

How did we get here?

A history of environmental injustice in South Africa



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Tel: +27 33 342 5662
www.groundwork.org.za

This booklet is part of the resources that groundWork is producing for its Environmental Justice School for Activists.

This booklet gives an account of how minerals and energy have worked hand in hand to serve the elite class. It is a story of how the environmental inequalities came to be as they are today.

*Written by Jeanne Prinsloo with the valuable assistance of Elda Lyster
Most of these ideas are taken from the presentations of David Hallows at
groundWork's Environmental Justice School.
Illustration: Tammy Griffin
Design and layout: Toni Olivier*



How did we get here?

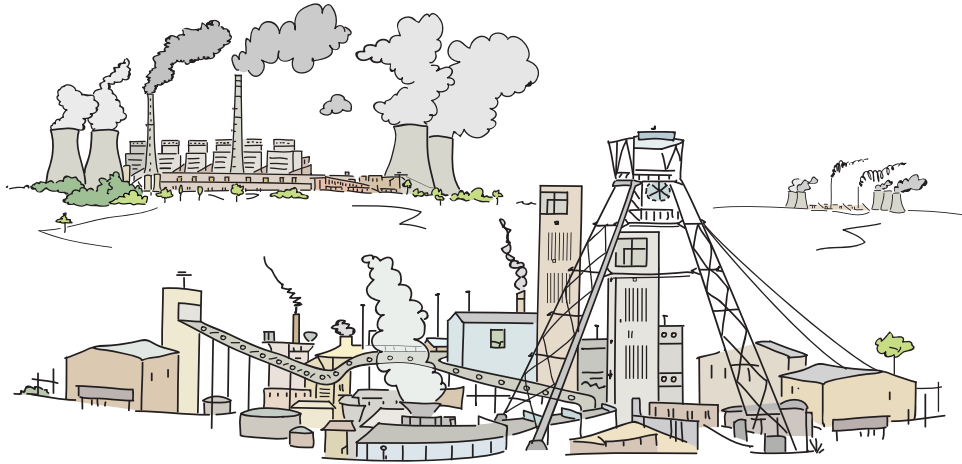
- ▶ In eMalahleni people live next to mines and industries that pollute the air, the water and the land and people's lungs so they cannot breathe.
- ▶ Eskom's power stations burn coal and give off huge amounts of pollution. The people nearby suffer.
- ▶ Striking miners were massacred at Marikana.
- ▶ Farm dwellers who have lived on a farm for generations have been thrown off the land. Many have ended up in shacks on the edges of big and small towns.
- ▶ Shack dwellers have been evicted from their homes again and again.

These are all injustices that South Africans face. They are caused mainly by greed and reinforce inequalities. In fact, South Africa has very high levels of inequality between rich and poor – the highest in the world!



Good questions, Thandi! We look at all these environmental injustices in South Africa and must ask ourselves: how did we get to this point?

Cheap labour, dirty energy and inequality between rich and poor

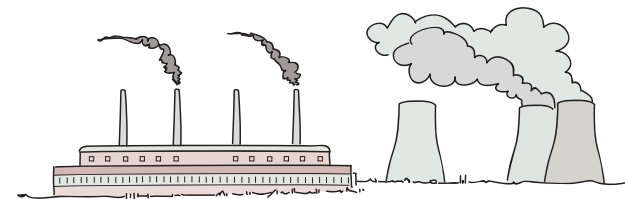


The quick answer to that question is that it is because of **mining and energy**. For a better understanding of this answer we must look more carefully at the history of South Africa that led up to the present situation. It is the story of how the economy has come to rely on mining, cheap labour, and cheap and dirty energy from coal. It's the story of how Eskom has built huge coal-fired power stations to supply industry with cheap energy. It's the story of how environmental rights have been violated for hundreds of years. This has been done by excluding people from decision making, enclosing the resources like minerals, land and water so that a few get very rich and leave poor people to carry the costs (externalisation.)

So, we set out here to understand how the events of the past have brought us to the present environmental (and economic) crisis we face. The main culprits are mining (for minerals) and how we produce electrical power (energy). This is sometimes called the minerals-energy complex.

We tell this history about mining and energy in 7 parts:

1. Pre-colonial mining
2. Empire and colonisation 1652-1800
3. The story of diamonds – the birth of the minerals and energy connection 1867 – 1880s
4. Gold on the Witwatersrand and coal on the Vaal and Highveld 1880s-1900s
5. Energy and industrialisation – after 1950
6. Energy and Eskom 1970s
7. Political Transition 1994 and GEAR



1. Pre-colonial mining



An **ore** is a type of rock that contains important minerals, including metals. Ores are dug up and then they are refined to take out the valuable materials.

Smelting is the process where ore is melted in a very hot oven called a “furnace”, to separate the iron from the rest of the ore. In this way they **refine** the metal so it doesn’t have other matter in it.

Forging means beating the hot metal into shapes by hitting it hard again and again.

Mining started in South Africa before the settlers and colonisers from Europe came to South Africa. There are very few written documents about that time long ago, but we have found out about some of this history from oral histories and archaeological digs. (Archaeologists excavate and explore the ancient settlements where people lived and worked. They unearth bones, implements and other signs of how people lived.) Early Iron Age farmers crossed the Limpopo River from the north and brought knowledge of mining with them. During the Early Iron Age (up to 1000 BC) there is evidence of mining for iron and copper in what is now Limpopo and Gauteng.

The following map shows some of the finds of metal objects.

Mapungubwe - early African kingdom in the Iron Age 12th and 13th century, known for the Golden Rhino and other artefacts

Thulamela - a mountain kingdom occupied by about 3 000 people who traded in gold and ivory between 1200 and 1600 AD

Phalaborwa – iron artefacts found here date back to the 8th century, or the Early Iron Age

Broederstroom - inhabitants of this settlement at Broederstroom were the first Iron Age people in the area – 16 000 years ago

KwaGandaganda - an Early Iron Age site in the Mngeni valley near Durban occupied for a long period between the beginning of the seventh century and the early eleventh century AD

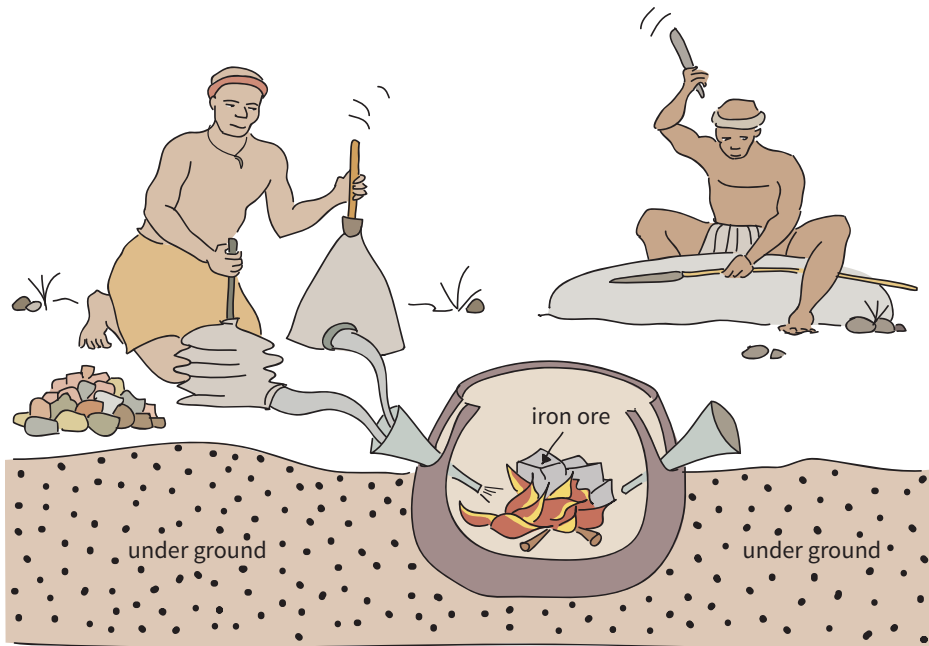


We know more about the iron industry in the period we call the Late Iron Age. To mine iron two things were needed. First, people needed easy access to the iron ore and, second, wood for burning. Iron mining took place in different sites from Mpumalanga to the Kei River in the Eastern Cape, but much of it took place in Natal and Zululand where there were rich and plentiful iron ore deposits. The mining and treating of the iron took place where there was easy access to suitable timber as well. Many iron tools and weapons such as spears, axes, hoes and were made.

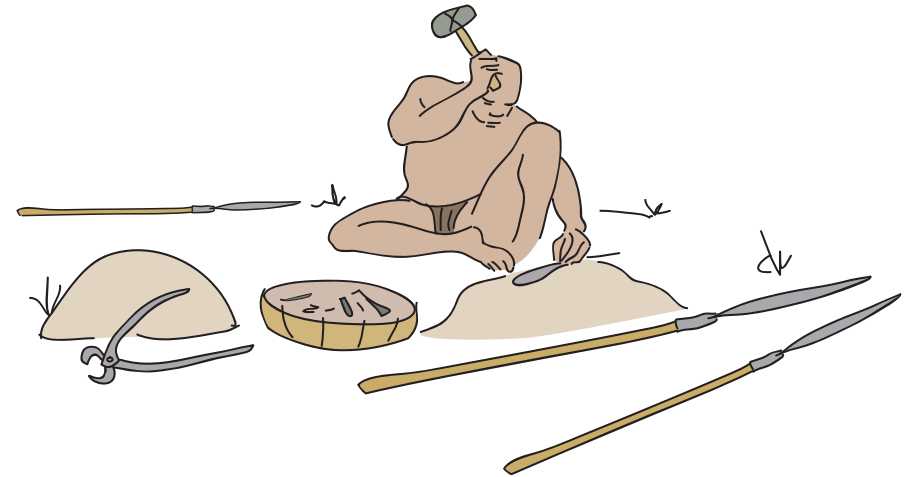
The metalworkers and blacksmiths were thought of as important people in their society. They came from particular clans and family lines and the skills were handed down from male ancestors to their descendants. They also had many rituals that linked to their ancestors. No women could be smiths or metalworkers, the sites were a distance away from the villages; and no visitors could come to the site when they were working. Also, they would collect their own firewood to make charcoal. They made charcoal because it burns hotter and cleaner than wood.



The iron ore was smelted in furnaces that were built into the ground and lined with clay. With a small hole at the top as a chimney, and three or four other holes on the side where air could be blown in. They put layers of charcoal and iron ore in the furnace and would set it alight.



