cooperatives on how to engage with the

MWSS-RO directly on issues like bulk tariffs, exclusivity, reticulation standards, and compensation for assets. These are the new rules that IPD identified as being essential to preserving the collective economic interests of the POs. In the case of Taguig for example, IPD mediated in disputes between the water POs, MWCI and the water regulator (MWSS-RO). The strategy that IPD took in these disputes was to interpret and formulate regulatory rules and guidelines in favour of the POs. In the issue of ‘exclusivity’ for example,<sup>137</sup> both the POs and IPD argued that since MWCI had engaged the POs as their contractors, the exclusivity of the POs’ service area should be respected from infringement in much the same way that the exclusivity of MWCI to operate in its east-zone concession (and no where else) is regulated.

The institutionalization of networks, transformation of POs into cooperatives, and dialogue emanating from the informal sector in the regulatory space are strategies pursued alongside ongoing filing of counter-charges against MWCI. These charges include complaints of overcharging and charging of non-existent costs (such as the sanitation charge when MWCI had not provided a single sewer to the areas served by the water POs). This maintained the local resistance of communities even if they have now been brought into the sectoral level of the regulatory space. Meanwhile, the documenting and analyzing of the initiatives of local organizations in providing water service for their respective communities was another ongoing task (IPD argues for recognition of water cooperatives and associations where the private concessionaires fail to invest in regular reticulation). IPD had also assisted the local organizations in networking the resources for their technical, training, and financing needs; and advocating for

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<sup>137</sup> As discussed above, exclusivity in water privatization forms part of a set of rules determining the nature and amount of competition in the water sector. The evolution of the market structure upon privatization will partly depend on whether exclusive franchises have been granted, or if competitive entry by other providers is allowed. Since water services have traditionally been perceived as a natural monopoly, water services providers are usually granted a monopoly over a given supply area on the assumption that having one network is most economical. Such exclusive rights to operate in any service area protect water providers from competition and some of the uncertainty surrounding future demand. This limiting of competition benefits the firm and attracts the private sector to participate in the water sector. For long-term infrastructure concessions such as water privatization, exclusivity is needed to ensure the predictability of the cost flows on which tender prices are based.

new alternative rules to encourage citizens' self-initiative and risk-taking in providing water for their communities and engage local and national authorities and elites into adjusting their budget priorities to support community initiatives. To address the organizing and expansion of water services to more waterless communities, the water POs in Taguig proposed the creation of a revolving fund for water investments. IPD has been networking sources of financing, ranging from NGOs and financial cooperatives to private investors.

What then appears from afar to be episodic, low-intensity, and isolated reactions to water privatization in Metro Manila, changes upon closer, multilevel, inspection. As different 'waterless' communities across Metro Manila undertake collective action for urban subsistence in their own contexts, NGOs are linking these mobilizations into something more coherent that projects power in service delivery and its regulation. NGOs from the emergent left have been most active in the water sector. Their regulatory mobilization is one that has been based on the moral economy of actual community issues, much of them in the informal sector. Beyond simple calls for an end to privatization is a set of complex strategies and multiple agendas that promote service delivery and the rules by which they are provided in communities.

Operating out of multiple locales, collective action linked by regulatory mobilization across the water regulatory space has been the public resistance to water privatization in the Philippines. Regulatory mobilization may strengthen the regulatory scope for particular political purposes and constituencies and in so doing, may support the governance of the state. At the same time, it constitutes resistance against local patron-client power relations and a post-water privatization framework that privileged big utility corporations. Hence the impact of regulatory mobilization on the water sector is an ambivalent one. Given the politics of fictitious commodification (suggested earlier in Chapter Two), this should not be a surprising finding since even as societal resistance against the commodification of water may be directed against the state at some levels, it may also seek to tap into its regulatory capacity and in this sense, project elements of state governance that are simultaneously both regulatory and radical.

To conclude, it is important to clarify that regulatory mobilization is not the only example of mobilization in response to water privatization in Metro Manila. Compared with other societal responses however, regulatory mobilization is unique in its boundary-spanning characteristic. For example, there were groups which remained overtly opposed to privatization and had not worked with community groups like POs and cooperatives in Metro Manila. They also did not go into technical issues of direct service delivery and local politics, nor engaged with NGOs like IPD on policy issues of regulation at the same time. For these groups like Water for the People Network, public demonstrations and more ‘traditional’ forms of transgressive protests were the norm. Regulatory mobilization was also unlike the kind of routine collective action that had, for example, brought about a national alliance of SSWPs and industry-supported NGOs that agitated for greater access to credit from banks and MFIs. For example, the NGO Streams of Knowledge and the network, the Philippine Water Partnership, formed a national network of SSWPs: the National Water and Sanitation Association of the Philippines. Its collective action remained within accepted boundaries of lobbying and policy advocacy (Chng 2012: 356). NGOs like IPD and organized urban poor communities across Metro Manila engage in regulatory mobilization that is neither entirely transgressive, nor entirely coopted with existing regulatory frameworks.

