CONTRADICTIONS IN MUNICIPAL TRANSFORMATION FROM APARTHEID TO DEMOCRACY:

THE BATTLE OVER LOCAL WATER PRIVATIZATION IN SOUTH AFRICA

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INTRODUCTION

In late 1992, as it became clear that the two great South African armies locked in political combat—the African National Congress (ANC) and Democratic Movement on the one hand, and the forces of the apartheid state and capital on the other—could not budge one another, a compromise was required. After much blood was shed, the deal arrived at contained two essential elements. First, at the political level, "Sunset Clauses" (September 1992) and a highly constrained Interim Constitution (November 1993) paved the way for a Government of National Unity, for an excessive degree of federalism (devolution of responsibilities to a largely new provincial tier of government), for job guarantees that protected apartheid-era civil servants, and for a municipal electoral system that gave white voters an effective triple weight in elections as well as veto power over local council decisions if they held as little as one-third of the council votes.

The second part of the transitional compromise was the implementation of free-market (in the SA context, known as "neoliberal") economic policies, both nationally and locally. The national policies were remarkably consistent between the late 1980s and the late 1990s, entailing the highest interest rates in the country's history, progressive relaxation of exchange and trade controls, other forms of deregulation and privatization, fiscal conservatism, and a growing orientation to cost-recovery approaches (and lower subsidies) toward most state-provided social services (Marais 1998; Bond 2000a).

Locally, for South Africa's 843 municipalities, neoliberalism meant intensifying budget constraints, cost-recovery principles, lower levels of services (e.g., pit latrines in new low-income residential developments instead of flush toilets) and unprecedented cutoffs of services (including water and electricity) to those residents not able to pay their municipal bills. The desperate need to resolve massive backlogs of basic municipal services—water, sanitation, electricity, housing, roads and stormwater drainage, streetlights, rubbish removal, recreational facilities, even clinics (sometimes the responsibility of a municipality)—was sacrificed on the altar of fiscal discipline. (As many as half the municipalities were officially anticipated to be so fiscally unviable that by 2002 they would be declared bankrupt and merged into larger rural district councils.) This condition, in turn, led to a fascination, beginning in the early 1990s under late-apartheid municipal managers but intensifying under the new government, with municipal privatization.

This was an important moment, for at the same time a relatively new phenomenon was maturing: Transnational Corporations (TNCs) in the fields of water and other municipal services were scanning the globe for sites of municipal investment and management opportunities, where takeover of municipal waterworks would allow dramatic retrenchments of civil servants, dramatic increases in water tariffs, and the opportunity for healthy profits (typically 30 percent in US$ terms, according to the World Bank's International Finance Corporation) (Bond 2000b: chapter 4).

Thus the late-apartheid regime as well as a conservative bloc from the new ANC government (largely located in national government's Department of Constitutional Development), working closely with TNCs and their international boosters (especially the World Bank, as well as international merchant banks), began introducing municipal privatization by stealth. Small towns in the impoverished Eastern Cape Province were the first targets (1992–96), followed by medium-sized towns like the Mpumalanga Province capital city of Nelspruit (1996–99), and then the country's largest metropolis, Johannesburg (1999). All faced commercialization and privatization of key functions. However, arrayed against the TNCs, the conservative forces in government, and key municipal bureaucrats are new alliances of unions and communities that have fought the commodification and privatization of municipal services to, so far, a standstill.

Indeed, the privatizers have been surprised at the depth and resilience of opposition. In even small Eastern Cape towns, and certainly in Nelspruit and

Johannesburg, crucial battles are being fought, with the South African Municipal Workers Union (SAMWU) playing a leading role. In turn, this struggle has begun to define radical politics within the trade union movement as a whole, and within South Africa's major progressive forces more broadly. SAMWU declared "war" on privatization in 1997, on grounds that the water and waste service contracts signed during the 1990s are part of a wider scheme by the multinationals to obtain lucrative contracts to control all viable municipal services in South Africa (*Mail and Guardian*, April 1, 1997). SAMWU has also internationalized the antiprivatization struggle via its relations with Public Services International, the global public-sector workers union federation. Since most of the privatizers are TNCs, SAMWU is also playing a major role at the international level in forging resistance.