The men used 'bellows' made of soft goat's or sheep's skin to continually blow air into the oven to get to the high temperature needed to smelt the ore. This could take many hours, often a whole day or night. Afterwards the iron was removed. The iron would then be hammered into the shape of the spear or implement.



The iron workers had status and they would present all their work to their iNkosi. They were not paid directly for these items, but he would give them gifts of cattle. The king would then distribute the metalwork – each man would get a spear, a butcher's knife and an axe.



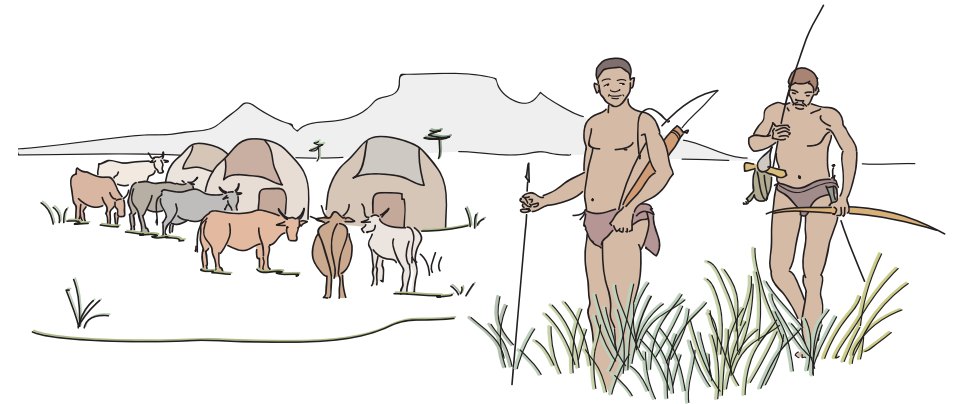
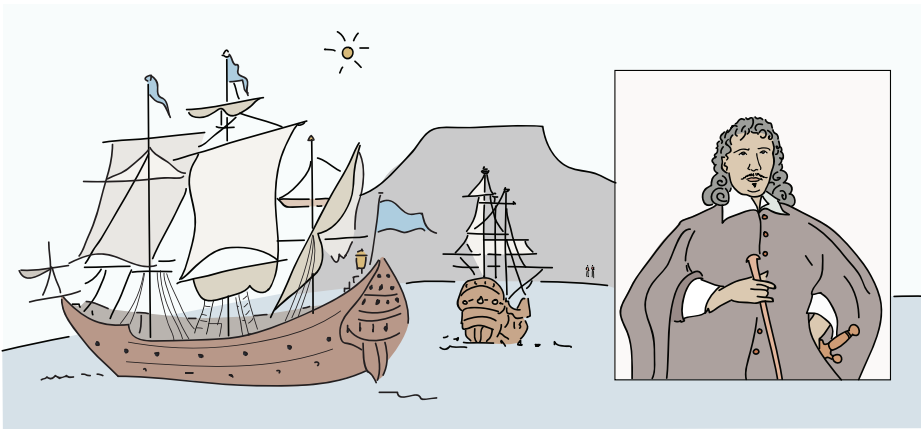
Women would get a hoe to work the fields. This type of mining continued until the 1800s when the British imported cheap inferior steel from Europe that was processed in huge industrial mills.

2. Empire and colonisation 1652-1800



Things began to change when people from European countries like Britain and Holland came to settle in South Africa. The history of the colonisation of South Africa between the arrival of Jan van Riebeeck in 1652 and the discovery of diamonds and gold about 200 years later is complicated. It is filled with stories of oppression, dispossession, conflicts and full-scale wars between different groups such as:

- ▶ the European settlers and the Khoi
- ▶ the Dutch settlers and the British authorities
- ▶ the British and various African groups
- ▶ the Dutch and various African groups like the isiXhosa and isiZulu
- ▶ the Boer republics to the north and the British (the Boer Wars)
- ▶ different African groups (for example, the conflicts related to the rise of Zulu power known as the Mfecane).

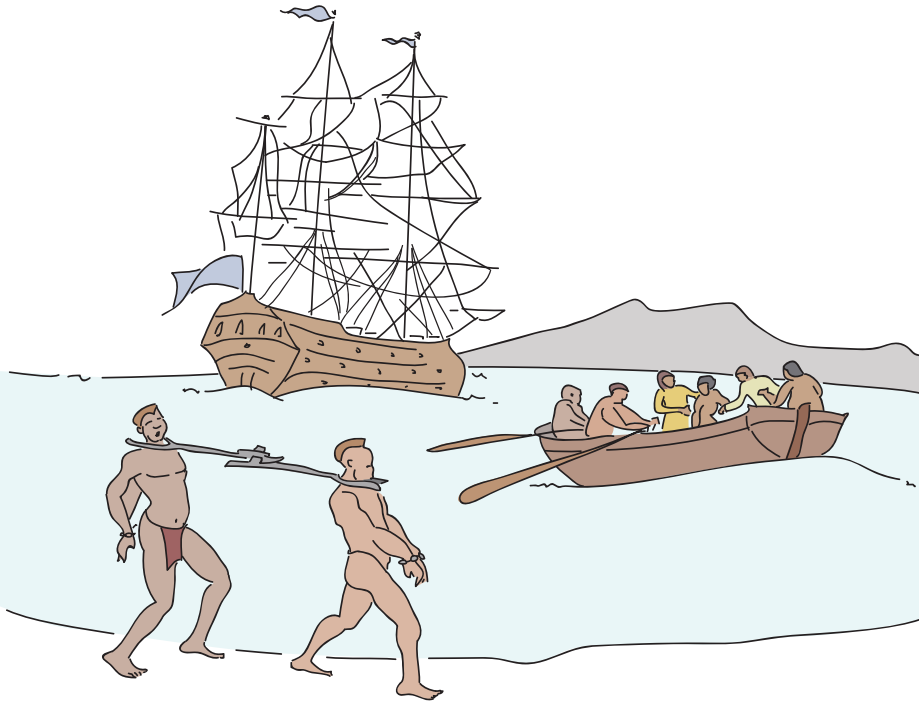


As always, the main sources of conflict were land, natural resources and the treasures that lay under the ground. It is not possible to go into the details here for this long period of time, but this background is important in understanding how the minerals and energy complex came to be.

The Cape was set up as a station by the Dutch East India Company (VOC) in 1652 to supply food for Dutch traders who sailed between Holland and the East Indies. As you can see on the map, the Cape is about halfway on that long voyage. This is why Holland and Britain fought for control of the Cape.



In the early days the settlers were mainly single men (sailors, soldiers and other officials employed by the VOC). Then later there were very poor people who had been forced off their lands in their home countries and those who fled persecution because of their religious beliefs. The colonisers brought in farmers from Holland (and later France) to grow food and they brought slaves from the East Indies (Indonesia) for labour.



The colonisers brought the system of capitalism with them. They enclosed the lands that had been inhabited by indigenous people. They also enclosed people's bodies: slavery was another form of enclosure. In this way, a person (a slave) became the private property of another person. The colonisers bartered cattle with the indigenous Khoi people and if the Khoi were not interested in the goods they were offered in exchange, they also took them by force. In 1795 the British took over the Cape from the Dutch. They gave it back for a few years until 1806 when it became a permanent British Colony. The British stopped trade in slaves in 1807 but slavery itself was only abolished in the Cape in 1838. Ex-slaves had no choice but to remain in service of their former owners anyway.

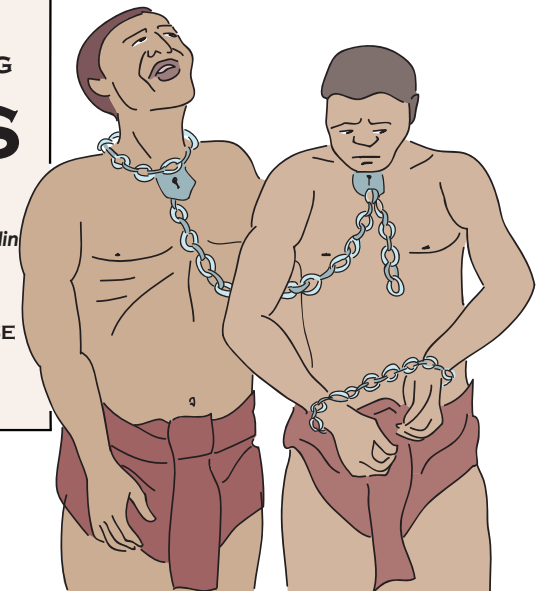
People were sold as objects along with food and other household items.