## 7 CONCLUSION

This thesis has examined the nature of social mobilization of citizens in Metro Manila in response to the privatization of city's waterworks. Five arguments have been made. The main empirical thrust of the thesis is framed by two broader arguments. Firstly, the privatization of water and social responses should be understood as being in a dialectical relationship. Extending Karl Polanyi's insights on the historical and renewed attempt by market economy to create a market society (fictitious commodification) and society's reaction (counter movement, thus constituting a double movement), I argued in Chapter Two that water privatization and social resistance can be understood in terms of a 'politics of fictitious commodification' both globally and historically. In this theoretical extension on Polanyi's historical work, water privatization and social responses should be understood in terms of a dialectical politics of fictitious commodification: the double movement as thesis and anti-thesis, comprising processes of domination and empowerment. Central to this is the twin crises of the state (profitability and legitimacy); the operation of commodity fiction through hegemonic discourses; and the organized response of society at multiple scales using mechanisms of law, regulation and governance for defensive self-protection.

Secondly, although we can speak of a water counter movement at the global scale, Polanyi's historical sociological conceptualization of 'society's response' operates at a level of analysis that is too broad to be useful for describing specific characteristics of mobilization at a local level. An application of the concept of moral economy, considered a consistent extension of Polanyi's thoughts on pre-market society norms like reciprocity, is also unsatisfactory. This is because the kind of subsistence guarantees that underpin the moral economy explored in other rural contexts cannot be easily applied to the urban context, where much of the water counter movement resides in their own national contexts. Other analytical tools are therefore required to specifically address the form of mobilization observed in Metro Manila in the Philippines. Chapter Three therefore set the stage

for using Polanyi and the moral economy as a point of departure, and explored the need to understand instead the micro-politics of the urban poor. Studying the micro-politics of the urban is simply recognizing that while the urban poor is capable of undertaking collective action, their mobilizations should not be understood in terms of either social movements or mere participation in patron-clientelism. Rather, it is a messy micro-politics where networks and norms of contentious action, the informal sector, and patronage intersect and overlap. Chapter Three introduced the term regulatory mobilization to describe this realm of micro-politics whereby marginalized groups are drawn into the provision of basic goods and services through influence over the rules by which they are delivered. They do so in unexpected ways and, as such, sometimes project countervailing power against the domination of political and economic elites.

In the shadow of an oligarchic patrimonial state in the Philippines, collective action by these actors has been concerned with water as a means of subsistence. Rooted in local politics, these forms of regulatory mobilization appear to be parochial, episodic, and largely peripheral to the regulatory framework as a whole. Regulatory mobilization is collective action by a group of actors to influence or obtain control over rules, modes of state intervention, and mechanisms of social control in a given regulatory space. Depending on how local and sectoral politics are conflated, episodes of regulatory mobilization may sometimes secure subsistence goods ordinarily denied, project countervailing power in the policy sector, and influence the ‘rules of the game’ in surprising ways.

This perspective is derived from observations made from the Philippine case where three closely related empirical points were argued. Firstly, I argued in Chapter Four that water privatization was part of a series of neoliberal institutional reforms that reconfigured dominant patterns of rent-seeking and distribution of power in the Philippine economy. Mediating the contentious and regulatory politics of the post-privatization water sector in the Philippines was a contested democracy whereby an oligarchic class preyed upon the state for capital accumulation oligarchy at the national and local levels of political economy. This resulted in the ‘institutional scarcity’ of water in Metro Manila. To subsist, the urban poor had to depend on a variety of sources of water, especially from the

informal sector and the political machines of local politicians. Water privatization changed the dynamic by rewriting the rules of service delivery and introducing new players into the Philippine water sector. Privatization formally introduced the private sector in the form of large-scale central utilities into the picture, but also inadvertently allowed non-traditional actors like NGOs and mobilized urban poor communities into the regulatory landscape. In the case of the latter, they brought their local political struggles into the regulatory space.

