

FLOWS OF CAPITAL AND FLOWS OF WATER: THE TEXTILE INDUSTRY AND THE PRIVATISATION OF THE WATER SUPPLY IN SABADELL IN THE SECOND HALF OF THE 20TH CENTURY

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Historical accounts of the evolution of urban water supply may shed light on the processes that shape the nature and development of urban growth and also on the interests that lie behind the expansion of urbanisation. To use Erik Swyngedouw's words: «flows of water are also flows of power». Both flows represent vital elements for the continuous expansion of the urban fabric, and water commodification and privatisation strategies are usually entrenched within a scarcity discourse in an attempt by private interests of overcoming new frontiers of capital accumulation, in what David Harvey calls 'accumulation by dispossession'. How water privatisation processes arise and operate is geographically and historically contingent but may have certain elements that cross through political and environmental boundaries. Therefore, case studies on municipal water privatisation are needed in order to identify the general as well as the specific trends by which the resource is taken away from the public sphere and incorporated in the circuits of urban/regional/global capital.

In this paper we want to present the case of Sabadell (population 204,000 in 2008), the fifth most populated city of Catalonia (North-east Spain) and, historically the most important Spanish centre for the production of textiles. Sabadell constitutes an early, interesting, and at the same time peculiar example of water privatisation directed and controlled by the political and economic elites of the city. Our main hypothesis in this paper is that the manufacturer's

interest in water went beyond the strict need of ensuring an adequate supply for the textile mills. It signalled a shift in investments strategies towards the water sector.

The debate that took place in the city of Barcelona between 1910 and 1923 regarding the municipalisation or the privatisation of the city water supply was reproduced in Sabadell a decade later again with the phantom of scarcity lurking in the back. At that time water consumption (domestic and urban plus industrial) in Sabadell was 100 liters per person and day (lpd) on average. This was a fairly large quantity that reflected the abundant domestic and industrial wells existing in the city. The supply coming from these wells will gradually vanish in the years after the civil war due mostly to overuse and pollution.

Sabadell's water supply in the first decades of the 20th century showed a large heterogeneity. First, the municipal company obtaining its waters from the Ripoll River¹ saw a growing inability to satisfy its customers with the existing resources. Sabadell was also served by the two private water companies (*Sociedad de Propietarios de la Mina de Aguas de Sabadell* and *Compañía de Aguas para el abastecimiento de Sabadell S.A.*) that reached their maximum capacity during the 1920s when a long period of drought restricted supply to customers.

From 1930 onwards, the strategy of industrialists belonging to the Manufacturers Guild, the Chamber of Urban Property and the Society of Owners of the Water Mine of Sabadell would shift from searching local resources in the Besòs river towards searching for more distant waters together with the city of Barcelona. Only the political change brought about by the Spanish Second Republic in 1931 and especially the democratization of local councils precluded the constitution of private local monopolies for water supply.

At the end of the Spanish Civil War (1936-1939), the two private water supply companies of Sabadell were returned to their original owners in perfect conditions so that in 1940, the three suppliers (one public, two private) existing before the Civil War reassumed their operations.

In the mid 1940s a pronounced drought pushed the existing water supply system to its limits (including supply cutbacks) and consequently threatened the economic growth of the hegemonic and water-dependent wool textile sector. This crisis led the City Council of Sabadell (then chaired by a representative of the Textile Guild and with a strong presence of the local Chamber of Commerce) together with the Manufacture Guild to create a Study Commission to search for a so-called 'definitive solution to the water needs'. The Committee agreed on two significant conclusions. First, local resources were insufficient to meet the growing demand of the city, and second, increases in consumption, new industrial uses and domestic expansions were to be increasingly taken by the city council.

Wool textiles during the period 1940-1950 represented close to 80 per cent of all industrial activity in Sabadell. Dyeing in particular necessitated vast quantities of water; hence the location of all factories near the Ripoll River. Despite political intervention and restrictions, wool lived in these years a golden age in which entrepreneurs became rapidly wealthy. In this context, the Committee for the water supply of Sabadell abandoned the option of bringing water from the Besòs River because the alleged high costs and lack of profitability despite the generally good quality of the water. Instead, the favored solution was to bring water from

1 The Ripoll river, flowing 40 km through the Vallès plains, is tributary of the Besòs river.

the Llobregat, more distant and of less quality but with a piping system to Terrassa already existing since 1934. However, this solution was also abandoned because of the dependency from Terrassa that this option would create. Terrassa had the same manufacturing base than Sabadell and competition was feared, despite the fact that only a nine kilometer long pipe was needed at a very reasonable cost. Finally, the Committee proposed the creation of a new company with participation of all industrial sectors in the city that «would solve forever the water problem, so important for our town».

The model adapted in Sabadell emulated that taken by the *Societat General d'Aigües de Barcelona* (currently the AGBAR group) in the city of Barcelona 50 years before: to consolidate a monopoly for the distribution of water in the city. The alliance between Sabadell's industrialists and the city council sealed a water supply system geared towards the logic of capital accumulation that rarely took into account a socially just distribution of the resource for the city. Besides, the authoritarian political regime would preclude any debate between the defenders of water as a public service and the defenders of water as a private venture.