TO BE SOLD & LET
BY PUBLIC AUCTION
On **MONDAY the 18th of MAY 1829**

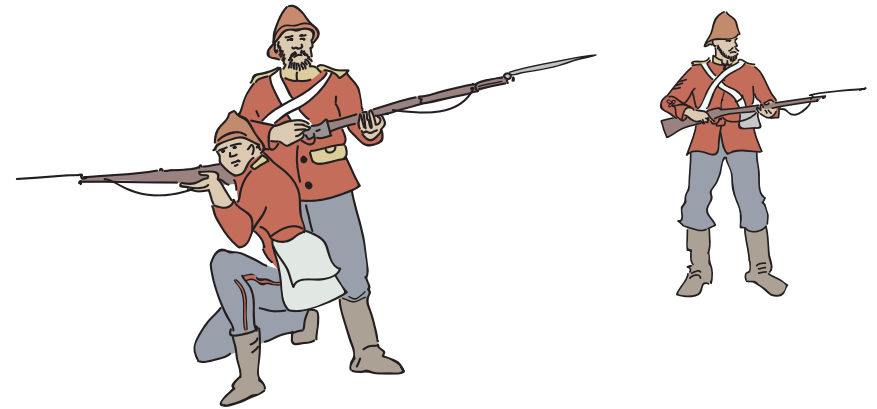
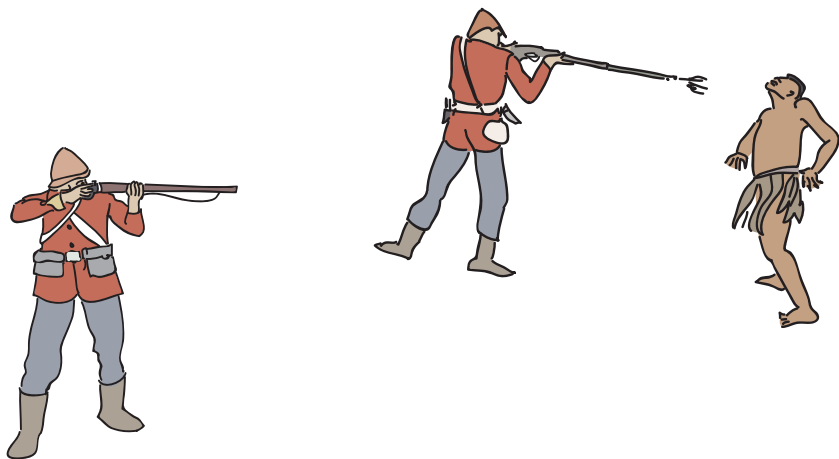
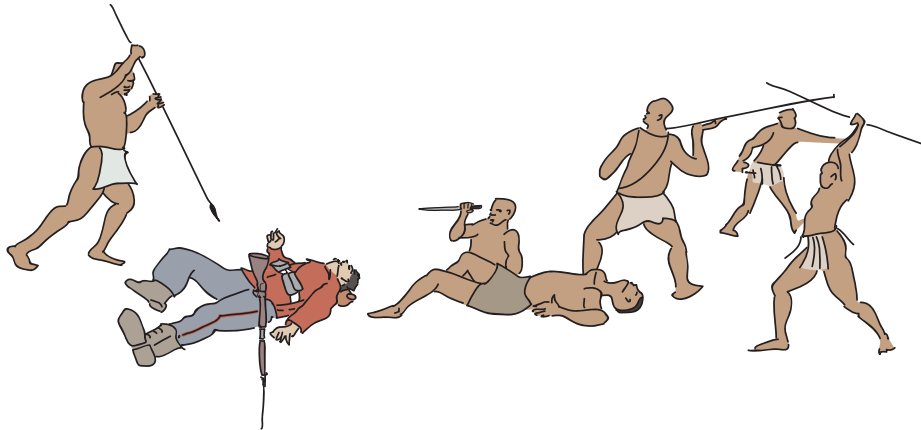
FOR SALE
THE THREE FOLLOWING
SLAVES

Also for sale at Eleven o'Clock,
*Fine Rice, Gram, Paddy, Books, Muslin
Needles, Pins, Ribbons &c.&c*

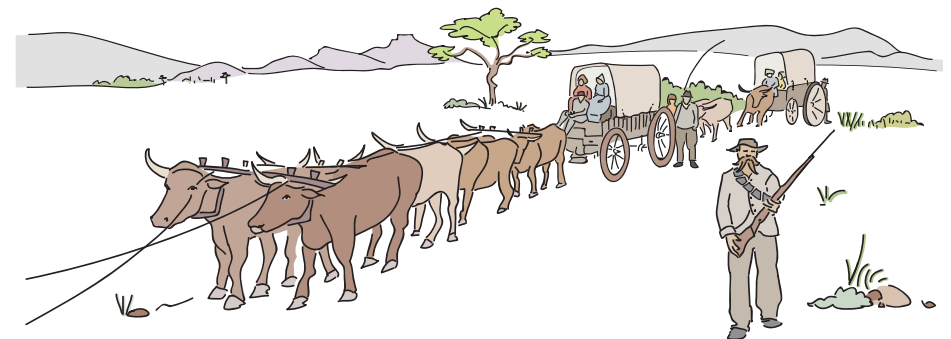
AT ONE O'CLOCK THE
CELEBRATED ENGLISH HORSE
BLUCHER,



The colonisers segregated people along the lines of settlers (who were described as white) and the indigenous Khoi people (who were called natives, savages or heathens). The Cape Colony increased in size as settlers took land and forced labour from the isiXhosa in a series of 'border' wars.

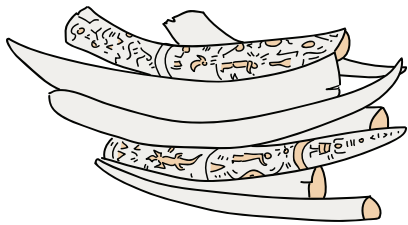


The Dutch farmers became known as Boers, and Afrikaans developed as a language. They did not like being under British control and moved to the interior of the country over a period of time. They declared two large areas of land as republics, namely the Zuid-Afrikaansche Republiek (ZAR) (also known as the Transvaal) and the Orange Free State. Although they claimed this territory, they did not have control of large areas: indigenous people did not recognise them and resisted any control.

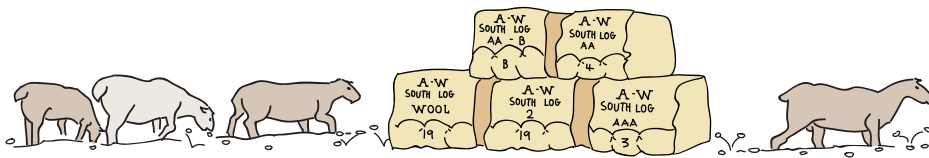




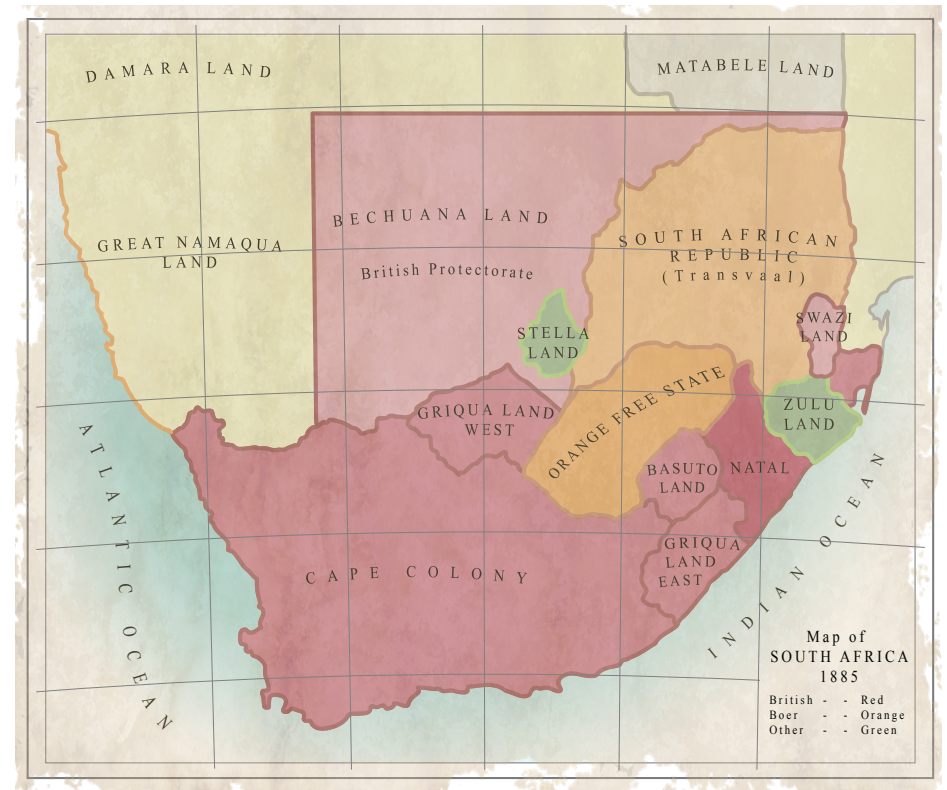
Although colonisation was very hard on indigenous people, Britain did not think of the Cape as a specially valuable colony of its empire. The main purpose of the Cape Colony was to control the sea route between Europe and the East and to supply sailing ships with goods and provisions.



In the early days very little was exported from the Cape except for ivory but in the late 1700s they started exporting wool, and in the late 1800s exported ostrich feathers (for fashion).



At this stage South Africa was not a single country. There were many disputes. A map drawn in 1885 shows how the divisions were shown then. It was a space that included the British colonies, Boer republics, and indigenous African areas. There were ethnic divisions, increasing white domination, and many different cultures. This map is very different to today's map of the provinces.



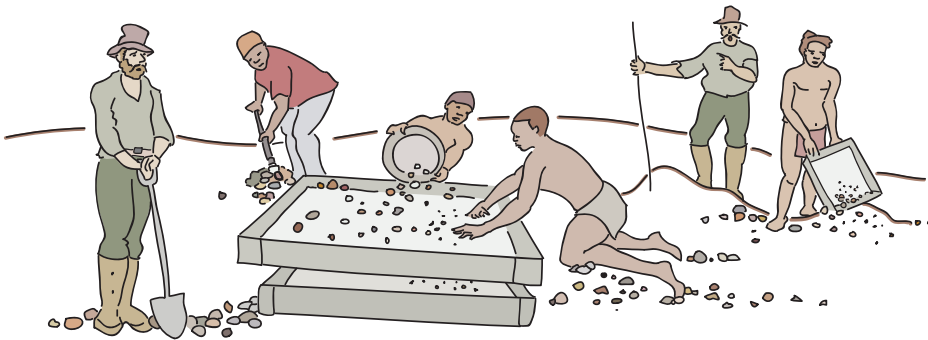
So, what changed? Everything changed when diamonds and gold were discovered. That is when the trouble really started.