This article traces the ebb and flow of municipal fiscal crisis, investment strategies, pricing and related issues, and the politics of resistance. The conclusion confirms that South Africa remains an inspiring setting to consider the deeper meanings of democracy and to assess how people translate local grievances into political activism.

THE EASTERN CAPE WEDGE

The TNCs deserve much closer attention in understanding post-apartheid urban landscapes, for in many respects South Africa's municipal privatization has been a "supply-side"–led phenomenon. A French expert on municipal services, Dominique Lorrain, argues that TNCs use a low-risk, trial-marriage approach at the outset. They also acquire participation in domestic firms (Lyonnaise des Eaux, for example, forged a consortium—called Water and Sanitation South Africa (WSSA)—with a huge SA construction company, Group Five) in order to "become accustomed to the country, thereby acquiring assurance" (Lorrain 1997). Even when not initially profitable, this kind of "loss-leader" strategy fits into regional strategies with the larger cities as the key prize. In competing for the big contracts, smaller ones may end up underwriting larger ones where more substantial cost reductions may be offered to win such large contracts (Marvin & Guy 1997).

In some of the most impoverished and remote areas of South Africa, TNC water companies set down roots. In Fort Beaufort, a town of 35,000 residents in the middle of the Eastern Cape, the world's biggest water company, Lyonnaise des Eaux, runs a tiny water/sanitation system whose 32 workers service 3,400 house connections (mainly in the formerly white areas) and a late 19th-century "bucket system" in Bhofolo township. By all accounts, this inherited sanitation system—which relies on workers going house-to-house, emptying buckets of night soil by hand—is one of the most unhealthy and undignified legacies of apartheid. As government itself has put it,

> The history of the development of sanitation services closely parallels the history of water service development in South Africa. In the wealthy municipalities and towns the development of water supplies generally made provision for the greater quantities of water required for water-borne sewage services. Black local authorities in some areas undertook water borne sewage development but in many places the bucket system is still used today. In rural areas the situation is even worse with very low levels of service provision. The impact that this state of affairs has had on the health of the population and on the environment at large is enormous…Bucket systems of sanitation are not considered as adequate from either a health perspective or in terms of community acceptability. They should be phased out over a period of five years throughout the country (Water and Sanitation White Paper, DWAF 1994).

In Bhofolo township, sanitation has not improved since liberation in 1994. Buckets are collected just once a week, after they have overflowed. The local SA National Civic Organization branch complains that after they are emptied at the nearby sewerage plant, they are not properly sanitized. Back in Bhofolo, they are stored in the open, in the WSSA's backyard. The building where buckets are stored also serves as an area where workers congregate. Buckets have no lids. Likewise, the WSSA Customer Service Center in Bhofolo is a hazardous and unsanitary place. On the east side fence of the WSSA property, there are furrows of septic sewage—a moat that obstructs consumers approaching from the east side. Worse still, old-age pensioners in long queues spend several hours every month at this service center, which doubles as a pension payout point. Two tractors constantly drive around the township, further eroding the decaying dirt roads as they collect the night-soil buckets.

The TNC strategy in maintaining archaic systems of this sort is logical. Companies like Lyonnaise des Eaux begin operations by using existing municipal facilities (the customer center is provided to them for free). Second, they regionalize the work and cut their overheads. Key WSSA personnel rove between Stutterheim, Fort Beaufort, and Queenstown. The company benefits from regional economies of scale and mobilities, while dealing with each municipal authority independently. The regional and area managers appear to function as a mobile team, while unskilled workers are more or less immobile. The company has cut costs even further by intensifying and speeding up the various municipal labor processes, and deploying technical workers across a wider regional space. This is not unusual, according to Green (1994:78–79): "An Australian study showed that companies reduce costs by up to 30% by using multi-skilled workers, cutting overheads scheduling all maintenance work, and cutting down on travel time by faxing instruction to technicians so that they do not have to come to the depot."

