

## **Discursive and moral crises of neoliberalism**

*An example from the Swiss urban water sector*

Paper presented at the 25<sup>th</sup> SASE conference, June 27<sup>th</sup>-29<sup>th</sup> 2013, Milan

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## Introduction

In this paper, I will analyse two aspects of a crisis Swiss neoliberalism faced during the 2000s in the water sector and I will show how the country overcame this crisis through adaptation.

Crisis can be understood as meaning “trouble and danger”, but also in the sense of a key moment when difficult and important decisions must be made. A crisis is a potential turning point.

The crisis that I will talk about represents a clash between two kinds of neoliberalism.

## Two ideal types of neoliberalism

### “Hard (and nasty) neoliberalism”

The first sort of neoliberalism can be understood as a set of economic theories (Lemke, 2001), as a governance mode and as tool for analysing public policies (described for instance by Peet, 2002; McCarthy & Prudham, 2004; Harvey, 2005, 2006) as an ideology (cf. Hall, 1988; Larner, 2000), as a set of neoliberalization reforms whose ideal-types may include privatization, decentralization, deregulation, commodification, and participatory approaches; nevertheless, neoliberalism diffusion is a jeopardized phenomenon, that is not even, neither in time nor in space (cf. Brenner & Theodore, 2002; Brenner, Peck & Theodore, 2009, 2010; Springer, 2010; Gupta and Sharma, 2006; Larner, 2000). In sum, a meaning of the term “neoliberalism” indicates the widespread political and economic revolution that started in Chile, the USA and the UK during the 1970s and diffused throughout the world during the following decades, not without resistance and contestation.

This first sort of neoliberalism has been given large consideration during the last 30 years of its worldwide diffusion after the 1973 Chilean coup and Thatcherite and Reaganian reforms.

It has often been accompanied by a second kind of neoliberalism that includes more subtle reforms.

### “Neoliberal governmentality”

The second type of neoliberalism has undoubtedly received less attention from militants and the media, but it has been debated since the end of the 1970s – beginning of the 1980s. These reforms are centred on the way power is exerted over subjects.

In fact, according to Foucault (1979, 1988, 1991), neoliberalism can also be seen as a particular way of exerting power, through a specific kind of control over population called neoliberal governmentality. Neoliberal governmentality is related to a withdrawal of the State, caused by the fact that the neoliberal state has less and less means. In particular, the neoliberal state is a shrinking state if compared to the pre-neoliberal one. In order to keep its power despite the reduced means for action, the neoliberal State tends to discharge its responsibilities over individuals (and more generally over civil society).

In sum, a weakened State tries to convince individuals to comply with its laws and decisions by applying multiple neoliberal technologies of power. The aim of these neoliberal technologies of power is to make the individuals comply to the rules as if complying was the (only) rational (and moral) alternative. An example of these neoliberal technologies of power is the use of market-based mechanisms - for instance prices and rewards, such as in the “polluter pays” principle (cf. Lemke, 2001; Ferguson & Gupta, 2002; Swyngedouw, 2005).

## Neoliberal governmentality in Switzerland

Even though neoliberalism seems to have emerged during the 1970s-1980s, in some specific contexts it has been present well before then. In particular, the Swiss administration has worked on neoliberal principles at least since the end of the 19<sup>th</sup> century: the administration was “light” and private

initiatives were favoured over massive public interventions (cf. Armingeon, 1998; Bonoli & Mach, 2000; Kersbergen, 2002; Kriesi & Lachat, 2004; Cattacin, 2006; David & Mach, 2006). This can probably be explained by the fact that the federal state (Confederation) had little financial means and limited powers while the local level (municipalities and cantons) played a more important role in governing the country. In addition, the individuals have continuously been involved in the process of decision taking, thanks to direct democracy – I'll come back to this later (Portwich, 2011). The importance of their individual responsibility was constantly underlined, for instance, in the implementation of unemployment benefits and health care insurances (Cattacin, 2006).

In sum, multiple aspects of the Swiss socio-economic life, especially at the local level, have historically been managed in a direct, transparent, democratic and individual-centred way, according to economic rationality and bourgeois morality (cf. Dafflon, 2006).

## Neoliberal governmentality in the Swiss water sector

### *Specificities of the Swiss water sector*

This holds true also for the creation and management of urban water networks. Whereas in other European contexts they gave birth to gigantic private companies (such as in France), or to regional public utilities (for instance in some parts of Italy), in Switzerland they were generally public and municipal, and their management involved public debates.

These public debates were essential for the success of the initiatives. In fact, as I mentioned before, the Swiss political system is based on direct democracy. This implies that almost every law and decision can be the object of a referendum. In order to avoid referenda (or to get the initiatives approved), systematic public debates about the initiatives take place and include both the stakeholders and the population.

This way of governing can be defined as a form of neoliberal governmentality. In fact, the participation in the decision process and the very local scale of water management, combined with market mechanisms, creates a typical neoliberal governmental configuration.

