



## Connecting political economies of energy in South Africa

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### ABSTRACT

The South African energy debate is and will remain a heated one. Given South Africa's history of racial inequality and contemporary concerns around sustainability, much of it rightly focuses on the links between energy, poverty and the environment. Yet, many contributions to the (mainstream) debate seem to have a somewhat one-sided focus that might hamper rather than stimulate the understanding of these links. They either display a strong technical, quantitative bias and/or lean towards rather simplistic ideas about policy processes and dynamics. The article argues that many of these analyses could benefit greatly from a critical focus on the political economy of energy: the political-economic power structures that influence both many energy policies and the issues of energy equality and sustainability. Two major global developments emphasise the importance of this focus: the recent financial crisis and South Africa's role in the increasingly tense geopolitics of energy in Africa. The article concludes with some suggestions on how currently disparate political economies of energy could be better connected.

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### 1. Introduction

The energy debate in South Africa is and will remain a heated one. It received an extra boost early 2008 with the major power interruptions that forced Eskom – the national energy utility – to consort to load shedding.<sup>1</sup> These incidents again sharply brought to the fore the highly uneven access to reliable energy within South Africa<sup>2</sup> and the complex technical nature of the debate.<sup>3</sup> Yet, what hardly featured was the political-economic basis in which important policy issues such as energy inequality and energy technicalities are rooted. While these are important in their own right, this article argues that they cannot be properly understood without a critical analysis of the political economy of energy that highlights the overarching framework of power that highly influences, if not outright determines, their particular characteristics (see also McDonald, 2009a). Hence, the key contribution this article aims to make is to critically analyse some of the main

contemporary tendencies in the South African energy debate, both in the policy and academic realms,<sup>4</sup> and embed these in a critical, political economy approach.<sup>5</sup>

The article argues that two major global developments further warrant such a focus. The first is the ongoing global financial crisis, which, although not yet properly understood, at the very least showed that the contemporary capitalist world order is becoming increasingly unstable. As such, it becomes crucial to renew efforts to critically examine the energy question in South Africa in the explicit recognition of the governments' continued adherence to the global neoliberal agenda that aims to deepen and entrench capitalist processes of commercialisation, marketisation and competition in all segments of society (Bond, 2000; Zegeye, 2002; Peet, 2002; Büscher, 2009). The second major development is the important role of South Africa in the increasingly tense geopolitics of energy in Africa in general. The swiftly rising interest in Africa's energy resources by the world's most powerful nations, especially the USA and China (Klare, 2008) will have major consequences for South Africa as the regional hegemonic power. By exploring the main contours of these two issues, the article aims to open up space within the South Africa energy

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<sup>1</sup> See Mail and Guardian, 17 March 2008 (<http://www.mg.co.za/article/2008-03-17-eskom-says-countrywide-loadshedding-this-week>) and the Eskom website (<http://www.eskom.co.za>) where load shedding is defined as follows: "When there is not enough electricity available to meet the demand from all Eskom's customers, it could be necessary to interrupt supply to certain areas".

<sup>2</sup> See Mail and Guardian, 23 May 2008 (<http://www.mg.co.za/article/2008-05-23-eskom-govt-under-fire-at-power-price-hearings>).

<sup>3</sup> See Mail and Guardian, 16 January 2008 (<http://www.mg.co.za/article/2008-01-16-public-protector-queries-power-cuts>).

<sup>4</sup> With a special emphasis on articles on South Africa that have appeared in *Energy Policy*.

<sup>5</sup> This point has very recently been made for electricity by McDonald and others in an edited volume entitled 'Electric Capitalism' (McDonald, 2009a). The main difference is that McDonald et al. mainly focus on electricity, whereas the current article focuses on the broader energy debate and thus tries to conceptualise the broader concept of the 'political economy of energy'.

debate to take on board the political–economic realities that will increasingly influence the links between energy, poverty and the environment. The article concludes with some suggestions on how currently disparate political economies of energy could be better connected.

## 2. The South African energy debate

In general, South Africa's energy debate seems to revolve around two main axes. The first and most visible axis hinges around energy inequality, especially related to access to reliable energy in rural areas. According to Madubansi and Shackleton (2006, p. 4082): “in South Africa the post-apartheid government committed itself to address the historical inequalities, including a new energy policy that sought to address the energy requirements of the poor”. Consequently, the first two key objectives of the Department of Minerals and Energy's (DME) Energy Policy are ‘attaining universal access to energy by 2014’ and ‘accessible, affordable and reliable energy, especially for the poor’.<sup>6</sup>

The second, related axis concerns energy sustainability, which mainly comprises environmental and economic aspects. In terms of the environment, the debate centres predominantly on the effects of South Africa's coal-powered economy in relation to climate change, the issue of coal substitution through development of nuclear and renewable energies, and on the environmental effects of biomass use in the country's rural areas. The economic dimension of the sustainability debate is foremostly shaped by the need for energy substitutions to coal to safeguard future economic growth. In both aspects, the crucial link with the historical constitution of the energy issue in South Africa as being part of the wider ‘minerals–energy complex’ (MEC) that Fine and Rustomjee (1996) have convincingly argued was and still is the basis for South Africa's economy<sup>7</sup> is rarely mentioned. This point will be elaborated upon below, but it needs to be mentioned here that it receives far less attention than it should.