While this approach may be cost-effective to Lyonnaise des Eaux/WSSA, it may not be so for the community. Indeed, the TNCs face a formidable problem in getting low-income black consumers to pay rising municipal services bills. In the model Eastern Cape town of Stutterheim, for example, nonpayment of services led to the municipality cutting off the water supply to 20 percent of all black township households during the last quarter of 1997 (Bond 1999b: chapter 5). As a community leader of the SA National Civic Organization (SANCO) branch put it, "We have little hard information on the WSSA. We thought WSSA was a black company, now we see it is a giant company. We don't know if there is a dispute resolution clause in the contract. We don't know if there is any monitoring of water quality." In addition to the tariffs charged for largely unimproved services, explicit complaints included lack of consultation by WSSA with community structures; confusion over responsibility for leaks in the water system, with many customers told to do repairs themselves or hire private plumbers; lack of accountability more generally; lack of transparency with respect to the municipal contract; and concern over WSSA's unilateral power to fire workers.

Municipal workers have had a much harder time on the job since the advent of privatization. The Eastern Cape regional SAMWU organizer observed that,

> promises of better conditions with WSSA were made in 1995, but have not been fulfilled. In fact, they said they would never pay less than the municipalities. But they did pay lower wages—leading to a work stoppage and threats of legal proceedings against WSSA. At that point the company agreed to equalize payments. After a one-day strike, WSSA agreed to fix the problem. But no back pay for the period when they paid lower than municipal-level wages has been offered. (Interview, M. Melitafa, December 4, 1998)

Shop stewards in Fort Beaufort report a variety of problems, including a downsizing program based on attrition and problems with pension payments to retiring workers. Commenting on the staff-workload ratio, a senior municipal official remarked that

> I personally feel that they [WSSA] need more staff members. These people definitely work hard day and night—honestly it demands a lot of determination because they are understaffed—but it is clear that they do not have enough people to render adequate services. They have not budgeted for new places. (Interview, anonymous Fort Beaufort official, December 4, 1998)

These problems parallel the experiences of water privatization elsewhere in the region and the world, as even a brief overview of the major firms and their strategies demonstrates.

THE PRIVATIZERS

Since World War I, Lyonnaise des Eaux has had strong colonial ties, with extensive business in North Africa (especially Morocco and Tunisia) and Central Africa (Togo and Congo). The firm extended its interests into gas, public lighting, and electricity generation and distribution until French gas and electricity were nationalized in 1946. France's two major water companies served the most profitable cities and neglected the small towns and poor districts. The latter districts required state subsidies, sourced mainly from a gambling levy (Goubert 1989:182–83).

In 1967, the Compagnie Financiere de Suez bank bought Lyonnaise des Eaux, giving it interlocking connections with other banks, insurance companies, and political interests. In 1972, Lyonnaise des Eaux acquired Degremont and in 1979, the waste management firm Sita. During the 1980s, Lyonnaise des Eaux expanded even more rapidly, acquiring controlling stakes in U.K., Spanish, and U.S. firms. In 1987, it took over the Société Générale de Belgique bank. In 1990, it merged with Dumez, refocusing activity on financial and industrial services, and in 1993 it won water supply contracts in Buenos Aires, Rostock, and Sydney (among the largest such deals in the world). In 1995, Lyonnaise des Eaux reorganized its construction-sector interests, and also became the leading cable television operator in France. Since 1997 the company has won additional water concessions in the Philippines, Indonesia, China, Vietnam, Argentina, Bolivia, Colombia, Morocco, Hungary, Romania, Germany, and the United States. By 1998, it employed close to 200,000 workers across the globe and had assets of more than $15 billion (Lyonnaise des Eaux website).

Lyonnaise des Eaux also owns 25 percent of another large firm, Aguas de Barcelona. This axis typically competes for contracts against one other major alliance: Générale des Eaux (now known as Vivendi) and Thames Water. Générale des Eaux has some 215,000 employees worldwide, and markets a wide range of services: water and sanitation, energy, waste disposal, construction, bus transport, health services, heating, cable television, mobile phones, and catering. A few other smaller companies include SAUR (a French company) and the British companies Anglian Water, North West Water, Biwater, and Severn Trent (Public Services International Privatization Research Unit 1996).

