

South Africa hit by power cuts

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For more than two weeks, South African cities have suffered electricity power cuts lasting several hours. The mainly black townships have often had power cuts in the past, but the present round of blackouts is affecting all areas, including those of the mainly white middle class.

Traffic has ground to a halt as traffic lights stopped working, and thousands of business users and others who can afford it are being forced to switch to emergency generators. Doctors have complained that power has gone down in the middle of operations in hospitals, putting patients at risk. Tourists were stranded for hours when the cable car to Table Mountain was halted by a power cut.

Last Thursday was the worst day so far for the power outages, and the country's main gold-mining companies, AngloGold Ashanti, Gold Fields and Harmony, as well as the platinum miners Anglo Platinum and Impala Platinum, were forced to stop production. This followed the state electricity power company, Eskom, announcing it could no longer guarantee supplies, with the risk that miners could be trapped underground. A spokesman for AngloGold said, "We are only running power for emergency supplies, such as pumping water out, and have stopped producing at all mines."

Eskom has told its big industrial customers, mainly large-scale mines, they would have supply reduced to "survival levels" or be switched off totally for the next two to four weeks. The impact on South Africa's economy could hardly be more serious, with 45 percent of South African Gross Domestic Production coming from mineral production.

South Africa's ANC government held a three-day-long cabinet meeting to discuss the crisis. Public Enterprises Minister Alec Erwin declared the power shortage to be a "national emergency." He said, "We are viewing the next two years as being critical."

At first, Eskom blamed the weather conditions for the shortages, then switched to blaming the country's high economic growth rate for using up spare capacity. They claim that power stations have been closed down for maintenance to make sure they are ready for the winter.

Eskom said that the power cuts were "not because our infrastructure is falling apart, but because our economy is growing." Such platitudes can hardly cover over the complete lack of planning that is now threatening the livelihoods and safety of millions of South Africans. Apparently, Eskom has reserve margins of only 4 percent compared to the international benchmark of 15 percent.

World gold and platinum prices reached record highs after the announcement of mine closures was made. South Africa is the second largest producer of gold in the world, recently being overtaken by China. It produces most of the world's platinum with a global market share of nearly 80 percent—Anglo Platinum is the world's biggest platinum producer and Impala Platinum is the second largest. Platinum's main use, apart from jewellery, is in catalysts for vehicle exhausts. Also hit is rhodium production, rhodium being the other key metal used in car catalysts. South Africa produces more than 70 percent of the world's supply.

Mining corporations are said to be postponing plans for expansion, with BHP Billiton saying it is stopping plans for expanding two aluminium smelters. Eskom relies on coal-fired power stations for 90 percent of its total electricity generation, and coal mining is also being hit. Anglo American announced that five of its nine coal mines had stopped production because of the power cuts.

The blackouts are also affecting other parts of the African continent. South Africa exports 5 percent of its electricity to Zimbabwe, Zambia, Botswana, Mozambique and Namibia. There are calls in the South African media and opposition politicians for exports to Zimbabwe to be cut completely, as it does not pay its bills. This would only exacerbate the virtual economic collapse of South Africa's neighbour. It would increase the suffering of the Zimbabwean population who are facing inflation of over 150,000 percent. An estimated 2.5 million of its population have already fled to South Africa. Even more would be forced to follow them if the power were turned off.

The South African Human Rights Commission

(SAHRC) has protested that Eskom is not providing adequate and accurate information to its consumers about when power cuts will take place. It refers to reports that emergency services, hospitals and healthcare facilities are not being notified and suggested that cuts were hitting the poorest areas most: “It has also been mooted that there is no equitable load shedding across all areas.”

The ANC government has admitted its responsibility for the power shortages. President Mbeki himself took the blame in December for not listening to the warnings made by Eskom 10 years ago that it could be falling short of demand by 2007 without building new power stations.

What he failed to explain was that the government was following International Monetary Fund (IMF) policies in attempting to privatise Eskom in the late 1990s. That attempt failed because private investors did not see Eskom with its ancient infrastructure yielding them adequate profits. The government also followed IMF directives in holding back on state spending and squeezed infrastructure projects.

Like the public sector as a whole, Eskom has been underfunded, with reports of technicians having “left in their droves,” according to the *Daily News*, to work in the better-paid private sector jobs. Because of this, repairs to cables and transformers have been delayed, adding to the overall shortfall in electricity production.

Last year, the government did eventually give Eskom the go-ahead to plan a new power station building programme. It is expected the details will be announced shortly and will include capital expenditure of US\$42 billion to build a new generation of power stations. However, these will take five years to build, so that power cuts are likely to continue for the foreseeable future.

Like Eskom, the government has also blamed the crisis on several years of economic growth. But the growth rates were expected according to the government’s own predictions and could have been planned for. It has also cited the connecting up of black townships that were not connected to electricity supplies under apartheid—again, measures that it had planned and that could have been met with greater power production.

One of the main government concerns in the present crisis is that the Fifa 2010 World Cup will be affected—and projected increases in tourism. Eskom has pledged to supply enough power to the football stadiums, but Michael Tatalias, chief executive of the Southern Africa Tourism Services Association, complained: “Will people come..if they know they will be going back to hotels and guest houses with no power?”

The short-term response of the government is to make working people pay for the power shortages. They intend to impose large price increases for electricity and impose penalties to discourage electricity usage. Eskom is calling for cuts in consumption by 20 percent or to make the population face rationing enforced by fines and the threat of disconnection if quotas are exceeded.

There are acute divisions within the ANC leadership after Mbeki was defeated in the leadership elections in December by Jacob Zuma. Only a week after his election, the National Prosecuting Authority announced that it was again charging Zuma for corruption—previous charges being dropped for lack of evidence. Mbeki—widely seen as being instigator of the court case—will remain in power until 2009 but with a majority opposition within the ANC.

Despite the populist pledges made by Zuma to look after the poor and unemployed, there are no indications of fundamental differences with the government over its handling of the power crisis. The main political organisation backing Zuma, the South African Communist Party, protests at the “macro-economic strategy [of the ANC] that was not developmental” in its statement on the power cuts. It calls for a “better and well managed load shedding process” that “does not favour the rich at the expense of the poor.” Otherwise, it pledges its support for ANC calls for the “government to immediately come up with an emergency national plan to address this issue”—which can only mean imposing price increases and cuts in consumption on the population.



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