Taking a closer look, many recent contributions to the (mainstream) debate (especially so in *Energy Policy*) seem to have a somewhat one-sided focus that might hamper rather than stimulate a deeper understanding of the links between energy, poverty and the environment. They either display a strong technical, quantitative bias and/or entertain sometimes rather simplistic ideas about policy processes and dynamics (e.g. Karekezi, 2002; Louw et al., 2008; Sebitosi and Pillay, 2008).<sup>8</sup> In terms of the technical, quantitative bias, many studies tend to focus on the link between income, electrification and types of energy (biomass, gas, electricity, etc.) used in rural areas (e.g. Davis, 1998; Madubansi and Shackleton, 2006; Shackleton et al., 2007; Louw et al., 2008). Other studies focus on the technicalities of rural energy use and how these can be produced and/or used more efficiently and sustainably (Van Horen and Simmonds, 1998; Howells et al., 2006; Wentzel and Pouris, 2007). Many of these and yet more studies focus on policy prescriptions for better ‘energy outreach’ to the poor, more renewable energy, etc. (Karekezi, 2002; Winkler, 2005; Sebitosi and Pillay, 2008).

Most of these are valuable analyses that contain interesting insights and avoid the modernist trap of endorsing the ‘energy ladder’—the assumption that when income rises rural people will

‘automatically’ make the transition towards more ‘sophisticated’ fuels. What is striking, however, is that many of these studies do not attempt to analyse energy issues in their wider social and political–economic context.<sup>9</sup> This seems odd considering the fact that most try to ultimately address a social and political–economic issue, namely the energy contribution to reducing South Africa's inequality and sustainability. I therefore argue that a *critical political economy* perspective is highly needed in this debate, which brings me to the central assumption underlying this article, namely that the two axes mentioned above and the ways they are often operationalised and analysed have as of yet been insufficiently connected conceptually with the political economy that drives them and that there is an urgent need to do so.

Before explaining the reason why, it should be clarified what is meant by a ‘critical political economy’ approach. The idea of *critical social science*, as opposed to *problem-solving social science* originates from Cox (1981). According to Ford,

a critical approach distinguishes critical theory from problem-solving theory, where the latter takes for granted the framework of existing power relations and institutions and is concerned with the smooth functioning of the system. By contrast, critical theory calls the very framework into question and seeks to analyze how it is maintained and changed (Ford, 2003, p. 121).

A critical political economy approach, thus, puts primacy on understanding the combination of political and economic determinants that make up the contemporary South African, and global, ‘framework of existing power relations and institutions’.

When returning to the South African issue of energy inequality, only occasionally is the political economy side of the energy debate acknowledged:

the context for the debate is the important shift in recent decades from traditional, prescriptive “command and control” policy tools in environmental policy to economic instruments. The rationale for the shift has been reducing the cost of compliance by bringing the creative power of the ‘market’ to bear on pollution control (Winkler, 2005, p. 31).

Yet, this does not lead to a *critical* appreciation – as defined above – of that same wider political–economic context in which the energy debate finds itself. Rarely is the question asked what the purpose of the ‘shift from traditional, prescriptive “command and control” policy tools in environmental policy to economic instruments’ was and in whose interests this shift has worked out. In fact, the same article concludes:

In the South African context, it seems more desirable to directly set a quantity and to limit government expenditure on renewables. Government's primary role should be to set the target, and to let the emerging renewable industry find the most cost-effective way of meeting it.

This is a standard neoliberal policy recommendation that is time and again refuted by more critical scholarship (Bond, 2000; Kovel, 2002; Heynen et al., 2007). More examples abound – and will be discussed below – but in general, much of the mainstream literature on energy reminds one of a general remark made over 10 years ago by Fine and Rustomjee, namely that in the transition from apartheid to post-apartheid a historically aware analysis of

<sup>6</sup> See <http://www.dme.gov.za/energy/overview.stm>.

<sup>7</sup> Subsequently expanded by McDonald (2009b) into an ‘MEC-plus’ analytical framework that also takes into account “the commercialisation and fragmentation of the electricity sector as a result of neoliberal restructuring in the South African economy over the past 15 years”.