Hemson's (1997) international literature review of privatizers' practices included these findings:

> corruption in the tendering and drawing up of contracts, particularly in the US; monopoly in the privatized service; higher user charges; inflated director's fees, share options, and management salaries; widescale retrenchments; and anti-union policies ... The effects of privatization bear most radically on the poorest in the community; there is widespread evidence of more cut-offs in service and generally

> a harsher attitude towards low-income "customers." Water in Britain is a case in point. Water and sewerage bills have increased by an average of 67 percent between 1989/90 and 1994/95, and during roughly the same period the rate of disconnections due to non-payment by 177 percent. The inflexibility and hostility which often characterized public utilities' attitude towards non-payment has, over the same period, been replaced by an emphasis on pre-payment meters and "self- disconnection" as public goods have been commodified. Pre-payment metering is greatly advantageous to companies as the problem of poorer customers is avoided, there is a continuous revenue stream in advance of consumption, less of a "political" problem in confronting disconnections, and better form of debt recovery. Self-disconnection is associated with the reduction of consumption below the level consistent with health, safety and participation in normal community life. Studies have shown a surprisingly high number of self-disconnections of water supply for various periods by as much as 49 percent by those using pre-payment devices over a trial period. The most critical feature of privatization, however, has been that cross-subsidies are rooted out after privatization: those who need costly help have to pay for these services directly themselves ... Rather than cross-subsidies there has been the introduction of "cost-reflective" pricing (in which prices reflect the particular costs associated with a particular customer). This will end with greater differences in regional charges, the poorer paying more, and better off people with cheque accounts paying less with direct debits.

In South Africa, Lyonnaise des Eaux was a long-time beneficiary of apartheid business links through its subsidiaries Aqua-Gold and Degremont. Its initial water supply contracts were mainly with the homeland governments of KwaZulu (as early as 1987), Bophuthatswana, and Kangwane, and various mining companies. In 1992 a water supply contract was signed between Aqua-Gold and the Queenstown municipality (still controlled by apartheid-era bureaucrats).

Companies like WSSA promised to "render an affordable, cost affective and optimized service, implement effective consumer management," and ensure that customers are "willing and able to pay for services, while maximizing revenue collection" (WSSA 1995a:1). Benefits also allegedly include "a more dynamic business environment, increased productive investment, workplace democratization, cooperation with small and micro enterprise, and more open and flexible management styles" (WSSA 1995b:1). Yet in practice, in the Stutterheim pilot, water services were instead characterized by WSSA's failure to serve any of the 80 percent of the region's township residents (classic cherry-picking), mass cutoffs of water by the municipalities of township residents who could not afford payment, and the cooption of the main civic leader into WSSA's employ, thus effectively rendering silent any community protest (Bond 1999a: chapter 5).

WSSA is clearly trying to win a strong position in the local water market, and also intends to use South Africa as its base for making inroads into other countries in the region. However, in both ambitions it faces strong competition from other transnationals. While it bid for the water concessions in Nelspruit, Mpumalanga, and Dolphin Coast in KwaZulu Natal, it was beaten in both cases. Biwater is the preferred bidder in Nelspruit, while SAUR's Siza Water Company consortium won the Dolphin Coast bid.

Regardless of competition, the two key struggles for the privatizers remain battling union/community opposition, and ensuring that the state serves their interests. This was by no means guaranteed, but by 1996, as one of WSSA's South African partners happily concluded, "Whilst these are early days in winning their acceptance, we now have the support of the (ANC) government. We helped draw guidelines on private sector management of water and sanitation services and are now helping with a regulatory framework" (Everite 1996). WSSA has also actively promoted the concept of delegated management in municipalities around the country—holding regular seminars in different centers on the concept of delegated management and water concession projects. To assess whether concern about such potential "captive regulation" has merit requires analyzing the new government's own approach.