I examine the mobilization of the urban poor for water at the local scale in Chapter Five. Far from a simple water moral economy, whereby norms and networks of solidarity and reciprocity regulate access to a commons, moral economic norms and networks in the urban context are also mixed in with those of exchange and clientelism, producing a messy urban ‘micro-politics’. In the context of privatization, the need for water led to mobilization in defence of subsistence needs and against privatized water utility firms and local machine politicians. The micro-politics of the urban poor reveal that their politics is ambivalent vis-à-vis dominant and countervailing power relations. This is where the basic strategies employed by the organized urban poor for pressing survival problems and grievances may be distinct or overlapping in terms of claim-making and clientelistic politics. Collective action is therefore both reactionary and radical, responding to changes in a larger dominant political economy for subsistence even as spaces for subverting local patrimonialism are opened up. Under certain conditions dictated primarily by local political ecology, such mobilization exerts political power that may strengthen or weaken prevailing power relations, and sometime creating new ones along the way. For such locally situated mobilizations to have any effect at a wider level (sectoral or national) requires additional help from NGOs operating at a more strategic level in politics.

At the policy level, I showed how regulatory mobilization around sectoral rules influence water regulation. This is where intervention by NGOs spread and elevate local forms of boundary-spanning claim-making by POs to different scales of contention, motivated by their subsistence need/rights. Local (water) politics in this way become sectoral regulatory issues. In this way, NGOs may project countervailing power on behalf of POs across the regulatory space beyond local



politics, thus implicating the formal regulatory framework as a whole. What then appeared to be episodic, low-intensity, and isolated reactions to water privatization from afar in Metro Manila changed upon closer, multilevel inspection. As different ‘waterless’ communities across Metro Manila undertook collective action for urban subsistence in their own contexts, NGOs linked these mobilizations into something more coherent that projects power in service delivery and its regulation. NGOs from the emergent Left have been most active in the water sector. Their regulatory mobilization is one that has been based on the local politics of the urban poor in their own collective action for water. Beyond simple calls for an end to privatization is a set of complex strategies and multiple agendas that promote service delivery and the rules by which they are provided in communities.

### **7.1 Beyond Metro Manila**

Zooming outwards from the particular case studies, the extent to which resistance at the local level and regulatory mobilization at the policy level manifest varies, given the broad diversity of the water countermovement as shaped by the local hydrosocial cycle and political economy (see Chapter Five). Due to the lack of research on contentious politics around water privatization at multiple levels of mobilization, any comparison made beyond the Philippines or even Metro Manila – or beyond water to other subsistence goods and services like food and housing – must be done cautiously. From the available literature, however, there is enough to suggest that the theoretical and empirical research approach adopted in this thesis can and should be augmented with existing research on the same phenomena.

For example, in Tagbilaran, the provincial capital of Bohol province in the region of Central Visayas in the Philippines there is a gulf between discourses supporting and resisting water privatization, with the actual experience of consumers themselves. Fisher (2008; 2009) found that the issue of water privatization was appropriated by local politicians and NGOs especially during election campaign periods, with locals largely ambivalent to accounts of Tagbilaran residents as being ‘helpless’. In the absence of research on the consumers themselves that goes

beyond probabilistic surveying, evidence showed varying degrees of satisfaction with a local privatized water utility, combined with persistent free-riding through delinquent accounts and illegal connections. In the rural town of Magdalena in Laguna Province, 120 kilometres southeast of Metro Manila, households that were initially supportive of a privatization project reneged and insisted on being supplied by an old system instead (Capistrano and Gutierrez 2003). This may suggest the existence of more complex and localized instances of organized responses based on subsistence access that remains largely unacknowledged. As shown in Chapter Five, what passes for 'satisfaction' may sometimes erupt into outright resistance. Studies focusing exclusively on NGOs will also present a distorted picture of the breadth and dynamic of mobilization. What is needed is a study of the multiple levels of mobilization which a study like Swyngedouw's (2004) provides to some extent.