<sup>8</sup> In general, see also articles in the *Journal of Energy in Southern Africa* ([http://www.eri.uct.ac.za/ERI%20WEBSITE\\_page13.htm](http://www.eri.uct.ac.za/ERI%20WEBSITE_page13.htm), last viewed: 29 September 2008).

<sup>9</sup> This of course does not include a distinct body of more critical literature that does aim to forward a more critical political economy agenda, and which this article strongly leans on and further tried to take forward (Death, 2006; Bond et al., 2007; McDonald, 2009a).

'the social forces of production' in the context of South Africa's political economy has been abandoned for "technical solutions to the economics of transition" (Fine and Rustomjee, 1996, p. 4). Indeed, much energy literature dealing with energy inequality and sustainability focuses on the 'technical solutions' to the '(socio-) economics of the energy transition', without an accompanying critical analysis of the wider political-economic context in which this transition is taking place. The mantra seems to be that South African energy in general and rural energy users in particular need to be brought into neoliberal modernity, and quick. One of the most obvious examples of this tendency is an article by Sebitosi and Pillay (2008), who argue that South Africa has been "caught in a time warp" (p. 2513) and

continues to plan its future with the largely discredited traditional model" whereas "the new paradigm of IRP [Integrated Resource Planning] that has been embraced worldwide will contribute directly to improving energy efficiency, supply security, promote the adoption of cleaner resources, and create environmental sustainability (p. 2515).

Leaving aside that the references used to back up the statement that IRP 'has been embraced worldwide' are two documents produced by the US department of Energy Efficiency and Renewable Energy<sup>10</sup> under the Bush regime, the article in general displays an astonishing lack of appreciation of wider political-economic power structures that frame and cut across the energy issue. Not only does the article structure the debate in terms of simple dichotomies of the 'traditional' (= 'bad') versus the 'new' (= 'good'), it also combines a dismal lack of understanding of how the energy debate is historically constituted in South Africa's 'Mineral-Energy Complex' (Fine and Rustomjee, 1996) and – despite strong state regulation in several areas – currently operationalised according to neoliberal canons of competition, commercialisation and economic growth.<sup>11</sup> Instead, these issues are brushed aside for a simplistic and unnuanced faith that with the 'new model' all will be well; economically, socially and environmentally.

While highly problematic, this article does not stand alone in its rhetoric. In fact, it neatly mirrors contemporary energy policies in South Africa, for example those by Eskom<sup>12</sup> and the national department of Minerals and Energy.<sup>13</sup> In the global 'policy-marketplace', policy models that aim to rhetorically capture the

interests of 'all stakeholders' and seemingly progressively 'mainstream' and combine different issue-areas (like environment, development, gender, health, economic growth, etc.) hold immense popularity with international funding institutions, donors, NGOs, governments and other 'policy-makers'. As such, energy policies seem to increasingly reflect development policies more broadly about which recent anthropological 'ethnography of aid' concludes that they generate

mobilizing metaphors ('participation', 'partnership', governance', 'social capital') whose vagueness, ambiguity and lack of conceptual precision is required to conceal ideological differences, to allow compromise and the enrolment of different interests, to build coalitions, to distribute agency and to multiply criteria of success within project systems (Mosse, 2004, p. 663).

What this means in practice, often, is that increasingly contradictory realities are often represented or supposed to be 'solved' by policies that do not acknowledge contradictions but rather 'organise' or frame social realities such that they can be better managed. In the energy debate, this comes out for example in the increasingly visible contradiction between the South African government's rhetoric about universal free access to electricity and the practical outcomes of the policy, which keep electricity inequality in tact and in fact solidifies it (Ruiters, 2009). Obviously, this is not to say that policy is not important. Following Mosse (2004, p. 664), "policy is part of the context of action", but not the start of it, as is often assumed. Rather, policy is part of a wider political, institutional process of action and more often than not follows or represents practice, rather than precedes or guides it (Mosse, 2004).

Having problematised the concept of policy, we must do the same for the technical focus of many energy studies and debates. In fact, a focus on energy technology often increases policy characteristics of rationality and ordering, compartmentalising of the socio-political and legitimating underlying neoliberal dynamics. A case in point in South Africa is the debate around solar cookers in rural areas. While there are obvious potential social and environmental advantages to solar cooking in rural areas not linked up to the electricity grid, the long mission to get rural people in South Africa 'hooked' to solar cookers seems to be difficult at best (Wentzel and Pouris, 2007). In order to convince rural people, several organisations in the mid-1990s started to study the social acceptability of solar cooking, with the aim of identifying the variables that can aid getting the technology accepted and commercialised (Wentzel and Pouris, 2007). In the end, while the majority of those that did start to employ the technology were quite positive, acceptability remained low and the programme failed commercially (Wentzel and Pouris, 2007). As a result, Wentzel and Pouris (2007, p. 1918) recommend that solar cooking needs to be more professionally modernised and commercialised:

Solar cookers need to move beyond the image of an appropriate technology product, towards a highly desirable product. Attention therefore, needs to be paid to product design, finish, packaging and marketing.