3. The story of diamonds — 1867 to 1880s:

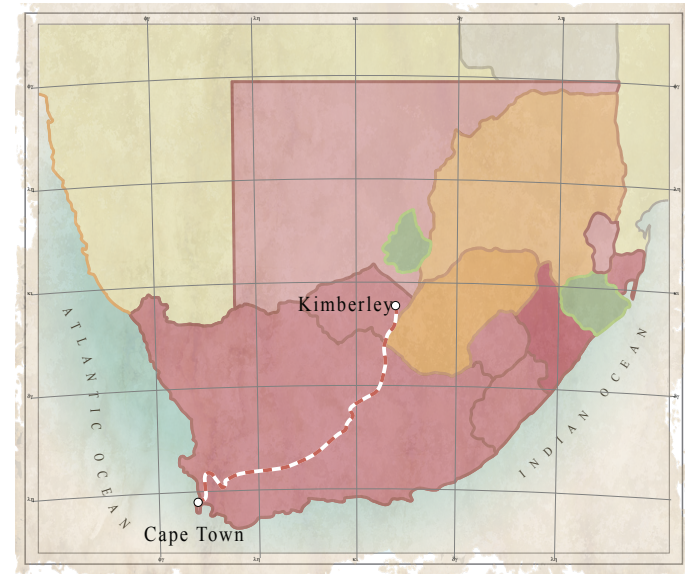


The birth of the minerals and energy connection

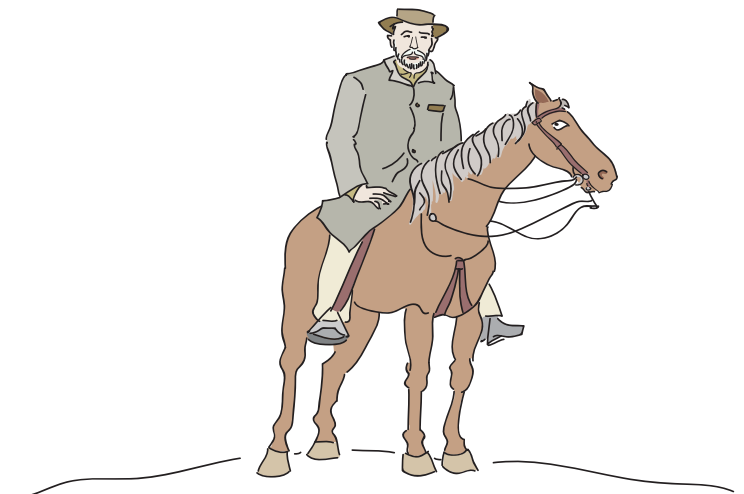
In 1867 diamonds were discovered on a small hill in the territory of the Tswana/Tlhaping/Griqua people in what was called Griqualand West. In 1871 the Cape Colony took over that land because they wanted control of the diamonds. They had not been at all interested in it before.

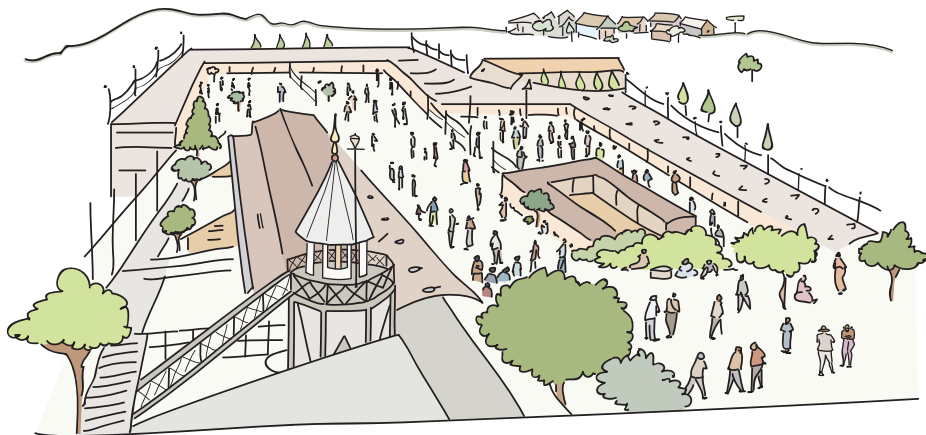


The news of the discovery of diamonds spread, and diggers from all over the country and the world rushed to the area in the hopes of getting rich. The area was known by the diggers as Diamond Rush. Later the officials from the Cape Colony named it Kimberley. The black and white diggers had to register their claims and they would dig, wash and sort the diamonds. These were rough settlements of mostly men. They (of course) needed energy, and firewood was used for the mines and settlement. Every tree in a 80km radius was cut down. In 1885 the railway from Cape Town reached Kimberley. It replaced the transport horse riders and ox-wagons and brought in coal which was imported from Britain.



In the beginning, the diggers worked their own small claims by hand. But, when machinery was brought in, it changed who owned the claims and the labour patterns. A new class of richer white mining capitalists bought out the small diggers. The industry became a monopoly by 1889 when De Beers Consolidated Mines (controlled by Cecil Rhodes and Barney Barnato) became the sole producer.





The De Beers Compound in Kimberley in the 1890s.

Although some white diggers worked as skilled labourers, from the mid-1880s mainly black migrant labourers made up the workforce. De Beers controlled the diamond fields and built the first labour compounds. The compounds provided accommodation for the workers, but they were also built to police the labour and stop them from stealing diamonds. During the lifetime of the De Beers Consolidated Mines, more than one thousand black workers died from mining accidents or from diseases caused by mine dust. Over five thousand black workers were admitted to a local hospital with mining-related and infectious diseases over the course of the mine's life.

This large-scale mining of diamonds using machinery and coal was the beginning of the minerals-energy complex (MEC) which has shaped the development of South Africa and Southern Africa. In the nineteenth century it was based on cheap labour, cheap and dirty energy, and economic power largely in the hands of a few white capitalists. Since then, South Africa has become one of the most unequal societies in the world.

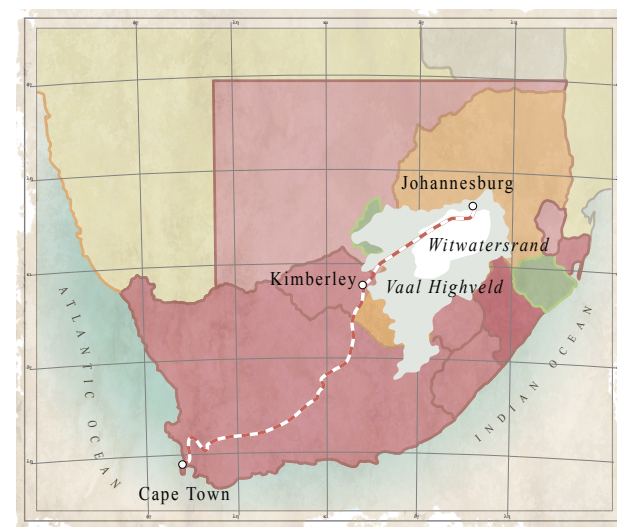
4. The story of gold and coal — 1880s to 1900s:

Discovery in the Witwatersrand, Vaal and Highveld

The next stage in the making of the minerals and energy complex was eGoli! In 1886, gold was discovered on the Witwatersrand, and at nearly the same time coal was found in the Vaal and on the Highveld. Both the gold and coal mining sites were in the territories that the Boers had declared republics before the discovery of diamonds or gold.

When the news of the gold spread, there was a gold rush. Thousands of people (mostly men) flocked to the mines from faraway countries. Cecil Rhodes saw this as another chance to get even richer. He rode from Kimberley to what is now Roodepoort to buy his first gold stand on the Witwatersrand which was the start of the mining company Consolidated Gold Fields of South Africa.

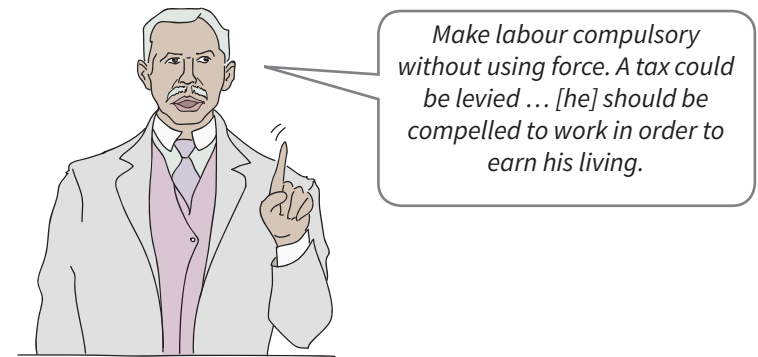
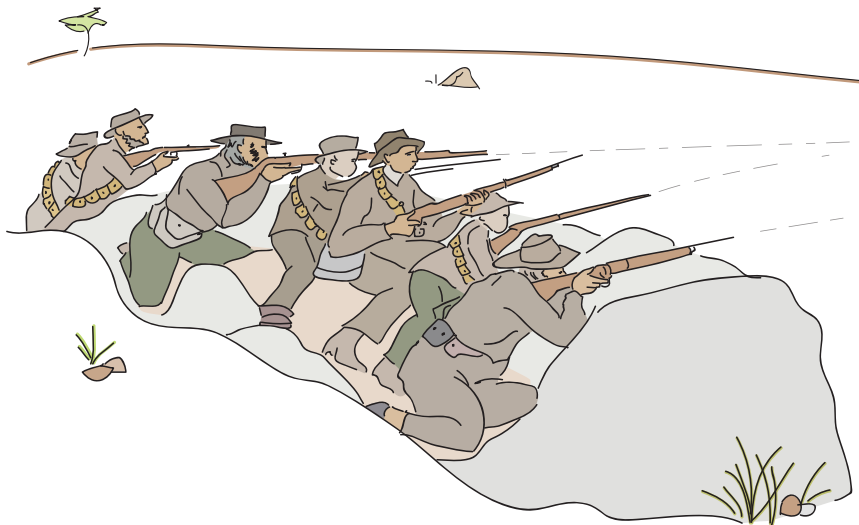
The need for transport from the Cape to the goldfields led to the building of another main railway line. It reached Johannesburg in 1892. Although British coal fed the diamond fields, coal mined in the Vaal and the Highveld fed the gold fields from the start.



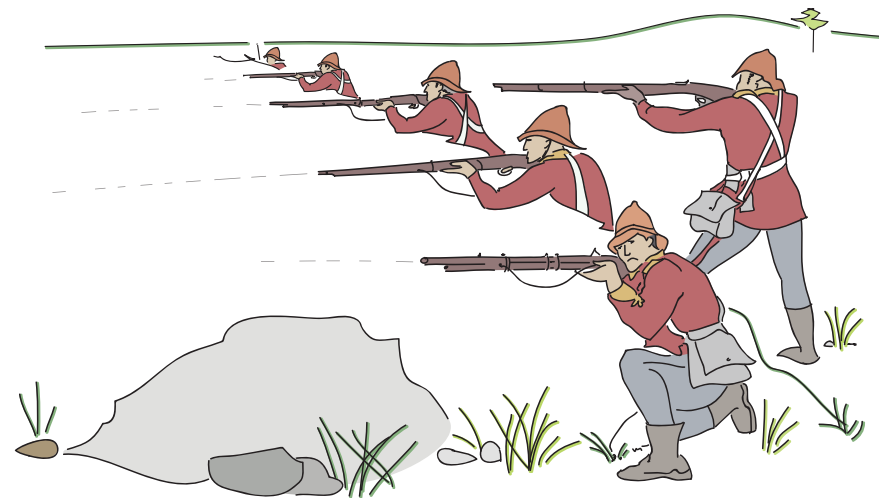


English gold-mining bosses like Rhodes were known as Randlords. They controlled mining from the start. Underground mining cost a lot of money and the Randlords had the money to pay for this. To make more profit, they wanted cheap transport, cheap materials (like dynamite) and cheap labour. They were exporting the gold and they needed transport across the country to the port city of Cape Town. Then they needed to find ways to make people work for low wages and soon found ways to do this.

