

The irrationality of capitalism: Millions cut off from electricity, lives endangered by California utility PG&E

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The forced blackouts affecting over two million people and businesses across 34 counties in Northern California are a stark example of the irrationality of the capitalist system.

Conditions of life for the working class in California, the home of Silicon Valley and some of the wealthiest individuals in the world, have been thrown, in the blink of an eye, back to the 19th century. The man-made power outage exposes the immense gulf that separates the billionaires and millionaires, for whom the blackouts will pass largely without an inconvenience, and the bottom 90 percent, who will be made to suffer the consequences.

The state's utility monopoly, Pacific Gas and Electric (PG&E) is implicated in well over 2,000 wildfires in California over the past decade alone. This includes last year's Camp Fire, the deadliest in the state's history, which killed 85 people and destroyed the town of Paradise. It has cut power across the majority of the 70,000 square mile region it controls in a bid to avoid legal liability for yet another social catastrophe.

The company argues that the blackouts, which cause untold misery in the affected areas, are necessary to preserve human life by preventing wildfires. This dismal choice is predicated on the company's right to divert money that should have been spent upgrading infrastructure into the pockets of its wealthy investors.

While the mainstream media has largely been silent about this fact, PG&E is following the guidelines established by the state-run California Public Utilities Commission (CPUC), which over the past seven years has officially sanctioned the practice of "de-energization," a euphemism for deliberate blackouts.

The shutoffs take place as PG&E continues federal

bankruptcy court proceedings. They are a calculated maneuver to show the courts and state politicians that the company will put millions at risk in order to comply with state policy and secure their fiscal solvency and profit-making abilities.

After mulling over its decision for days in the wake of a National Weather Service red flag warning of high wind speeds, PG&E publicly announced on Tuesday afternoon that the shutoffs would begin at midnight that night. They could stay in effect for up to a week, prompting hundreds of thousands of residents who had been alerted to the shutoffs in time to scramble to buy whatever batteries, generators, canned food and other essentials that remained on the shelves.

At 12:00 a.m. Wednesday morning, thousands of elderly or disabled people across Northern California awoke gasping for air, with their medical devices cut off from a power source. Intersections became congested during the morning rush hour, with traffic lights knocked out, resulting in an untold number of unnecessary collisions. Most major hospitals switched over to generators for their energy supply, while smaller medical providers were forced to shut their operations for the duration of the blackout.

Most universities in the region, including the University of California, Berkeley, lost power, endangering frozen research samples and shutting off incubators, potentially destroying millions of dollars and decades of scientific research. At least 18 school districts in the affected areas were forced to close some or all their schools.

PG&E's ruthless drive to improve its stock value for shareholders has forced thousands of other businesses to close shop, with production largely grinding to a halt

in half of a state that is equivalent to the world's fifth largest economy. Economists have estimated the blackouts will cause over \$1 billion each day in cumulative economic impacts.

Given the immense scale of this engineered social crisis, it is necessary to examine its historical and political roots. It is the latest in a long line of crimes for which the energy monopoly and its financial and political backers are guilty.

In tandem with globalization and the exponential rise of finance capital in the 1980s, governments around the world imposed sweeping deregulation measures intended to maximize profits for the financial aristocracy and impose austerity on the international working class.

In the 1990s, this deregulation led to energy market manipulations by Enron and other companies, which caused rolling blackouts impacting hundreds of thousands of customers. In 2001, PG&E and Southern California Edison (SCE) were pushed into bankruptcy, having accrued a combined \$20 billion in debt. The state stepped in, helping both companies relieve their debt by hiking prices to consumers, to the point that today the rate paid by customers in California is almost double the US average.

More recently, PG&E has earned public hatred as the cause of thousands of wildfires in California, whose frequency and intensity have increased as a result of climate change and devastating droughts. Despite developments in scientific understanding and the ability to create safe, sustainable energy systems, the energy monopolies and their financial backers have done nothing to invest in modernizing their outmoded infrastructure.

It is well known that wooden poles and above-ground electrical lines must be replaced with steel poles or underground lines to ensure public safety and prevent wildfires. Instead of utilizing these technologies, the energy monopolies are imposing mass blackouts.

While the media and PG&E stress the supposedly high cost of modernizing the power grid, the combined net worth of California's billionaires, which exceeds \$500 billion, is enough to place more than 400,000 miles of electrical lines safely underground. PG&E currently oversees just over 100,000 miles of distribution lines.

However, instead of investing in infrastructure

improvements and implementing safety precautions, PG&E has filed for bankruptcy and made clear that it intends to double down on cost-saving at the expense of those who rely on them for electricity.

Throughout its history, including in recent years, PG&E has had the full backing of the state apparatus, which has repeatedly created laws and regulations that favor the utility monopolies. From top to bottom, California is controlled by the Democratic Party, whose candidates receive millions in campaign contributions from PG&E and the other energy giants and dutifully serve their interests.

In 2018, former Democratic Governor Jerry Brown signed into law SB 901, which enabled utility companies to shift fire-related costs to consumers for fires that begin in 2019 and beyond. The law enabled the company to borrow billions to cover costs from fires in 2017 and pay back loans through ratepayer fees. At the time, Brown stated, "The utilities have to stay in business. They have to make enough return to be a viable corporation."

The forced blackouts highlight the sharp conflict between the interests of the working class and the financial aristocracy. As long as it remains in the hands of private interests, PG&E continues to put the lives of thousands in danger.

Even in the wealthiest state in the richest country in the world, capitalism has been proven incapable of guaranteeing everyone the most basic of modern necessities, electricity. The blackouts make clear that PG&E must be transformed into a publicly controlled utility under the democratic control of the working class.

Securing the most basic needs of workers in California, the United States and throughout the world requires the development of a movement in the working class to take political power and reorganize economic life on the basis of social need, not private profit. The irrationality of capitalism must be replaced by socialism.



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