Moreover, they recommend that (Wentzel and Pouris, 2007):

End-user finance mechanisms through normal credit channels or tailor-made micro-finance options are essential to enable very poor households to purchase solar cookers. Without access to credit, solar cookers will not reach the poorest segments of the market, and the households that need them most.

<sup>10</sup> <http://www.eere.energy.gov/>.

<sup>11</sup> Prime examples of this operationalisation can be found in the Department of Minerals and Energy's 1998 White paper (DME, 1998, p. 6, *emphasis added*), which states that for policy to "facilitate optimal energy consumption and production to meet social needs", what is 'required' are "consumer choice and the operation of market forces". Even more directly emphasising the neoliberal policy direction of the South African government, the White Paper further notes that: "Significant international shifts have occurred in post-oil-crisis energy policies. South Africa can learn from abroad. Perhaps the most significant shift is that energy security is now being achieved through greater diversification and flexibility of supply. One of the implications is that the energy sector is relying increasingly on market-based pricing. "The state is placing greater emphasis on commercialisation and competition" (DME, 1998, p. 7, *emphasis added*).

<sup>12</sup> On its website, Eskom openly admits it subscribes to 'standard' international sustainability rhetoric: "Eskom's sustainability strategy acknowledges the guiding principles adapted from the Sustainability in the Electricity Utility Sector reports published by the World Business Council for Sustainable Development. These principles are aligned with Eskom's commitment to the United Nations Global Compact and its 10 principles" Hence, the chairman of the Eskom board, Valli Moosa, notes that "For the board, Eskom's role in a changing South Africa has three thrusts: economic, social and environmental". Online: [www.eskom.co.za](http://www.eskom.co.za), last viewed: 30 January 2009.

<sup>13</sup> The recently adopted National Energy Bill of 2008 (Republic of South Africa, 2008), starts as follows: "Bill to ensure that diverse energy resources are available, in sustainable quantities and at affordable prices, to the South African economy in support of economic growth and poverty alleviation (...). See also footnote 11.

In all, Wentzel and Poulis' recommendations come down to further ordering the rural landscape according to modern and distinctly neoliberal ideas around 'segments of the market'. While no doubt with 'good intentions', this compartmentalising of social and political spaces and constituting them in market terms is known in more critical studies to harbour many pitfalls and unintended consequences at best, and entrench inequality at worst. All of this is not to say that a focus on policy and technology is 'bad'. My point is that these issues should be seen within an overarching political economy of energy, to which we now turn.

### 3. Conceptualising the political economy of energy in South Africa

How, then, can we go about conceptualising a political economy of energy in South Africa that takes the issues of technology and policy into account but goes beyond reducing social and political affairs to these or other determinants? Not surprisingly, the starting point of a political economy of energy should be a critique of contemporary neoliberal capitalism. What I mean by 'contemporary neoliberal capitalism' is the political-economic complex of contemporary (hyper-) capitalism in the era of neoliberal hegemony. Hence, this includes both the political-economic system of capitalist production and social relations, as well as the political-ideological framework that supports and legitimates it. Obviously, the two are deeply intertwined and in many ways, energy is central hereby. Energy fuels the myriad of capitalist production processes that in turn influence (if not determine) the many social relations embedded within a capitalist society.<sup>14</sup>

For South Africa, the links between energy and capitalist development have been neatly laid out in *Fine and Rustomjee (1996)* and expanded upon by *McDonald (2009a)*. And while these will not be repeated here, their importance should be emphasised: as capitalist processes continue to speed up and intensify to such extent that one could refer to it as 'hypercapitalism' (*Graham, 2007*), it remains vital to study them in relation to energy. Crucial here is the recognition that the "breathtaking technological developments" in capitalism have not led us into a 'weightless economy' or post-industrial age' (*Scheer, 2002, p. 10*). In fact, the opposite is true: "the real legacy of the new technology has been only folly and wilful neglect of the resource issue, reinforcing the illusion that technological solutions can be found for every problem" (*Scheer, 2002*). Below, when discussing the new geopolitics of energy in Africa, this issue will receive further emphasis.