George Albu, a Randlord, spoke about black labour and how to force men to work in the mines.



Gold also finally brought an end to the Boer republics. Remember – the gold was in the Zuid-Afrikaansche Republiek (Transvaal Republic). For a number of years mining carried on but tensions were rising. The British now wanted control of the Transvaal because the discovery of gold made it more attractive. They wanted to control the rich Witwatersrand gold-mining complex which was the largest gold-mining complex in the world at that time. There were many non-Boers or foreigners working the mines, mostly British. As a result, President Paul Kruger of the South African Republic was concerned that there would soon be more foreigners than Boers and that they would lose control of the territory.

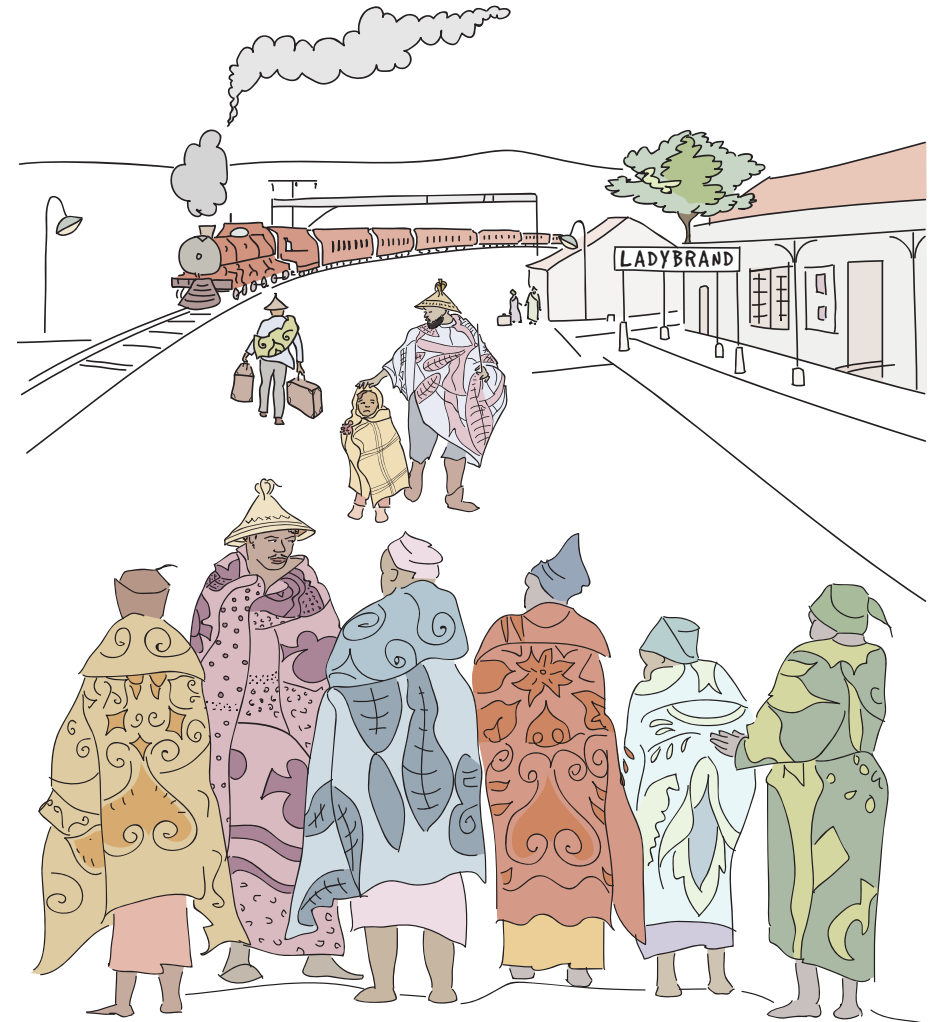


War broke out between the British and the Boers from 1899 to 1902 and was finally won by the British who took over control of the Transvaal. There was no mining activity during the war and many foreigners and Boers left during this time.

After the war ended, cheap labour needed for the deep gold mines was scarce. This was partly because African people reoccupied the land taken by the Boers and did not need to work on the mines for a pittance. In 1904, the British brought in 64 000 Chinese men to work as cheap indentured labourers. Most of the Chinese labourers were sent back to China at the end of their contracts.



The mines also recruited and even kidnapped African/black workers throughout southern Africa, as far north as Tanzania. The Union of South Africa was formed in 1910 – from the two Boer republics and the two British colonies.



Also, to make sure they had a good supply of cheap labour, the British did as Albu, the Randlord, had suggested. Black people had to pay hut taxes (money per hut owned) and then, in addition, more heavy poll taxes (money per adult over 18). This forced black men to leave their rural homes and to find work on the mines for money to pay this tax to the government. The pay for the dangerous work they did underground was poor. People were most unhappy. They protested and resisted all over the country. The best-known rebellion is the Bambatha rebellion of 1906.

Bambatha Rebellion 1906

In 1887 Zululand was taken over by Britain's colony of Natal. The Zulu people lost most of their land that was good for growing food. Rather than work for the white sugar cane farmers, the black workers chose to go to the gold mines of the Witwatersrand. They could earn more cash there.

In 1905, the Natal government tried to force more black men into becoming farm labourers. They demanded a Poll Tax of £1 from all men over the age of 18 from 1 January 1906.

To pay the tax, African men would have to work for cash. The Zulus were very angry. Some chiefs told their men to pay and some just quietly refused to pay. Some of the other chiefs protested against the harsh policies.



This rebellion became known as the Bambatha Rebellion after Chief Bambatha kaMancinza. He was head of the Zondi, a clan that lived in the Mpanza Valley in the Greytown district. With a group of supporters, Bambatha carried out a number of attacks against the colonial forces. He was later joined by other chiefs and hundreds of young warriors. There was a last battle at Mome Gorge, north of Durban, and Bambatha and his army who had short spears were brutally defeated by the colonial forces who had firearms. Bambatha was killed during the battle and the rebellion came to an end.

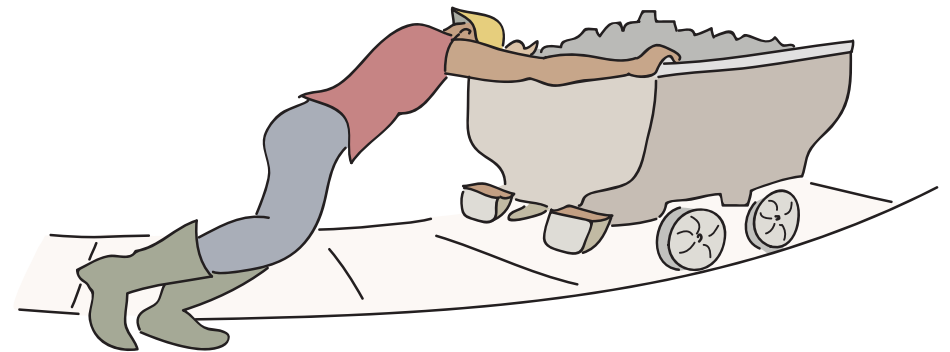
Although Bambatha was defeated, the memory of this brave rebellion has inspired others to carry on the struggle against racial exploitation in South Africa. Does this make you think about the Marikana massacre?



The mine bosses needed to find ways to control the labourers and they used force when the miners rebelled. Miners could get shot for rebelling or going on strike.

- In 1910 there were big strikes by both black and white workers. However, the government did not want the black and white workers in solidarity with each other. They developed a policy of 'divide and rule' between black workers and white workers.
- In 1922 there was the Rand Rebellion. White workers only – many of them ex-Boer commandos who were armed – rebelled and went on strike and Prime Minister Smuts sent the army in to crush the rebellion.

The workforce came to be made up of three levels: skilled white miners from Britain; unskilled white Afrikaans miners; and black migrant miners who were not allowed to live permanently in the towns. The colour bar was used to privilege white workers.



Meanwhile, the 1913 and 1936 Land Acts were passed. This meant that 87% of the land was taken for the use of white people. Most of this land was privately owned. The remaining 13% was for the black population mainly under tribal leadership. There was too little land to support the black population. In this way, the state made rural areas serve as labour suppliers for mining and industry. In these reserves women had to labour and keep the homes running without the support of men most of the time.

All in all, black miners had to do difficult and dangerous work far from their homes and got little benefit from the work they did. Also, the mines brought new ways of dying to southern Africa:

- ▶ TB came with the Welsh miners. It was introduced via the crowded compounds and spread throughout southern Africa;
- ▶ Miners got diseases like silicosis (miners' phthisis) from dust in gold mines and black lung from coal dust in coal mines;
- ▶ Tens of thousands of miners have been killed in accidents, and many, many more injured.



Those too sick to work were (and still are) sent home, mostly without compensation. Their families and communities are left to deal with the costs to their health and lives. Bosses did not want to pay the workers enough to keep their families in town. They preferred that the labour of women in the reserves would support the miners' families and the miners when they were too old or sick to work.

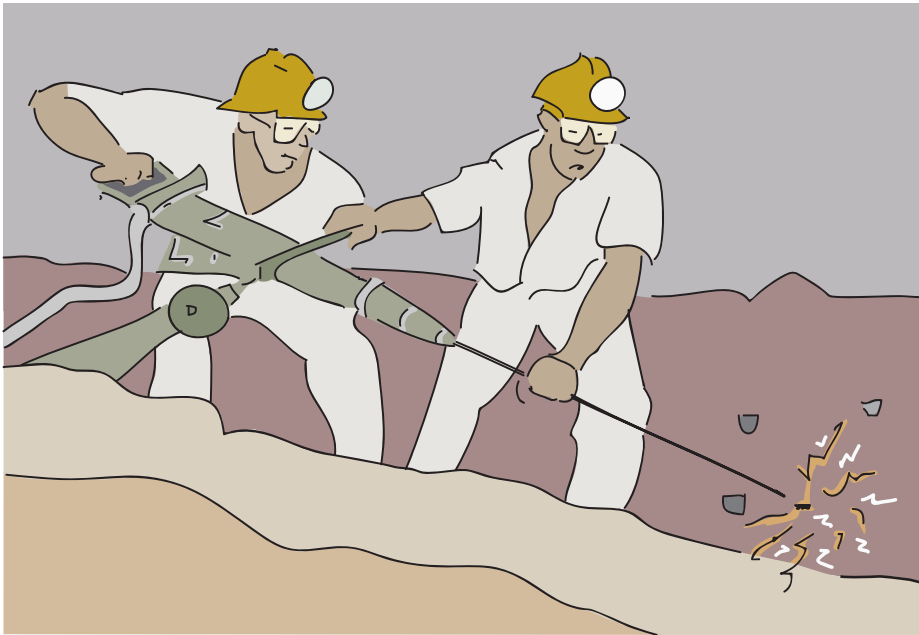
Seven years ago, my husband was taken away to work on the mines ... He left fit, strong and hopeful. Seven years later, he returned, weak, skinny and broken, coughing his lungs out [with TB]. ... I am not only worried about my husband dying and leaving me and the children to fend for ourselves ... I am also worried that my children will contract the disease as well.