GOVERNMENT'S STRATEGY

Lead bureaucrats within the Department of Water Affairs and Forestry (DWAF) and the Department of Constitutional Development (DCD) began pushing a privatization agenda beginning in 1995. In 1996, DWAF's

Community Water Supply and Sanitation program commissioned several dozen extremely small-scale, rural build-operate-train-and-transfer contracts, involving NGOs and some private firms. But such serious problems soon emerged—unsustainability, lack of consumer affordability given cost-recovery pricing policy, poor technical design, poor community control functions, mismatched NGO/private-sector roles and expectations, systematic inconsistencies with neighboring government-subsidized water schemes, and lack of training and transfer prospects—that by 1999, the concept was in many areas evaluated as a "failure" with respect to implementation by DWAF and DCD—whereby according to Masia et al. (1998:11), "The gaps between practice and policy have to be addressed head on lest the policies be invalidated"—and by its favored NGO implementing agency, the Mvula Trust (Bakker 1998).

Nevertheless, DCD encouraged larger municipalities to contract out infrastructure- related services to the private sector using what were initially called Public-Private Partnerships (PPPs), for which in 1997 the DCD issued guidelines and helped establish a Municipal Infrastructure Investment Unit based at the Development Bank of Southern Africa. This was followed by DCD's draft regulatory framework in August 1998, in which PPPs were rebaptized as Municipal Service Partnerships (MSPs) and characterized as "a variety of risk-sharing structures within public-public, public-private and public-NGO/CBO partnerships" (DCD 1998:v). By December 1998, the South African Local Government Association and DCD had negotiated a Municipal Framework Agreement with unions.

Thus within about four years of the advent of democracy, key political decision makers within the South African state—at national and local levels—had been won over to what effectively amounted to creeping privatization of core local services: rubbish removal, water works, and even municipal electricity supply. The primary advocates of privatization were the World Bank and its private-sector investment arm, the International Finance Corporation (which in 1997 announced a $25 million investment in Standard Bank's South Africa Infrastructure Fund, an explicit privatization financing vehicle), as well as local and international firms. By 1997, Banque Paribas, Rand Merchant Bank, Colechurch International, the Development Bank of Southern Africa, Générale des Eaux, Metsi a Sechaba Holdings, Sauer International, and Lyonnaise Water had all met with officials of South Africa's fourth largest city, Port Elizabeth, for example, in the wake of a week-long 1996 World Bank study of the council's waterworks which suggested just one policy option: full privatization (Port Elizabeth Municipality 1998; Bond 1999a: chapter 4).

The February 1998 Local Government White Paper endorsed privatization, while acknowledging the risks of cherry-picking (refusal to provide services to low-income areas), poor quality services, and unfair labor practices. A virtually unstoppable momentum had built up by 1999, supported by a R30 million USAID grant to DCD for the development of PPP business plans in various towns. These included Cape Town, Port Elizabeth, and Stellenbosh (where water and sanitation were reviewed by 1999), the Johannesburg suburb of Benoni (fire and emergency services), and several towns where refuse removal would be privatized. (In Cape Town's Khayelitsha township, the Billy Hattingh private rubbish removal scheme was so unsuccessful that by 1999, municipal workers had to be redeployed to back up the company.)

These early PPPs suggest a penchant for long-term management contracts, entailing "delegation" of defined municipal functions for a ten, twenty-five, or thirty year period. They include operation, rehabilitation, maintenance, customer services, and expansion of assets, which are, however, still owned by the municipalities. Contracts are flexible, allowing for the company to extend or upgrade facilities but with municipal or noncompany finances. Unlike concession contracts, they involve less greenfield investment (such as extension of services to townships) and hence far lower risks for the successful bidder.

DCD considered some of the pilots too conservative, if anything, for failing to promote sufficient concessions to assure increased capital investments. DCD officials identified constraints in the forms of legal obstacles and uncertainties with respect to contractual issues, tendering procedures, contract monitoring requirements, and dispute resolution procedures. By 1997, management contracts were said to be "only advisable when more ambitious forms of private participation are considered undesirable" (DCD 1997). The suspicion was, simply, that "contractors with international linkages might engage in management contracts in order to secure a privileged position in subsequent initiatives" rather than for the sake of providing optimum services, with the effect of "sabotaging open competition."

