



## BLUE COMMUNITY ZÜRICH/SWITZERLAND

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# Water: Liquid Gold?

## On the Economics and Commodification of Water

**In recent months, three books have been published in English about water, its commodification, and the resistance of water movements against the international corporations that make money from water.<sup>1</sup> We have referred to and reviewed these books here. But official Switzerland is also dealing with the topic, as they see water as a core issue and core competence in Swiss development Cooperation SDC.**

Roland Brunner, Blue Community Zurich/Switzerland

In April 2023, the RésEAU Brief no. 42 was published. RésEAU is a network run by the Swiss Agency for Development and Cooperation SDC and Daniel Maselli, Senior Policy Advisor & Focal Point SDC Water Network in the "Thematic Cooperation Division / Section Water". Brief no. 4, published jointly with PGE - Peace, Governance and Equality, is entitled "Why political economy matters in the water sector". Unfortunately, the 12-page paper does not provide many answers to this question but is mainly a tool to encourage SDC offices in cooperation countries to look at the political issues related to water projects: the so-called "Political Economy Analysis (PEA)". Daniel Maselli writes in the accompanying text to the publication of the paper: "Given that water challenges are often rooted in hidden dynamics of power and economics, I hope that this Brief will succeed in making PEA more concrete, easy to grasp and attractive to be used by water practitioners". Or as the foreword says: "PEA helps to better address complex interrelations and to be more strategic, pragmatic, and realistic in the design and implementation of programmes."

Before the PEA instrument is presented and explained on the basis of experiences in Kosovo and Central Asia, the letter devotes a scant 1.5 pages to the topic of the "relevance of political economy in the water sector". It states that the success or failure of a project rarely depends on the technical conditions, but on social and political factors: "The success of the project or programme depends on the existence of a clear normative framework and institutions capable of managing water, and related use systems necessary for user participation." For water projects and programmes, it is crucial to understand the interests involved and the power structures behind them: "Who is managing water? This is the result of political processes and decisions based on vested interests. Water inequalities often mirror income inequalities."

Water is described as a "public good with economic value", recognized as a human right. This imposes an obligation on the state: "States bear the duty and the responsibility of providing water services to people, who are rights-holders, without any discrimination based on their sex, gender, ethnicity, religion, caste, disability, age, health, or economic status." The PEA tool should help "understand the issues of power, rights and interests below the surface, to best support changes in laws, governance, and monitoring" because "Usually, the power balance produces asymmetry in the distribution of costs and benefits associated with (water) resources management in society."

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It is fair and important that the SDC states in the conclusions (p. 10) that water is political and that dealing with it is guided by strong political, economic and social interests at regional and national level and that social change is always political. But instead of then also locating and weighting these interests, the document limits itself to offering the instrument of PEA as a basis for discussion for the actors involved and calls for remaining modest about one's own possibilities. Since the RésEAU Letter 4 ends here, where the issue actually becomes really exciting, we take the liberty of adding a few considerations of our own.

In recent years, water has increasingly been treated in economic categories. The more precious water becomes - or the more we become aware of its value in the face of global water and environmental crises - the more water is treated and traded like liquid gold. With one big difference: you can easily live without gold, but you need water every day and everywhere. Nowadays, international organizations organize conferences and meetings to quantify the millions and billions needed to manage a good water supply. Usually it is (financially) strong private companies that set the tone in these discussions and want to make it clear that they are the ones who can solve the problems if only the states give them enough money. Thus, private corporations providing water management are to be financed with public tax money. But every involvement of private companies and corporations brings a transfer of money, know-how and control from the public, i.e. the citizens and consumers, the right holders of the human right to water and sanitation, to private entities. By definition, they are more interested in their revenues and profits for shareholders than in the quality of the service they provide. The privatization of water management in the UK provides a thriving and terrifying example for this.

While water supply in Switzerland is largely in public hands (cities, municipalities, special-purpose associations), the SDC plays along with this game of private appropriation in the structurally weaker countries of the South. Although water is recognized as a public good and a human right, private companies and their interests are involved - for example within the framework of so-called private-public partnerships (PPP). The problem with such partnerships is not only that private companies are financed from the public purse. The outsourcing of social tasks to private actors always leads to the loss of corresponding expertise in the administration - be it in the construction or the operation and maintenance of water supply or sanitation facilities. It would be desirable for the SDC to draw the consequences from its own statements, to identify the interests behind such actors, and to clearly take the side of public interests, for example by consistently promoting public-public partnerships, for example between public water suppliers here in Switzerland and corresponding structures in the global South. But probably it is illusory to expect or even demand coherence from Swiss policy. It is just as the SDC states with the PEA instrument: There are different - including conflicting - interests. Which interests are served, and which are ignored is also a question of power. Even in democratic Switzerland and its development cooperation.

1 Mühlebach, Andrea. A vital frontier – Water Insurgencies in Europe. Duke University Press, Durham and London 2023)

Moore, Madelaine. Water struggles as resistance to neoliberal capitalism - A time of reproductive unrest. Manchester University Press, March 2023.

Jaffee, Dan. Unbottled - The Fight Against Plastic Water and for Water Justice. University of California Press, September 2023. ISBN: 9780520306622. A review of this book will be published here soon.

2 RésEAU-Webseite: <https://www.shareweb.ch/site/Water>. Here you may find the SDC-«Guidelines on Water 2022-2025» and the RésEAU Brief.

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