Kate Sihlangu at the Earthlife Conference in 1992

After World War 2 ended in 1945, South African mines continued to grow. The number of poorly paid black labourers in the gold mines jumped from 14,000 in 1890 to 534,000 in 1986. Nowadays the South African gold mining industry is in decline, but still one of the largest in the world. Gold miners have to go deeper underground to reach the gold. Deep-level mining is very dangerous and challenging. Mines have always needed lots of energy for excavating, ventilation, stamping, moving rock and mine workers, as well as smelting and refining.

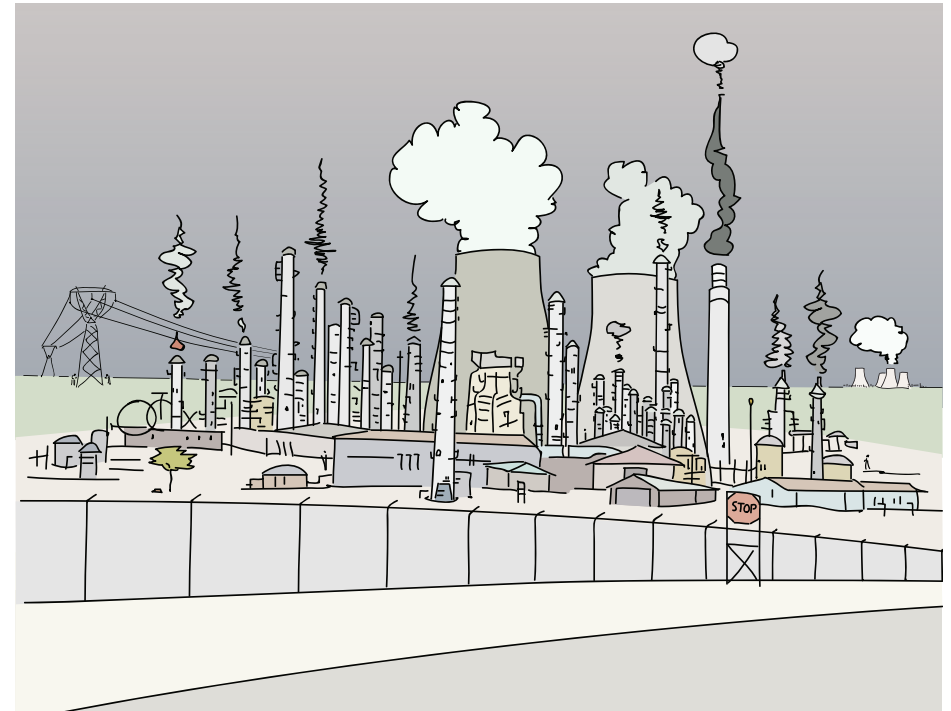
The bosses have always wanted to get the gold cheaply. They put profit before the people, the environment and the whole planet. In areas near mines where poor communities are forced to live, the air, the water, the land and even people's bodies are polluted!



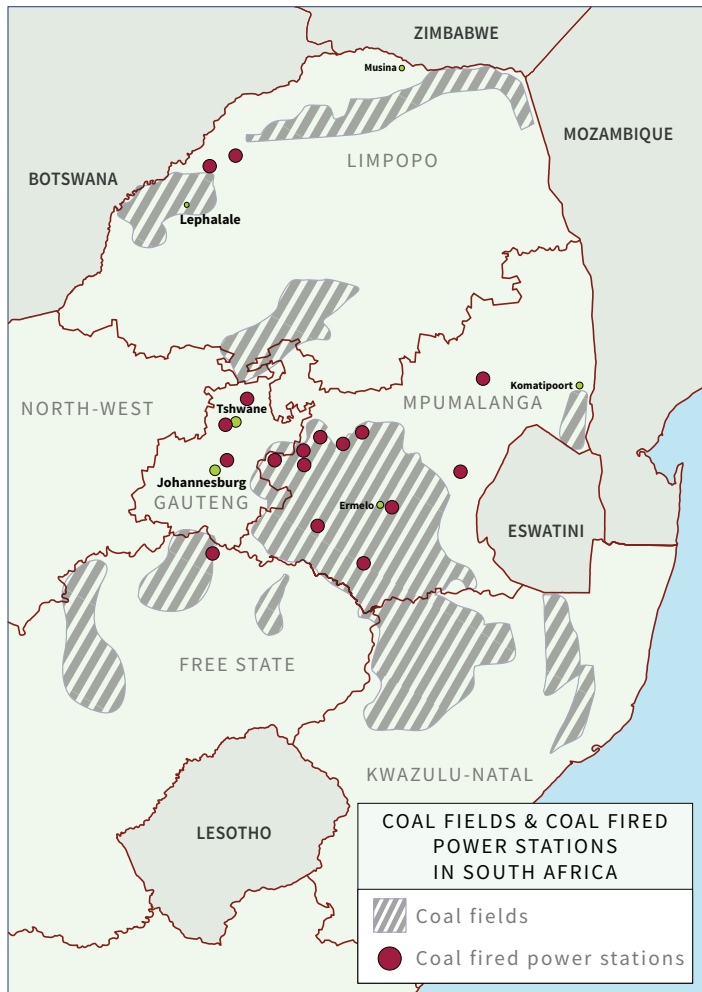
5. Energy and industrialisation – after 1950



Energy (power) has always been vital for mining – to power the lifts and provide ventilation for transporting, crushing, sifting and smelting the ore. The mines used coal directly, and increasingly they used electricity produced from coal. The first electricity corporation was privately owned. Eskom was established as a parastatal in the 1920s to produce 'cheap abundant energy' for industry. It was able to take over the private company and so have a monopoly for electricity production after World War 2, once it gained the support of the mining company, Anglo American. Eskom built the coal-fired power stations of Komati, Camden, Grootvlei, Hendrina, Arnot and Kriel on the eastern Highveld (now Mpumalanga) from the late 1950s onwards. The national electricity grid was joined up in 1971. Eskom wanted to produce cheap energy. This meant cheap labour and dirty production.



Anglo American (a gold and coal mining company) dominated the South African economy and was the biggest supplier of coal to Eskom and the biggest customer for electricity! This was particularly for the Free State gold fields which Anglo developed after World War 2. They were very deep and needed a lot of energy. The National Party, which primarily represented white Afrikaners, was elected in 1948. Anglo then supported the emergence of the Afrikaner mining house, Gencor, to create a political ally.



Mpumalanga

Majuba
Kendal
Duhva
Matla
Tutuka
Kriel
Arnot
Hendrina
Camden
Grootvlei
Komati

Gauteng

Rooiwal
Pretoria West
Kelvin

Limpopo

Medupi
Matimba

Free State

Lethabo

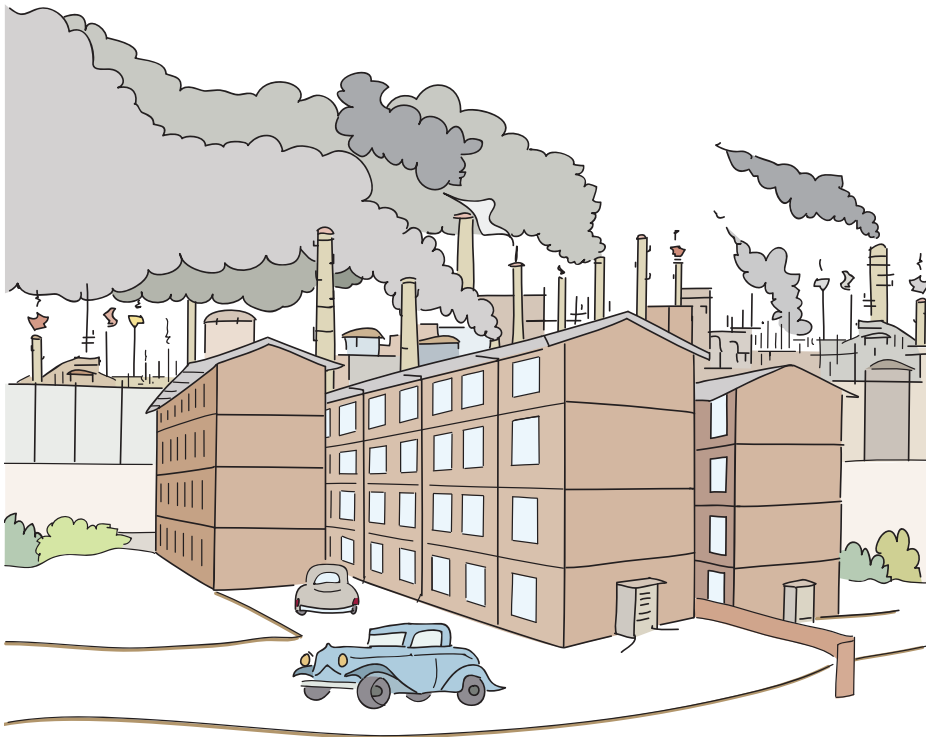
The state developed big heavy industries in the 1950s after World War 2.

- Iscor became the biggest iron and steel company and created the company town of Vanderbijlpark. This was South Africa's first mega project.
- Sasol was founded on coal-to-liquid fuel production. It also created its own company town south of the Vaal (Sasolburg).

Both these companies were owned by the state and both towns were created as garden cities for the white workforce where there was no pollution. The townships of Boipatong, Sharpeville and Zamdela for black workers were built in the path of heavy pollution.