Having raised these concerns, DCD's Draft Guidelines for MSPs then proceeded to diminish the role of municipal workers by insisting that "a municipality must consult, but is not obligated to negotiate and reach agreement regarding the labour aspects of the transfer with employees or unions as a condition for being authorized to proceed with the transfer" (DCD 1998:48). Yet, the reality was that SAMWU has been so effective in generating public opposition to DCD's plan and to participation by the British firm Biwater (the lead company behind Nelspruit's water contract), that, as SAMWU described it, "In December 1998, the Congress of SA Trade Unions and SAMWU signed a framework agreement with the local government employer body, SA Local Government Association around municipal service partnerships. The agreement was the product of months of negotiations. It concurs with national legislation that the public sector is the preferred deliverer of services and specifies that involvement of the private sector in service delivery should only be a very last resort—if there is no public sector provider willing or able to provide the service" (Weekes 1999:1). This major concession by DCD was the result of several years of intensified anti-privatization organizing by the union.

WORKERS STRIKE BACK

The South African Municipal Workers Union and the Independent Municipal Workers and Allied Trade Union (IMATU) have both expressed opposition to the privatization of municipal services, but with differing degrees of militancy and different strategies. SAMWU has campaigned actively at national and municipal levels, and its aggressive approach to defending members' jobs as well as addressing community issues is one reason that it emerged from the apartheid state as a left-leaning, fast-growing union. From 1991 to 1996, its membership soared from 60,000 to 112,000. Unique among unions, SAMWU has a membership geographically spread across the entire country, in most of South Africa's 843 municipalities.

The average income of a SAMWU member is under R1,400 (US$220) per month, roughly half the poverty line for a family of four. Its main campaigns have been wage- and benefit-related, and SAMWU's local-level battles during the 1990s eventually won the union an opportunity for central bargaining (with the South African Local Government Association). The main competing union, IMATU, is made up mostly of supervisors, while SAMWU's concentration is on laborers.

Organizationally, SAMWU still struggles to build its base in many difficult local settings. In dispersed small towns such as in the Eastern Cape, SAMWU "shopsteward structures are generally less developed than comparable sized firms in the private sector, although according to managers, there is a stronger tradition of solidarity and accountability among workers in lower job categories and hence within SAMWU structures," according to Klerck (1997:59). SAMWU's other great strength is its close relationship to black communities, as meter readers and service workers remain in regular contact with residents. This made it logical for the union to campaign against privatization with the companion slogan, "50 Free Liters of Water per Person per Day Free!"

SAMWU operates on the left flank of the South African union movement, while in contrast some allies' investment companies (such as in railroads, air transport, and tourism) have begun to buy shares in partially privatized state entities. But the SAMWU campaign fits well within the broader self-interest of workers, as reflected in a speech to the Congress of South African Trade Unions Central Committee on June 23, 1998 by federation general secretary Mbhazima Shilowa:

> The working class should reject assertions, which are aimed at ensuring that we accept the agenda of multinationals, financial markets, and the G-7 as inevitable. Accepting their assertions is tantamount to accepting that capitalism can solve the problems of society. The reality is that most of our problems stem from the ills of capitalism. As South Africans, we do want trade with the outside world. However, unlike these converts of the markets, we want not only free trade, but fair trade. The same goes for those who are unemployed. They do want jobs. It is, however, a fallacy perpetuated by business that they want any type of job, irrespective of wages and other basic conditions of employment on offer. We have to assert the right of workers to better quality jobs at a living wage. In this way, we will ensure that South African workers do not become economic slaves in the name of job creation. We need to intensify our support

> for socialism. Our policies as a trade union must be guided by our long-term vision. Even where compromises are made, they should not undermine our socialist agenda.

Union resistance has been effective in slowing down, not stopping, the process of privatization at local government level. It has also forced the government to change its strategies for public-private partnerships. In Nelspruit, SAMWU and the Congress of South African Trade Unions, along with more advanced civic groups and local branches of the South African Communist Party and ANC Youth League, were effective in generating public opposition to a consortium led by Biwater (which included unaccountable investment arms of the South African NGO Coalition and the South African National Civic Organization), but in March 1999 a contract was formally signed.