For now, this author wishes to focus on the political ideology that aims to legitimise the continuous expansion and intensification of capitalist processes in all spheres of life: neoliberalism. It is here that the present-day contradictory socio-politics of the policy and technology issues related to energy truly become apparent.<sup>15</sup> Contemporary ideas about policy and technology, as argued above, share a similar feature in that they aim to methodologically unravel, order and box (social) realities with the intention to render them manageable and controllable. The crucial question then becomes: rendering manageable and controllable *to what end?* If this is a deepening of neoliberal processes and outcomes, then we have to be clear what neoliberalism entails. In this article,

neoliberalism entails the substitution of political and social affairs for market dynamics. Neoliberal ideology believes that all types of social and political issues can more effectively and efficiently be 'managed' by introducing market-based governance mechanisms such as commercialisation, competition and 'free' trade.

As such, the definition takes into account that neoliberalism is much broader than 'privatisation' or a focus on the private sector. In fact, it aims to draw attention to what is arguably the main difference between '1980s' neoliberalism and later '1990s/2000s' neoliberalism, namely that the latter focuses explicitly on the transformation of the public and non-governmental sector:

If the era of 'structural adjustment' economic policies of the 1980s and earlier 1990s meant attempts to 'get the prices right' and to hack away indiscriminately at the state, then we are now in the age of 'getting the state right' to implement the same goals as before (*Moore, 1999, p. 64*).

Therefore, not only does the state actively support neoliberal governance strategies, it actively takes part in them as well, even disciplining itself accordingly, for instance by substituting traditionally public sector operating principles (such as cross-subsidization, supply-driven service, etc.) to private sector operating principles (such as managerial and financial ring fencing, demand-driven service, etc.) (*McDonald and Ruiters, 2005*). This process of transformation has been very obvious in the South African energy sector, for example in the way that parastatal Eskom has changed over the past decades. *Gentle (2009, p. 51, emphasis in original)* explains:

This is a change from a form of Keynesian racial capitalism, in which the state secured the conditions necessary for accumulation for the capitalist class as a whole based on cheap black labour power, cheap energy and regulated capital, to a neoliberal state attempting to open new arenas for commodification. In the case of the former, the state intervened to *constrain* the commodification of certain processes (electrification, rail transport) deemed essential to ensure capital accumulation; in the case of the latter, the state intervened to *expand* the terrain of commodification.

Coming back to our question of the objectives of 'rendering manageable and controllable', it is clear that these objectives, then, are to extent the sphere of the market to the detriment of 'the political'. The political is conceptualised as the social process of (communicative, deliberative) interaction that leads to certain outcomes in the public sphere. Key in this conceptualisation is that this interaction is mired in struggles over power, interests and their associated representations. The acceptance of this key element of politics, however, is exactly what is lacking in the current focus on energy policies and technologies. Obviously, this is nothing new. Long have specific rhetorical, discursive structures been set up around policy and technological structures about which one can ask whether they expose or conceal the unequal social relations inherent in capitalist societies (*Marx, 1976*). The argument here is that these structures have taken on new forms and intensities in the last two decades that desperately need to be studied and confronted politically (*Bücher, 2009*).

Yet, these dimensions are rarely touched upon in current energy policy discourses; despite the focus on energy inequality in the energy debate, the larger, structural inequalities of the capitalist system in which energy inequalities are embedded are rarely openly discussed and not often taken into account in the mainstream literature. In fact, the opposite is true: it seems to be an assumption of much energy literature that reducing energy inequality should lead to an intensification and broader spread of the processes of market exchange into rural areas. A case in point

<sup>14</sup> Hence, I am not arguing that energy determines the capitalist mode of production; rather, my point is that has become a vital component of this mode and its concomitant socio-political relations.

<sup>15</sup> Although it needs to be added that many of the same processes to be described have long been inherent to capitalist development, including that of the pre-neoliberal era that started roughly in the 1970s/1980s (*Harvey, 2005*).

is provided by Howells et al. (2006). They argue that the South African government's 'Free Basic Electricity' scheme restricts poorer households to using electricity whereas with 'energy credits' to be exchanged for any preferred fuel (such as LPG) in an open energy market. According to them, the current approach "to pro-poor energy policy is likely to become both expensive and highly market distorting".

The assumption is that an open energy market will work perfectly. The fatal flaw in Howells et al.'s argument, however, is not just that this is never possible. They do not pay attention to energy providers and their relation to each other and the poor they are supposed to service in the 'energy market'. Historically, the interests of the weak and the poor are rather marginal in such set-ups. As such, Howells et al.'s argument conforms *exactly* to Marx' critique of the 19th and 18th century 'bourgeoisie's economic apologists', a characteristic of whom is

the attempt to explain away the contradictions of the capitalist process of production by dissolving the relations between persons engaged in that process of production into the simple relations arising out of the circulation of commodities (Marx, 1976, p. 209, note 24).