### *Swiss contemporary water sector*

Two main actors participate to this system: individuals and municipalities (with municipal utilities). Other actors (such as lobbies or civil society organisations) may occasionally support them, but individuals and municipalities remain at the centre of the urban water management system.

With some adjustments (for instance the fusion of some municipal water utilities in inter-municipal water utilities), Swiss municipalities have managed water in this specific neoliberal way until now. Whereas some networked urban water systems of neighbouring countries seem to have faced numerous difficulties before the global crisis of 2008 (for instance due to the transition to a post-industrial economy and to population internal migrations in the case of Germany; cf. Scherrer, 2010) and after it (for instance for finding loans as in Italy, cf. De Vincenti, 2012), the Swiss form of urban neoliberalism does not seem to have suffered the consequences of the financial crisis, perhaps due to the great resilience shown by the Swiss economy in this circumstance (see for instance Fuentes, Ramskogler & Silgoner, 2011).

Nevertheless, since the 2000s, the networked urban water utilities in the French-speaking part of Switzerland have incurred multiple discursive crises (Rattu, 2012), that can at least partially be interpreted as reactions to external “neoliberal” forces trying to occupy the water sector and to either contrast the Swiss water management model or “conquer” it.

These multiple crises allow to conceptualise this period as “late neoliberalism”, even though they do not share the same causes as the contemporary (post sub-primes) late neoliberal ones.

They contain a push for the expansion of capitalism and economic neoliberalization, and a strong reaction against this attempt.

## Aim of the research

Using the urban hydro-social cycle (Swyngedouw, 2009) as entry point, this contribution will focus on the recent challenges the Swiss urban neoliberal governmentality faced, and on how it overcame these crises through adaptation.

I will identify the crises moments, which discursive elements emerged in these circumstances and how their emergence took place. These elements will allow a definition of the characteristics of the ideal-type of the Helvetic neoliberalism (as a mode of governance) in contemporary discourses.

## Method

Discourses have been collected through archive research and semi-structured interviews (in progress). Nearly 90 newspaper articles have been collected for one French-speaking Swiss newspaper, *Le Temps*, for the years 2000-2010. Interviews with activists and people in charge of water sector are being conducted.

An archaeo-genealogical discourse analysis (cf. Foucault, 1992) has been used for treating these materials. The changes in discourses about urban water are used as evidences of changes in reality as it is perceived.

## Results and discussion

### Two main crises during the 2000s

The analysis of the data allowed me to identify the two principal crises in the Swiss neoliberal municipal system of tap water management since 2000. In this context, a local, decentralised, public and “invisible-hand neoliberalism has been forced to face an international, centralised, privatised neoliberalism.

The two examples of discursive crises of neoliberalism I want to present here are:

- the pressure of the European Union for the liberalization of the water utilities in Switzerland,
- the globalization of neoliberal politics and discourses about the water issues and the Swiss diplomatic action in this domain.

These very local crises of neoliberalism essentially concerned legitimacy (posing the problem of defining the Swiss paradigm of a public neoliberal decentralised water system) and governance (requiring a social reflection on the ethics underlying the urban water system and on the actors involved in it).

At the end of the 1990s – beginning of the 2000s, the privatization of water networks and distribution became widespread, especially in the Global South, and it was at the centre of debates, such as in the case of the unsuccessful privatizations in Cochabamba and Buenos Aires. At the same time, deregulation and commercial openness gained ground both in the Global North and in the Global South.

## The first crisis: The European Union vs. Switzerland

In our case, the first crisis came when the European Union demanded the liberalisation of water distribution in Switzerland in 2002 through the WTO. This request was not welcomed in Switzerland. In fact, the federal government was against this commercial opening, because they considered water distribution as a public service that should not be entrusted to the private sector. At the same time, NGOs and other civil society organisations mobilized against the excesses of capitalism and globalisation. The neoliberal federal government could then rely on this shared mindset to support its point of view on the WTO arena and eventually win the battle.

This battle opposes of a sort of neoliberalism (deregulated, global, concentrated) against another kind of neoliberalism (regulated, local, decentralised). The resistance – provoked by the attempt of global capital to enter the Swiss water sector and to disrupt it – was strong and it encompassed citizens, NGOs and the administration.

If global companies had entered the sector, not only tap water distribution would have been privatized, but the citizens would have at least partially lost their relatively direct democratic control over the management of the resource. These criticisms against the opening of water sector to private actors were also discursively motivated by the fact that privatisations failed in many parts of the world (especially in the Global South) and that water sold by private for profit companies is more expensive than water sold by the public utilities.

The Swiss regulated, local, decentralized neoliberalism uses neoliberal instruments (price argument, rely on civil society support) for fighting against the WTO deregulated, global, concentrated neoliberalism.

This confirms that life (here in terms of dependence on tap water) is a “fictitious commodity” that is both impossible to completely commodify (Rossi, 2013), and capable of action and reaction to preserve itself. This also shows that reactions are strongly related to context, in this case with the specific political institutions at the heart of the Swiss political system and with the key actors involved in the debates.