In Guayaquil, Ecuador's largest and economically most powerful city, the water issue – the oppressive mechanisms of water supply that underserve the population, especially the urban poor, and hence sustaining the particularistic structure of service delivery through clientelism – has been the source of regulatory mobilization by NGOs (Ibid.). NGOs like the Federación de Barrios Suburbanos (FEDEBAS) have mobilized smaller neighbourhood-based groups to influence urban policymaking. Aspiring towards not only a more equitable distribution of basic goods and services, they aspire to a transformation of the power relationships that determine (clientelistic) patterns of distribution. This supports the central argument made here that mobilization based on some kind of real or perceived subsistence needs at the local level may sometimes be linked to the sectoral/policy level by NGOs through mobilization. Even in Bolivia, where the only 'water wars' against privatization took place, initial resistance came from organized coca farmers, peasants and peri-urban groups of who objected to the monopoly concessions granted to the private utility that barred the private drilling of wells – key to the irrigating practices of farmers based on communal norms, and part of the survival strategy of the urban poor. It was only when social movements engaged in regulatory mobilization that local issues were elevated, and local struggles for water were framed as an overall struggle to 'reclaim the commons' (Spronk and Webber 2007).

## 7.2 Beyond Water

Moving away from water to other issues of subsistence rights also implicated in fictitious commodification, it is land and the housing sector in the Philippines which provides evidence that the form of mobilization observed in the water countermovement may not be limited to water issues alone. Although compliance has been problematic, the passage of the Urban Development and Housing Act (UDHA) of 1995 following Alinsky-style mobilization (which approximates many elements of regulatory mobilization) by NGOs and POs created new programmes for low-cost housing. The act mandated that city and municipal governments conduct a census of informal settlers in their areas, and an inventory of land available to set aside for affordable housing. Local governments were also to create offices to deal with urban poor affairs where NGOs and POs should have some representation. Alinsky community organizing in the Philippines dates back to the 1960s, when the Philippine Ecumenical Council on Community Organization (PECCO) introduced a new method of organizing people for power in the Tondo Foreshore area in Metro Manila. Associated with Saul Alinsky's conflict-confrontation mode developed in the Chicago stockyards, it required on-site training and residence for the prospective Filipino organizers. Integrated with the ideas of Paolo Freire, liberation theology, and Filipino group values, 'community organizing' of that era engaged in awareness raising among people of their situation and training them in analyzing reasons for their plight. Solutions were worked out within the community and local action executed to deal with their immediate problems relating to the lack of land, housing and services among the urban poor. Gradually, local residents were encouraged to tackle the more structural socio-economic and political issues relating to land tenure and in this way, engage in more confrontational political activities (Racelis 2000; Shatkin 2007). Zone One Tondo Organization, for example, was particularly successful in bargaining concessions from Marcos in this way (Karaos 2006).<sup>138</sup> Hence, NGOs

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<sup>138</sup> On mobilization for water in Tondo, Rew noted 'For them, access to water becomes either a sophisticated group effort to secure standpipes in the face of official reluctance or individual, more or less privatized manipulations to get a single extension or to tap someone else's water. It is also most importantly, and increasingly in their eyes, a denial

and POs have played crucial roles in ‘cross-fertilizing experiences in community organizing between localities, thereby providing motivation and incentive for collective action, and in organizing communities beyond the community level to bring about socioeconomic and political change’ (Shatkin 2007: 12).

### **7.3 Towards Regulation and Resistance**

The regulatory mobilization in response to water privatization, alongside other kinds of contentious collective action in the counter movement against the extension of neoliberal market fundamentalism that have arisen, are examples of the kind of emancipatory struggles de Sousa Santos declared as confronting modern regulation – the set of norms, institutions, and practices that guarantee the stability of expectations – in the aspiration for a good order in a good society. Whereas regulation maintains order in society at a particular place and time, emancipation is forward looking to a different kind of good order in a good society. To be successful, these struggles must transform themselves into a new form of regulation so that ‘good order becomes order’ (de Sousa Santos 2002). This however raises considerable challenges for researchers looking for examples of mobilization that must necessarily straddle the realms of regulation and resistance according to de Sousa Santos’s formulation. What appears to be reactionary struggles of the marginalized like the urban poor for example may possess the immanence for challenging the fundamental basis of how basic goods and services are provided (Bayat 2010: 56). From the perspective of the state, the quest for regulating order may not necessarily come from the rules-based world. Evidence suggest that this is increasingly a tenuously negotiated, if not highly contestable process, which draws in a wider array of actors than previously acknowledged (Dubash and Morgan 2013). The case of Filipinos’ collective response to the privatization of water examined here has at least given us some ideas about where to look.

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of 'natural justice: no one should be permanently deprived of the flow of water for basic requirements. The sometimes heart-felt appeal to natural justice and the anger at being excluded are measures of the extent to which the confrontation between squatters and government in Tondo has reached an impasse in negotiation over immediately material issues. They are excluded, by and large, from the claims on water which property in land would give them and find it difficult to improvise because of their location and poverty’ (Rew 1977: 22).

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