The existing companies supplying water could have legally objected the constitution of the new company. And they complained to the city council opposing the «municipalisation» and the new monopolistic situation. However, these companies were financially unable to fund the new network to bring water to Sabadell to which they were entitled by order of preference². As much as the financial argument is critical it is also true that the main shareholders of this company were also part of the new company.

In 1949 CASSA [*Compañía de Aguas de Sabadell*] (Water Company of Sabadell) was finally created. The company held the water supply for Sabadell in monopolistic terms and was, as agreed, 80% private and 20% public. The extent to which the latter was totally controlled by manufacturers can be noted in that the city council relinquished his right to search for financial resources to make water supply entirely public despite the fact that the service was not in deficit. The president of the new company was also the President of the Manufacturers Guild while the vice-president was an industrialist and banker. The other members of the board were all significant members of the city's industrial elites. The ties with the existing elites were so tight that the first physical location of the company was the very same Manufacturers Guild.

CASSA was said to have a concession for 99 years; that is, in 2048 rights and all physical infrastructure will become property of the city council and the company will cease to exist. Initially, capital was set at 5 million pesetas but could be increased until 25 million, which was the estimated costs of bringing water from the Llobregat river. Meanwhile the company signed a contract with SGAB (Barcelona's water company) to supply 7,500 cubic meters per day, more than twice the amount served then to the city in 1949.

In 1952 finally waters from the Llobregat arrived in the city. This fact went unnoticed in the media because at the time Barcelona suffered severe restrictions and it would have been certainly bad press to publicize the diversion of water to another town. Once the Llobregat alternative was ensured, in 1953 CASSA asked the Spanish Ministry of Public Works a direct

2 Report, for 1948, núm. 63. Sociedad de Propietarios de la mina de aguas de Sabadell.

uptake from the river to be transported to Sabadell through an entirely new water piping system. In 1955, the permit was granted by the Spanish government.

The 1950s saw also the absorption by CASSA of the two private water companies existing in the city and therefore the consolidation of the monopoly in urban water supply service. At the end of the decade, the company extended the city's water supply network and captured from the Llobregat almost 15,000 daily cubic meters. This expansion coincided in time with a period of strong population and industrial growth. In 1960 Sabadell had already more than 100,000 people and the textile base had diversified towards metal works and housing construction. At that time, water consumption had increased to 140 lpd but, given the forecasts of strong demographic and economic growth for the following decade and beyond, CASSA asked for new supplies, this time from the Ter river (located some 100 kilometers north of the Barcelona Metropolitan Area). Eventually, this concession was denied but in 1967 water from the Ter reached Barcelona. It was matter of time that this new resource was tapped by Sabadell as well. In this sense, Sabadell's business leaders and politicians saw economic growth intimately bound to the availability of water and the best way to ensure future resources was to tight up Sabadell with Barcelona.

In 1966, water from the Llobregat attained 20,000 daily cubic metres and per capita consumption jumped to 167 lpd. This accelerating consumption could not be detained since the economic elite of the city foresaw a population of 500,000 for the year 2000. In 1969, the company applied again to increase the water intake from the Llobregat River, this time further upstream and for a quantity of 250 liters/second (21,600 cubic meters per day). Sabadell never reached 500,000 people. The 1970s came and with them the beginning of a number of periodic crises that would leave the textile sector seriously damaged. In 1980 textiles were already in a secondary position in front of other manufacturing activities, and in the 1990s and 2000s, manufacturing in general suffered several processes of restructuring and lost most of its former importance while Sabadell, as many other formerly industrial towns navigated a transition towards banking, finance and other white collar activities. During all this period, however, CASSA has never stopped to grow. Further it has followed the model of other private water utilities and diversified its business ventures to the point that water supply today merely contributes 48.8 per cent to the total turnover of the company, the rest being investments in other parts of the hydrological cycle such as wastewater and desalinization plants. In 2009 CASSA managed about seventy-five water supply and sanitation contracts in towns of Catalonia, Aragon and the Canary islands, and the complete water cycle of Cape Verde, Boavista and Sal islands (off the coast of Africa) as well as 29 wastewater treatment plants. Today the owners of CASSA do not have wool textiles as their main business activity. The most profitable activity sought by the successors of those manufacturers is precisely the selling of water.

To conclude, the case of Sabadell illustrates a process by which a city with few local flows of water and a chronic water deficit during the first third of the 20th century became a larger water supplier from the 1940s onwards after the service was mostly privatized with the consent of the town council under the influence of industrial interests. It is also interesting to note that while the business based on the textile industry declined from the 1970s onwards, the water sector remains one of the most reliable and profitable businesses of Sabadell. The case of this city, though geographically and historically contingent, is an early example

of how water could be opened to capital accumulation; all this with the complicity of the administration. Public Private Partnership agreements or partial/full privatizations of the water supply (such it was done in Chile and England in the 1980s, or as it is planned to be done with the whole supply of the Autonomous Community of Madrid), operating under the hegemonic neoliberal background, envisage nature and basic services as niches for business. In that sense, environmental urban history could provide us with valuable information about early and common trends on nature's neoliberalisation. By expanding continuously the scope of its business and overcoming physical frontiers, CASSA turned up water flows into flows of capital.