These key actors didn't share exactly the same vision of urban water. In fact, water distribution was seen as a public service by the federal administration, whereas the NGOs that supported its reject of the EU proposal were focused on water itself that they saw as a public good.

## The second crisis: Switzerland international action

Just a few months after the European Union WTO request, Switzerland participated to the World Water Forum that took place in Kyoto-Osaka-Shiga, Japan in March 2003. At that time, discourses about water and especially water privatization were highly polarized. The corporate lobbies, governments and international organisations promoting an indiscriminate privatization faced NGOs, lobbies and other governments fiercely opposing it.

In this context, the Swiss diplomacy took advantage of the Forum to take a clear stance in favour of the recognition of water as a fundamental right and a common good for human kind. The position coming from Swiss NGOs during the EU-WTO conflict was absorbed and transformed by the administration and it acted as the first step of an international Swiss diplomatic campaign for the promotion of its very specific neoliberal water management style.

In parallel with this action for recognizing water as a common good and a human right, the Swiss delegation at the 2003 World Water Forum also promoted a code for regulating the relations between the public and the private sector. It is worth noting that for the conception of this code, the Swiss administration worked with the reinsurance private company Swiss Re. Thus, on the one side,

there was a circulation of ethical ideas and ideals about water between the administration and civil society, and on the other side, there was a business-oriented partnership with the private sector. Incidentally, the acknowledgment of the existence of limits to neoliberalism not only diffused the Swiss model but it had the potential to increase the possibilities of success of the financial investments in the water sector. Those investments have been promoted in the newspapers during all the decade as a new growing market.

Thus, the official discourse was promoting an ideal type of neoliberalism based on the Swiss model able to compromise with the neoliberal external model and serving the interests of Swiss investors. For instance, one of the elements strongly supported by the Swiss delegation was the adoption of a corporate environmental responsibility principle that would have forced all the potential polluters to buy an insurance against this risk.

The change in the Swiss international discourse and the construction of an ideal type based on the Swiss water management model continued with the participation of a Swiss delegation to the next World Water Forum in 2006 in Mexico. Here, the administration asked for a broader participation of local authorities in water management (and that's a strong symbol of the Swiss federal political culture!).

In order for Swiss neoliberalism to survive and position itself as an acceptable alternative to "hard (and nasty) neoliberal model", a hybrid model is constructed on the international arena. Proposing a new neoliberal model seems to be inserted in a continuous process of resisting the "hard neoliberal model" and to contrast it.

This new neoliberal model is formed by an adaptation and a generalisation of some Helvetic principles on water management. Incidentally, this strategy avoids to put at risk the Swiss water sector, nor related economic sectors such as insurances. Rather the strategy seeks to promote these sectors at the same time.

This strong positioning of the federal administration, supported by NGOs and private companies, doesn't limit its effects to the international arena. In the following years, Swiss municipalities seemed to strongly adhere to the public water principle and, more generally, to an anti-"hard neoliberalism" ideal. For instance, the city of Geneva entirely financed the Alternative Water Forum (2005). In 2008, the small canton of Jura even tried to legislate the common good status of water. (The law has finally been rejected by a referendum in 2009, essentially because it would have involved the introduction of a new tax.)

## Conclusions and further research

The above-described crises have shaped contemporary discourse and the imaginary surrounding the Swiss neoliberal governmentality as it is perceived by the Swiss.

This discourse contributes to constitute an ideal type of the Swiss neoliberal water management model that is promoted abroad as an alternative to the "hard neoliberal" one. This ideal type includes the public goods status of water, good governance in the relations between the public and the private sector and in the relation with the environment, and the participation of local levels of government to water management.

The Swiss discourse tries to resist the global "hard neoliberal" one by promoting its own neoliberal model. Two elements can be emphasized here. The first one is the possibility of resisting the dominant neoliberal model, and the second one is the possibility of resisting it without completely abandoning neoliberalism in general.

Thus, contemporary neoliberalism is neither a monolith nor a standardised ideal-type, and it is a kaleidoscope formed by multiple “actually existing neoliberalisms” (Brenner & Theodore, 2002) that try to influence each other and that can’t always get along with each other.

Further research will probably be needed in order to better understand the powers, interests and dynamics playing a role for the constitution of this ideal-type. Furthermore, the emergence of other ideal-types and other sorts of resistance in Switzerland and abroad should also be investigated.

In addition, it would be pertinent to look at the eventual transposition of the Swiss ideal-type to other countries, in order to know if similar transpositions have been tried, in which manner that happened and with which consequences.

Finally, it would also be pertinent to shade light on the conditions allowing neoliberalism to adapt and survive, and on the possible transposition of these conditions (and subsequent adaptation) to other contemporary contexts. In fact, a certain degree of path-dependency in the adoption of specific forms of governmentality can’t be excluded.

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