One of the main hopes for revisiting that contract and preventing others from coming to fruition, is to force the South African state to more explicitly confront its strategy in relation to basic principles. Here, SAMWU has argued (and won concessions in the Municipal Framework Agreement) that the "public good" character of water should entail a broader appreciation by service providers of the social and economic benefits (not realizable by a private firm) that flow from water access, such as better public health, a better environment, increased gender equality, and more economic opportunities (Bond 1999b: chapter 3). This is one part of the debate that looms ahead, and that may be decided based on revisiting the very principles behind privatization of municipal services.

ASSESSING PRIVATIZATION IN PRINCIPLE

Is there, as is so often sought in 1990s South Africa, a negotiated settlement ahead? Can regulation solve the problems associated with municipal services privatization in local and international experiences?

Probably not, given the classical advantages associated with a public good's "natural monopoly," namely, the ability of a state institution to pass along implementation responsibilities while still holding control over basic services policy (e.g., on coverage, quality, access, cost, labor conditions, etc, all of which the private sector would ordinarily skimp on to the public's detriment). The propensity of a private firm to, for example, provide cross-subsidies and lifeline tariffs, is extremely low, as a World Bank water expert (Roome 1995:50–51) explicitly warned Water Minister Kader Asmal in 1995—since sliding-scale tariffs favoring low-volume users "may limit options with respect to tertiary providers ... in particular private concessions [would be] much harder to establish"—as part of a lobbying campaign to dissuade him from invoking cross-subsidies.

The extent to which a natual public monopoly is replaced by a private one--oblivious to the prospects for identifying public-good social benefits--gives rise to yet more concern. In late 1998, Lyonnaise des Eaux announced plans to establish multipurpose utility monopolies covering water, sanitation, refuse, roads, cable TV, and telephones, to be payable through a single bill, with the city of Casablanca already witnessing the firm's pilot linkage of several privatized municipal services. Aware of this possibility, DCD (1998:56) acknowledged that "The Competition Bill [of mid-1998] could create opportunities for consumers of municipal services to challenge various aspects of an MSP including tariff structures, tariff setting mechanisms and grants of monopoly rights to a service provider in both administrative and judicial forums"—but reassures firms that "the power of the Competition Tribunal to award costs to a respondent against whom a finding has been made may act to restrain consumers from initiating complaints."

In other countries (beginning with Paris in 1985), the privatization of water was at the very least done in a manner that deliberately distinguished retail provision from distribution, and also established geographical divides (the Left Bank going to Lyonnaise des Eaux and the Right Bank to Générale des Eaux), thus allowing "for a compromise where there is still outside competition and larger markets beckon" (Lorrain 1997:117). Indeed, this raises the question of whether water and energy should be managed at a local or regional level (i.e., along politico-administrative boundaries) or based on geological, watershed/basin, or functional divides. Moreover, if water supply is separated from sewerage and roads, there is bound to be confusion, dislocation, and diminished accountability. By fragmenting responsibility for road works, refuse removal, and sanitation, residents will have to visit different company offices to register complaints, increasing the bureaucratic hurdles for consumers.

The thorniest questions are those bound up in politics and corruption, and hence are least transparently considered in DCD and other official work. Many of the transnational services firms have dubious track records, and not just in the notorious kickbacks and bribes associated with privatization in Eastern Europe, Indonesia, and the like. Even in France, the mayor of the city of Grenoble was imprisoned for taking bribes from Lyonnaise des Eaux and its local partner (Barsoux 1997:16). In apartheid-era South Africa, WSSA's close association with repressive, corrupt bantustan regimes does not prove corruption in a commercial sense, but does show that unlike many other companies which disinvested, the French chose not only to stay but to accelerate their dealings with the most discredited elements of the apartheid regime. In several towns, WSSA signed agreements with unrepresentative white politicians and municipal administrations prior to democratic elections, and without going through a tender process (DCD 1998).