Again, critical scholarship has refused this argument time and again, yet many authors – Howells et al. are certainly not alone – keep making the same erroneous assumptions and presenting these as rational, logical win–win choices.

Looking at the bigger picture in which this same argument has been made through South Africa's adoption of the neoliberal paradigm through the GEAR programme in 1996, Lesufi (2002, p. 296) finds that "all the evidence shows that, on the one hand, those targets promoting the interests of capital have either been met or exceeded; while those targets concerned with the interests of the poor have not been met at all". Similarly, Bond (2000, p. 18) argues that since the turn to neoliberalism, South Africa has remained "as severe a case of uneven socio-economic development as exists anywhere on earth". It is this wider political–economic framework in which the energy debate should be analysed if 'energy poverty' and energy inequality are to be seriously addressed.

A crucial question arises: if energy is supposed to fuel capitalist processes of production, commodity exchange, etc., what role does it perform in the neoliberal legitimization of this system? Here, another interesting contradiction emerges that warrants scrutiny in a political economy of energy: that between the rapid acceptance to start questioning the status quo of limited fossil fuels in exchange for alternative, renewable' energy systems in order to safeguard continued economic growth and the further burying in the sand of that other contradiction mentioned above: that between energy inequality and larger social inequalities. While this is not openly acknowledged, it almost seems as though the energy debate connotes with the idea of tackling many smaller inequalities, so long as the largest one – which in essence is still the inequality between classes – is not spoken about out loud.<sup>16</sup>

Obviously, these remarks are only a modest contribution to (further) opening up the energy debate to more critical, political economy analyses, which are not going to be easy to construct. Compounding the complexities between critical political economy and the energy debate is that this understanding must take place in a world characterised by increasingly contradictory forces of globalisation, localisation, rapid technological changes and

ever-increasing mobility of people, goods and information, amongst others (Sonnenfeld and Mol, 2002). Yet, reducing these complexities to either a technological fix, or a simplistic policy fix is not the answer. Rather, what are needed are critical, nuanced analyses that link global and local changes and embed energy issues in larger political–economic frameworks. Section 4 briefly discusses two issues that further warrant such an approach.

#### 4. Contemporary issues in South Africa's political economy of energy

As stated, two issues seem especially important to South Africa's political economy of energy in the near future: the global financial crisis and the dynamics of the global geopolitics of energy. Obviously, these two issues are very recent and the study of their implications has only just begun. The following remarks are therefore very preliminary and meant to stimulate discussion about some of the key ingredients of the contemporary political economy of energy in South Africa.

First, the current financial crisis. While many commentators are still trying to make sense of the financial crisis, it seems clear that this crisis is heavier than many other capitalist crises in the past several decades. Several remarks related to what has already been noted above can be made. First, the crisis seems to have – once and for all – vindicated the fact that nearly every state across the globe has been thoroughly neoliberalised. All across the world public money that used to no longer be available for basic services or necessary investments such as reliable (and clean) energy is now available to bail out banks, insurance firms and other major financial corporations (Tapia Granados, 2009). Second, few if any standard policy models saw the crisis coming. In fact, when Dr. Nouriel Roubini, a professor of economics at New York University, predicted the crisis in 2006 in front of an IMF audience, he was dismissed.<sup>17</sup> In turn, this vindicates that there is a *structural* problem between the rosy expectations of contemporary (neoliberal) policy models and the actual practices they generate and/or conceal (see also Bond, 2009). Third, the most common reaction to the financial crisis is one of shying away from the political–economic origins of the crisis and trying to restore faith in that same capitalist economy in order to resume 'business-as-usual'. This resembles much of the current energy debate as described above.

So, what then does the crisis mean for energy policy in South Africa? Currently dominating the news is the statement by the Department of Minerals and Energy that many of the investments in energy capacity might be postponed.<sup>18</sup> Media sources also report about plans to split the Department of Minerals and Energy into two separate ministries, whereby

A new and separate energy ministry would also take on the immediate challenge to drive Eskom's 385 billion rand (US\$42.81 billion) new five-year power expansion plan, by helping it raise funds in the face of the global financial crisis.<sup>19</sup>

The focus is a concern about *capital investments* rather than the issues of energy poverty or sustainability. These are supposed to be the upshot of these investments. Yet, recent history shows that despite good intentions, the South African government "has increased its use of coal-powered electricity and given minimal

<sup>16</sup> See also Patrick Bond's 'It's Class Apartheid, Stupid' in the Mail and Guardian: <http://www.mg.co.za/article/2008-04-24-its-class-apartheid-stupid>. Last viewed: 19-03-2009.