- Durban was also already pioneering racist industrialisation. After World War 2, big oil companies moved in. Mobil built its own refinery (now Engen) and Shell BP jointly built SAPREF in the area south of Durban. The wetlands were drained and market gardeners, fishermen and small businesses were robbed of their land and livelihoods. The city council established residential areas along race lines in order to provide a racial hierarchy of labour: black (Lamontville); coloured (Wentworth); Indian (Merebank) and white (the Bluff). The workers and their families at the low end of the hierarchy were the ones to suffer the pollution.



The post World War 2 period (from the 1950s) was the 'golden period' of global capital, with the USA as the central force. Economic growth in South Africa was high at more than 6%.



Meanwhile, as always when power is abused, people resist, and resistance was growing in South Africa. 1960 was the year of the Sharpeville massacre and the Pondo revolt. Police officers in the black township of Sharpeville opened fire on a group of people peacefully protesting oppressive pass laws, killing 69. Pondos resisted the Bantu Authorities' new system and continue to resist for years. The state ruthlessly suppressed any resistance and banned black political organisations. The anti-apartheid and anti-colonial movements grew, and the exiled ANC and PAC operated from outside the country. In 1977, the United Nations imposed an arms embargo against South Africa. The campaign for other countries not to invest in South Africa grew stronger.

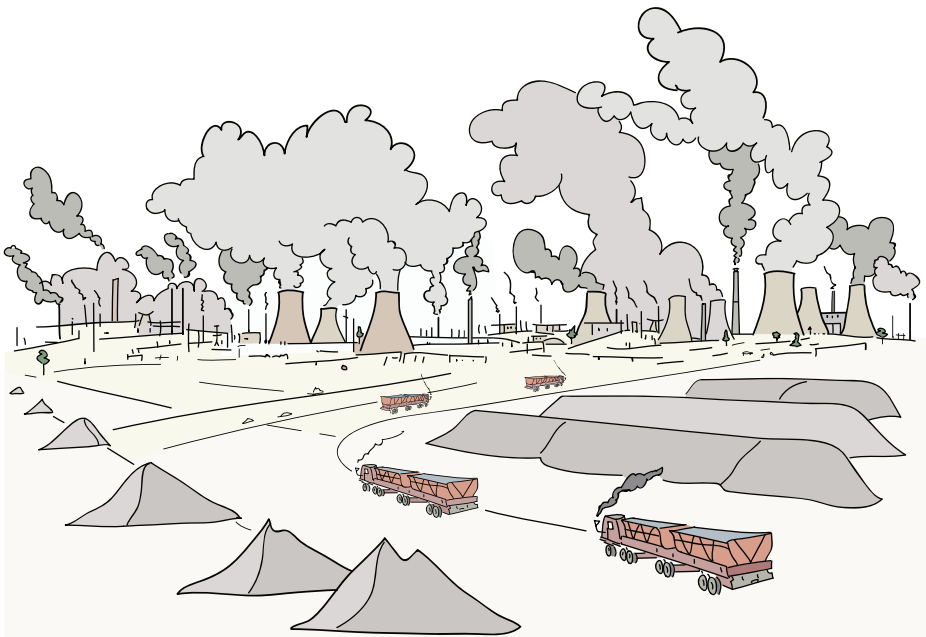
Read more about the Pondo revolt online:
<https://www.sahistory.org.za/article/pondoland-revolt-1950-1961>

6. Energy and Eskom from the 1970s



Capital's golden period came to an end in the 1970s. The USA was defeated in Vietnam and Third World oil producers and exporters came together as an alliance to manage the oil prices. Oil prices increased which made the cost of importing oil much higher. There was therefore a demand for cheaper energy.

The high oil prices created opportunities for coal, and the coal industry, led by Anglo, began to make deals with Japan to export coal to them for their industries. Working together, government and its parastatals (the railways and port authority) established the export terminal at Richards Bay so that the coal could be moved from the Highveld directly to the port. From now on, coal companies sold their low-grade coal to Eskom through contracts and made a nice profit from exporting high grade coal.



The government was worried about access to oil. It asked Sasol to expand coal-to-liquid production. It built Sasol 2 and 3 at Secunda – the second company town after Sasolburg. Construction started in 1976 and Sasol was privatised with promises of guaranteed profits to attract capital. Once again, a garden town was designed for whites while the townships were built where the pollution was heavy and damaging to people's health.

Eskom, in the 1970s, expected the demand for electricity to grow and started building another five big new coal-fired power stations on the Highveld, namely Matla, Duvha, Tutuka, Kendal and Majuba, as well as Letaba in the Vaal Triangle and Matimba in the Waterberg. They borrowed heavily from the World Bank to do this. But, from 1979, the USA forced up the interest rates globally. The price of oil and other commodities collapsed and countries that had borrowed large amounts of money were caught in a debt trap. South Africa could not meet the payments on its international debt. The economy stalled. Eskom's projections of future demand growth proved to be completely unrealistic. So it was left with big surplus capacity (too many power stations).

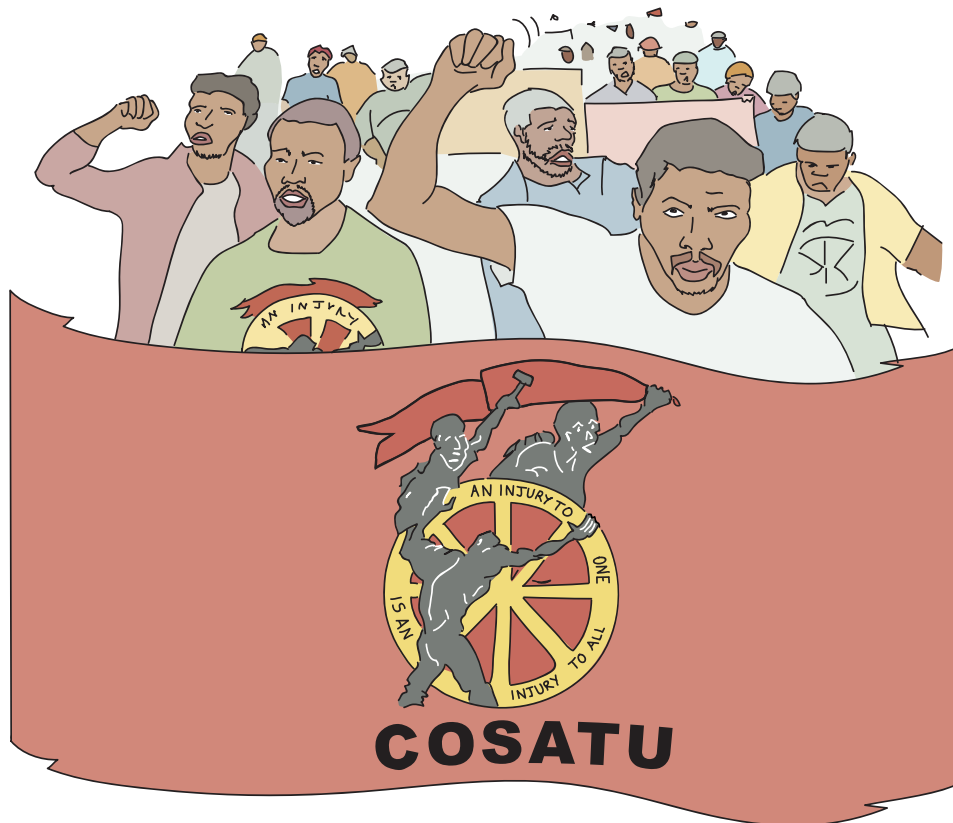
Today we are facing the consequences of these unrealistic decisions!

The last of the new power stations, Majuba, was completed in 1992. It was however only in 1996 that it got switched on, when Gencor/ Billiton's Hillside aluminium smelter was built. Billiton followed that with the Mozal aluminium smelter in Maputo. The smelters used more than 10% of Eskom's production and got it very cheaply.

Resistance against apartheid

In the 1970s, the apartheid system started to collapse. For example:

- ▶ Durban workers went on strike in 1973 and created the Federation of South African Trade Unions (FOSATU)
- ▶ The Soweto uprising followed in 1976
- ▶ The United Democratic Front (UDF) was formed in the early 1980s
- ▶ COSATU was formed in 1985 and NACTU in 1986 and they openly declared their political allegiance to the banned ANC and PAC



COSATU proclaimed 1987 'The year worker's take control'. Major strikes led by National Union of Mineworkers (NUM) were crushed by Anglo with the help of the security police.

The crushing of the workers' strike was the beginning of restructuring the capitalist economic system. A neo-liberal economy works according to the global model: 'core' workers had permanent jobs; non-core workers were outsourced and casualised; and there was rapid growth of informal work and unemployment.



Despite intense repression, the political pressure grew and, in 1990, the government unbanned the ANC, PAC and SACP and released Mandela and other political prisoners. The first democratic elections were held in 1994.

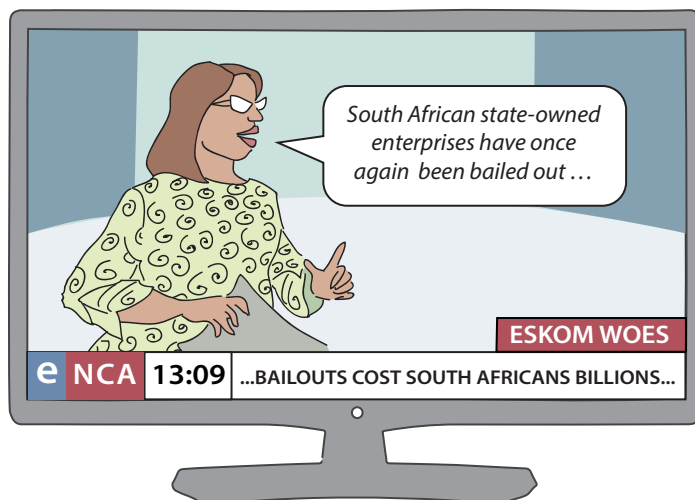
7. Political Transition 1994 and GEAR



The big corporates (companies) realised that political transition was on its way. They did not want to have their capital and their operations restricted to South Africa. After the liberation movements were unbanned, there was a rush by big corporates to move their assets out of South Africa (much of it illegally).

The new government made the decision to follow neo-liberal policies with the Growth, Employment and Redistribution (GEAR) economic policy. It said private investment would drive growth. But, instead it produced little growth, less employment and no redistribution. Eskom, as a state-owned enterprise, was at the heart of this policy and the idea was that it should provide cheap power.