Finally, if the "basic rationale" for privatization is that "MSP projects can save or avoid municipal expenditures" (DCD 1998:74), it should also be considered that a municipality has enormous burdens once a contract is signed: monitoring the concessionaire or contractor; undertaking expensive litigation in the event of disputes; establishing reliable, independent sources of information; and bearing the political and financial costs of failure. Typically, the municipality is prevented from taking direct action on complaints.

CONCLUSION

The struggle against apartheid was both a struggle against the politico-juridical system of racism and for improved quality of life. Improved residential infrastructure and service delivery are among the most crucial objectives of public policy, by all accounts. Many of the aspirations and concrete demands of South Africa's oppressed peoples are reflected in the 1994 *Reconstruction and Development Program* (RDP) and the 1996 Constitution--in particular, the entitlement to decent standards of services.

Despite this mandate to govern, there has been a clear continuity of policy between the late-apartheid era and democracy. Some key common features are an often untransformed bureaucracy, white consultants at the nerve center of policy making, influence by the World Bank or its proxies, the ascendance of a new breed of conservative bureaucrats, and the desire of large international firms to capture potentially lucrative business opportunities in a context of deep, widening socioeconomic inequality. Moreover, there is a disturbing level of consensus in infrastructure-related departments and agencies that (1) users pay, (2) standards should be relatively low, and (3) privatization should be regularized.

Is an alternative to privatized municipal service delivery possible? One proposal advocated by social-change activists from community organizations and associated NGOs, compatible with the Constitution and RDP, was a universal free lifeline to all South African consumers for the first block of water (50 liters of water per person each day) and electricity (approximately 1 kilowatt hour per day) with steeply rising prices for subsequent consumption blocks. There would be no need, in this policy framework, for means-testing or a complex administrative apparatus, nor would complete service cutoffs feature. Recurrent consumption expenses would be paid for entirely from within each sector, although an additional 10 percent expenditure would be needed, beyond what has already been budgeted, to finance the added capital costs (totaling R120 billion over ten years, a reasonable investment in relation to late 1990s GDP of R600 billion and an annual state budget of R200 billion).

Where social-change advocates have come up short, however, is in turning an extensive series of mid- and late 1990s riots over municipal services—which, tragically, included the assassination of an ANC mayor known for his willingness to cut off power and water, as well as the burning of several ANC councilors' houses—into more sustained, constructive political pressure (this partly reflected the demobilization of the national "civic association" movement during the late 1990s). In contrast to an alliance between DCD and the big business lobby within the National Economic Development and Labour Council (the stakeholder forum at which state policies were often debated), the progressive forces failed, especially in 1996–97, to successfully contest the intensification of services commodification. Notwithstanding firm opposition by SAMWU, central government continued to advocate the privatization of municipal services.

Also at stake in all of this was, as ever, the degree to which a capitalist state in league with big business could construct a "social wage" policy framework that had, as a central objective, maintaining relatively low upward pressure on the private-sector wage floor; in other words, by keeping monthly operating costs of services low through denying workers access to flush toilets, hot plates, and heating elements, DCD also reduced the pressures that workers would otherwise have to impose upon their employers for wages sufficient for the reproduction of labor power. Privatization of services is a corollary of ultra-commodification at a time the social wage is being slashed.

In very practical ways, the labor and social movements were too weak to successfully contest the broader neoliberal trajectory, and not even the strongest rhetorical and technical critiques could have made up for lack of political clout. What looms ahead--as more than half of South Africa's municipalities face formal bankruptcy at the turn of the century due to declining central-local grants and low levels of service payments by residents--is a stark scenario in which sufficient unpopularity with ANC rule emerges so as to generate conditions amenable to a more progressive backlash either within the Alliance or, around the time of the 2005 election, the emergence of a left-wing alternative to the ruling party. Until then, it will be up to activists in civil society organizations, probably led by SAMWU in key sites of privatization struggles and potentially joined by a nascent alternative civic movement, to remind society at large that the transition from late-apartheid to postapartheid privatized infrastructure policy is rife with untenable contradictions.

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