<sup>17</sup> [http://www.nytimes.com/2008/08/17/magazine/17pessimist-t.html?\\_r](http://www.nytimes.com/2008/08/17/magazine/17pessimist-t.html?_r). Last viewed: 04-02-2009.

<sup>18</sup> See <http://allafrica.com/stories/200811140122.html>. Last viewed: 17-04-2009.

<sup>19</sup> <http://www.planetark.com/enviro-news/item/52360>. Last viewed: 17-04-2009.

support to renewable alternatives” while devoting “few resources to the energy poor” (CURES, 2009, p. 14). Moreover:

More recently, the National Energy Act (...) concentrated its attention on energy security for the mainstream, industrially-based economy and while the Act does mention the poor, the details of how the government will “adopt measures to provide for universal access to appropriate forms of energy to households” are not set out. When the Bill was presented in parliament, the Director General from the Department of Minerals and Energy said that the country should “make use of its coal resources more”, thereby signalling *business as usual* despite his Department’s statements to the contrary (CURES, 2009: *emphasis in original*).

Again, this suggests that the crisis adds to the urgency to renew efforts to critically examine the energy question in South Africa in the explicit recognition of the governments’ continued adherence to the global neoliberal agenda that stimulated the capitalist system that led to this crisis. Related to this is the other crisis that increasingly dominates geopolitical relations: that of the impending peaking of the availability of the fossil fuels that are at the heart of the way capitalism has expanded over the last two centuries. In fact, it almost seems little coincidence that the financial crisis and the current fossil fuel crisis arise in the same time.<sup>20</sup>

Be that as it may, the international geopolitics of energy are shaking up and restructuring both international relations and local dynamics in unprecedented ways. With declining global fossil fuel and gas reserves and ever-growing worldwide demands for energy, the stakes are high and the geopolitics ever-more intensive. The US especially, is seen as increasingly desperate for new energy supplies, particularly oil, to satiate its energy demands. But the US has competitors. Traditionally this has been Europe – which is also always looking for additional supplies – but the real challenge nowadays comes from the east, particularly China and India. These ‘emerging markets’ are developing rapidly and have jumped into the global energy fray to meet their growing needs. In this global drive for energy supplies, the African continent has swiftly become of major strategic importance (Mills, 2004; Alden, 2005; Barnes, 2005; Klare and Volman, 2006).

Both the US and China have vexed their eyes on Africa, placing primary importance on scouting the continent for oil and gas reserves. As a result, one of the main scholarly and popular debates these days is what effects this will have on the African continent. As we shall see, these effects are far from clear and, I argue, have not even been seriously investigated. Yet, what is clear is that South Africa will play a prominent role in this debate and arguably has most leverage to negotiate the impact of global energy interests in Africa (Klare and Volman, 2006). As the regional hegemonic power, South Africa will most certainly have to take a leading role in international negotiations, even if most of the geopolitical energy interest in Africa is currently outside of its border. How, then, are these interests shaping up and what is the role of ‘Africa’ in this?

In the debate around the global geopolitics of energy, Africa is often portrayed as being the potential victim of (future) global power-play. For example, Klare and Volman (2006, p. 306) note that the US energy strategy of

building military ties with African governments and providing them with arms and military assistance has already evolved

into a kind of low-level military competition with China for the loyalty of local elites.

They warn that this development “is certainly something that bears close watching, given the dangers this could pose for states and peoples of Africa” (Klare and Volman, 2006). A similar warning about the military aspects of the US energy strategy comes from Barnes (2005). She, however, complements this by noting how the global, and in particular the US media fails miserably to report on the potential impacts of these developments on Africa, instead merely focusing on the disaster images that have long dominated coverage of the continent. Alden (2005), in an article about China in Africa, again goes one step further and actually shows what are some of the African motives for embracing the Chinese and especially their thirst for energy and natural resources. For one, Alden argues that many African leaders favour China’s ‘pragmatic’ approach to trade and development assistance without many of the conditionalities that accompany similar relations with the west. Moreover, he highlights China’s ‘symbolic attraction’ of a once impoverished country that is now competing with the US for global hegemony.

Yet, even though the latter article speaks of African actors and their strategic motives within global energy geopolitics, there is still little to no detail about what are the actual ‘effects of energy geopolitics on Africa’ entail. In fact, there seems to be a glaring gap in the ‘geopolitics’ literature in terms of trying to link the global energy power politics with local energy dynamics in Africa. Of course, this might not be surprising considering some of the definitions of ‘geopolitics of energy’ such as the one provide by Peters (2004, p. 202); geopolitics of energy

encompasses a comprehensive approach of projecting power into energy-rich regions, ranging from military deployments with the consent of the host country to covert military interventions or the occupation of the energy-rich territory by means of full-scale war.