Because GEAR did not attract the private investment to drive growth, in 2004 the government announced a new approach and it said South Africa was a 'developmental state'. "If the state invests first, private investment will follow", it said. State Owned Enterprises (SOEs) were to be the vehicles for strategic investments. The new plan was for Eskom to build 70% of new generating capacity and 30% would be reserved for the private sector.



State-Owned Enterprises – promise and plunder

We know that SOE's have cost the public lots of money. This includes bailouts for:

- ▶ South African Broadcasting Corporation (SABC)
- ▶ South African Airways (SAA)
- ▶ Eskom
- ▶ Denel
- ▶ Transnet

They have caused a great amount of public controversy.

But things still did not go to plan. Eskom was unable to generate surplus energy. There was an increased demand for electricity from aluminium and ferrochrome smelters, platinum mines and other mineral developments, encouraged by government.

- ▶ In 2006, one unit at Koeberg nuclear plant broke down and Cape Town got the country's first experience of what was called 'loadshedding'.
- ▶ Eskom started building Medupi in 2007 but ran short of power and the whole country got loadshedding.
- ▶ Fourteen years later we are still having loadshedding and Medupi still has not been properly finished!

The plunder of Eskom

Throughout its history, Eskom has always built the biggest power stations possible using the technology of the time. This was to supply the enormous demand from the gold mines and later the platinum mines and metal smelters. Medupi and Kusile power stations were meant to carry on this history. This is what Eskom and the big corporate energy users wanted. Instead, they have broken Eskom and turned it into the biggest threat to the country's economy. At the same time, the minerals-energy complex was in crisis.



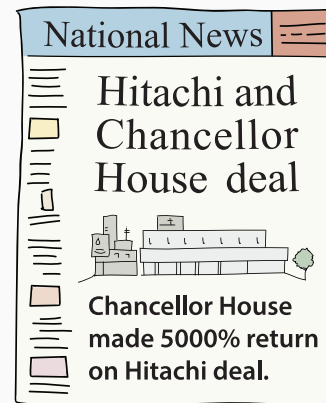
These two power stations are amongst the biggest in the world and building each of them was a 'mega project'. Building both at the same time was a double mega project.

Around the world, mega projects always promise much but deliver little. All of them go over budget and

over time and so create massive debt. They generate less income than promised, nor do they drive local development as promised but bring a destructive boom and bust cycle.

The environmental impacts are always underestimated, and they become centres of corruption.

Before Medupi and Kusile, corruption at Eskom was largely confined to the procurement of coal. The building of these plants created a feeding frenzy of corruption. The ANC itself was first in line. The party profited handsomely from the boiler contract awarded to Hitachi Africa. Chancellor House, the ANC's investment wing, was Hitachi's BEE partner.



When then President Jacob Zuma took office, corruption became routine. Coal contracts were given to favoured firms whether they could deliver the right quality coal or not. In the most spectacular case, the CEO of



Eskom and the Minister of Energy, newly appointed by Zuma for the purpose, forced the sale of Glencore's Optimum coal mine to the Gupta brothers' Oakbay Company. Eskom then guaranteed Oakbay's access to funding to buy the mine and also awarded it lucrative coal contracts. When state

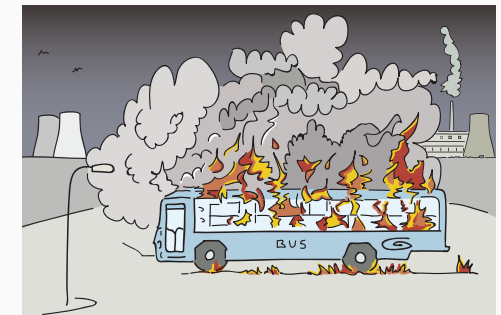
capture became common knowledge, the big banks closed Oakbay's accounts and the company is effectively broke. Some of the Optimum mine shafts have been closed and the workers have been abandoned.

At Medupi and Kusile, meanwhile, everyone was 'on the take'. Senior managers got payoffs in return for awarding contracts, major local and transnational corporations overcharged for goods and services, and lots of material and equipment was spirited away from the chaotic construction sites. And

these were not happy worksites. At Medupi, a series of strikes ended with the site shut down for eight weeks in 2015. During that time, buses and buildings were set on fire.

At the end of it, we have learnt that the boilers were badly designed and the

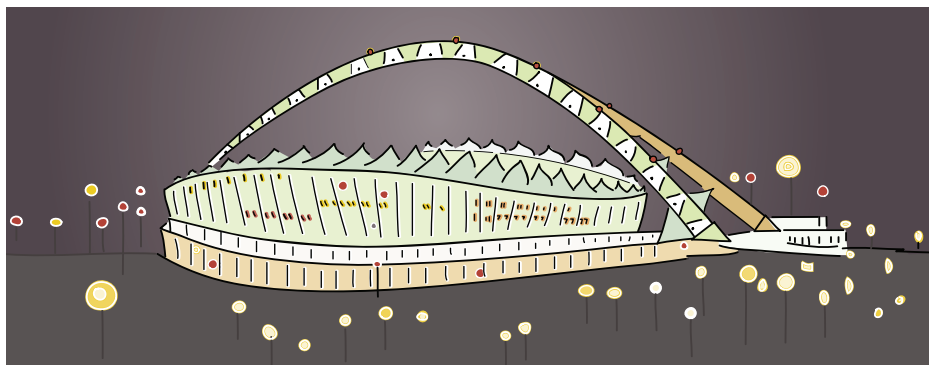
construction was often shoddy. In August 2021, Eskom said Medupi was completed but it was operating at only 65% capacity. And then, a week later, an explosion at the plant destroyed the generator at one of the six units. It is unlikely that the plant will ever work as promised.



Meanwhile, the neo-liberal global economy was collapsing, and in 2008 Wall Street (the USA stock market) crashed. There was much outrage and panic. In South Africa, the economy went into recession, a million people lost their jobs and demand for electricity dropped. So Eskom once more had enough energy and the politicians forgot about it. Eskom repeatedly delayed maintenance for a range of reasons.



Politicians wanted them to keep the plants running for the 2010 World Cup. And again for the 2014 elections. The lack of maintenance has caused repeated breakdowns.



In 2005, government thought one big new power station would cost R30 billion. By 2007, it was R69 billion for Medupi and R84 bn for Kusile. Eventually, including interest, it's about R195 bn for Medupi (without sulphur scrubbers to limit pollution) and R225 billion for Kusile. To pay for them, Eskom has been demanding higher and higher tariffs. Prices have tripled. Poor people are made poorer in a country where 60% of the people are poor.

The major environmental justice things we face are from the mining industry. We are surrounded by those mines. They blast and we see the dust coming up [from the ground]. Our houses are cracking. People are suffering to get water. It's very scarce in the area and the air pollution is high. We are running out of water. The water streams are contaminated by the industries that are close to the streams that the community rely on.

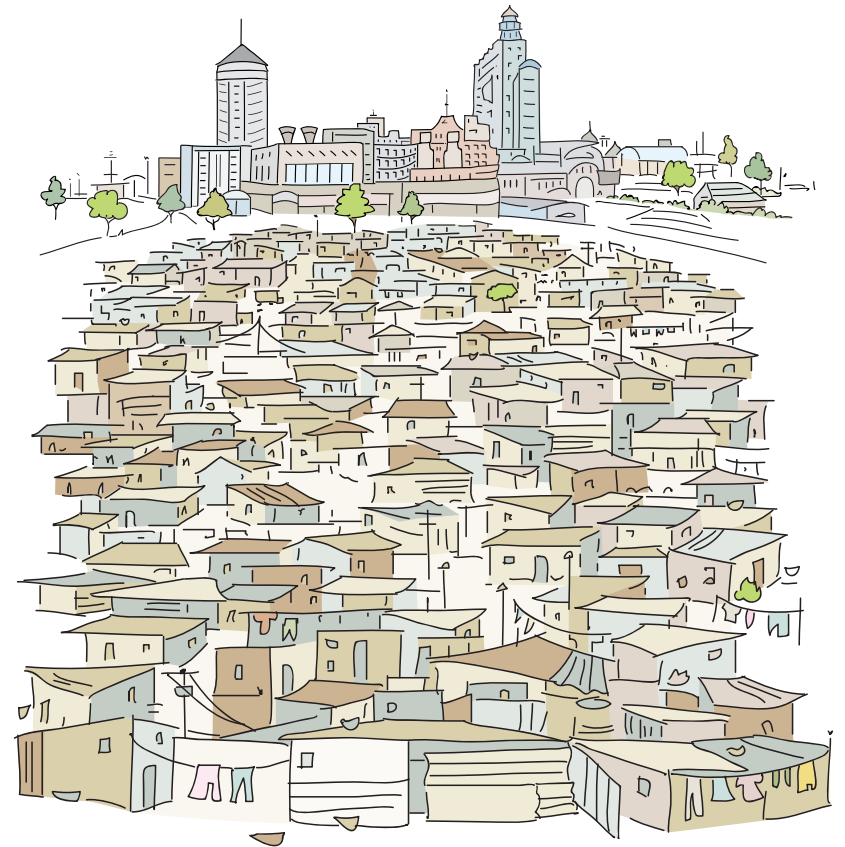


The energy model of the minerals-energy complex is based on big power stations to supply constant power to big energy-intensive industries. This is the model that is no longer working. Big industry also says energy costs too much. Big industries use about 60% of Eskom's electricity and, for the first time ever, they have started thinking about energy efficiency. Some corporates have closed factories. So demand for electricity has fallen. Eskom now wants a higher price to compensate for lower sales.

While Eskom built big coal plants, government reserved the supply of renewable energy for the private sector. Unlike energy from fossil fuels like coal and oil, renewable energy is collected from carbon-neutral sources that do not cause global warming, like sunlight and wind among others. Solar (sun) and wind energy are the renewables South Africa has begun to harness. The first renewables projects produced expensive electricity. However, the cost of renewable energy is falling, and Eskom's costs are rising. For new power plants, renewables are now cheaper than coal. Soon, power from new renewable plants will be cheaper than power from existing coal plants.



Meanwhile, the rich live in mansions in Sandton paid for with the profits of dirty industry while the poor live in shacks next to the dirty industries. They face the costs of the pollution in their air, their water, their homes, their soil, and in their bodies!



It is interesting how the labour issue has changed over time. In the early twentieth century labour had to be forced to go down mines and work in dirty industries. In the present, the system has changed in line with a capitalist economy. People are desperate for jobs even if the work is hard, dirty and dangerous, in order to just survive!



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