With this type of definition – which dominates the (US-oriented) international relations and political science literature – it is clear that what actually happens in the host countries is not of major concern. I regard this as deeply problematic and I therefore call for more attention in research and public to linking these global dynamics with local energy security and politics in Africa, with a special emphasis on the one country that many commentators agree on is pivotal in the relationship between global geopolitics of energy and Africa, namely South Africa (e.g. Klare and Volman, 2006).<sup>21</sup>

Interestingly, this is where many of the earlier-mentioned studies on South(ern) Africa could play a pivotal role. Many of these points out crucial issues within local African energy realities that could greatly complement and nuance geopolitical energy studies. For example, Shackleton et al. (2007) direct attention towards the crucial link between poverty and fuelwood in (South) Africa and that this link is rarely acknowledged in energy policies. The question then becomes where current geopolitics hamper or aid attention for biomass as an important source of energy in Africa. Moreover, several geopolitical studies (such as Klare, 2008) themselves advance rather simplistic neoliberal policy models – but focused on the global level – which could easily be rectified by more nuanced, place-specific ethnographic data from local African realities. In sum: there is an urgent need to connect currently disparate political economies of energy in (South) Africa.

<sup>20</sup> Although it must be added here that South African coal reserves are expected to last for at least another 300 years. I thank one of the anonymous reviewers for pointing this out.

<sup>21</sup> See also Mail and Guardian, 22 January 2008 (<http://www.mg.co.za/article/2008-01-22-eskom-pulls-plug-on-sas-neighbours>).

## 5. Conclusion: connecting political economies

This paper attempted to make two interventions. First, it aimed to problematise the strong technical, quantitative bias and sometimes rather simplistic ideas about policy within the current energy debate in South Africa. What is needed in this debate, it was argued, is a broad effort to critically focus on the political economy of energy: the political–economic power structures that strongly influence South African energy policies and the realities of energy poverty and sustainability. Second, the paper charted some directions for the further conceptualisation of a political economy of energy in South Africa, drawing particular attention to the contradictions of the (currently favoured) neoliberal approach and the ways in which this approach (de)politicises energy policies and technicalities. A focus on two important recent dynamics further tried to make these issues more concrete: the global financial crisis and the increasingly intense geopolitics of energy in Africa. It was noted, however, that the debate around these dynamics, especially the geopolitics of energy, could in turn benefit from more local analyses, such as those dominating the South African Energy debate. What, then, could be some of the practical steps to try and connect these disparate political economies of energy? Two directions are deemed crucial.

The first is to complement currently dominating ‘problem-solving’ analyses with critical analyses. Hence, this means that more research must focus on calling the ‘framework of existing power relations and institutions’ (Ford, 2003) into question rather than appeasing and strengthening it. A *critical* political economy of energy in South Africa, therefore, studies and challenges the political and economic power structures that influence how (global and local) actors make energy decisions, how energy debates are framed more generally and explore the deeper structures behind energy production and consumption among different actors on different scales. As such, a critical political economy approach must provide a sounder analytical basis for discussing the real determinants of the current ‘axes of the energy debate’ (energy inequality and energy sustainability). Obviously, this might sound awkward to some observers who feel that we need to be more practical and ‘problem-solving’ in overcoming the ‘energy crisis’ and certainly not critical, which to many connotes with merely being ‘negative’. Yet, I contend that a critical approach has nothing to do with negativity. The opposite is true: critical thinking is thinking about possibilities beyond the current status quo, and therefore also about the more ‘radical transformations’ that will ultimately be necessary to deal with the “social and environmental inequities of the MEC” (Mineral–Energy Complex) in South Africa, which are “simply too great to be sustained” (McDonald, 2009c, p. 450).

The second direction follows from this and is to stimulate more multi-level analyses, connecting geopolitical political science with ethnographic local anthropology and geography (see also Ferguson, 2006). Within the ‘big geopolitics’ of energy, it is easy to only focus on the major global players and the big shifts occurring throughout the globe, especially in the context of a global financial crisis. Likewise, when investigating local dynamics, it might often be ‘safer’ to leave out those outside determinants that make an already complex situation even more complex. Yet, geopolitical energy shifts reverberate locally, just as local energy patterns can and often do have geopolitical effects. So far in the literature, however, these realms are often kept strictly separate. A multi-level, critical political economy of energy in South Africa should therefore strive to contribute to the “growing body of literature on the interrelationships between “local,” “national,” and “global” conditions, particularly in the developing countries of the global south” (Zegeye, 2002, p. 270).

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