



Climate and economic crises: *why we need an eco-socialist 'Just Transition', not fossil fuel addiction*

OUR OBJECTIVE IS TO ADVANCE SOCIO-ECONOMIC AND ENVIRONMENTAL JUSTICE BY DEVELOPING CRITICAL KNOWLEDGE ABOUT, FOR AND IN DIALOGUE WITH CIVIL SOCIETY THROUGH TEACHING, RESEARCH AND PUBLISHING.

South Africa's 'Social Movements United' march from Alexandra Township to the World Summit on Sustainable Development in Sandton, 31 August 2002

CENTRE FOR
CIVIL SOCIETY

Patrick Bond

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School of Development Studies and
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presented to the
National Union of
Metalworkers of South Africa
*Central Committee Workshop
on Climate Change*
Johannesburg, 18 July, 2011

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cartoons by Zapiro



last time SA hosted
global environment
conference: WSSD

**World Summit on Sustainable Development
Johannesburg, 31 August 2002: 30,000 protested
UN 'type-two partnerships', privatisation of
water, emissions trading, neoliberalism**

Durban's COP17

'Conference of Polluters'

28 Nov-9 Dec 2011
International Convention Centre



Beach Hotels

International
Convention Centre
Durban

Durban
Exhibition
Centre

City Hall

Central
Business
District

Durban's Conference of Polluters (COP17) what will happen from 28 Nov until 9 Dec?



**UNFCCC
negotiations**

**UN & Durban officials want
'civilised' society in tents,
out of sight and mind**

**civil society unity for
Durban Univ of Technology
alternative 'C17' summit**

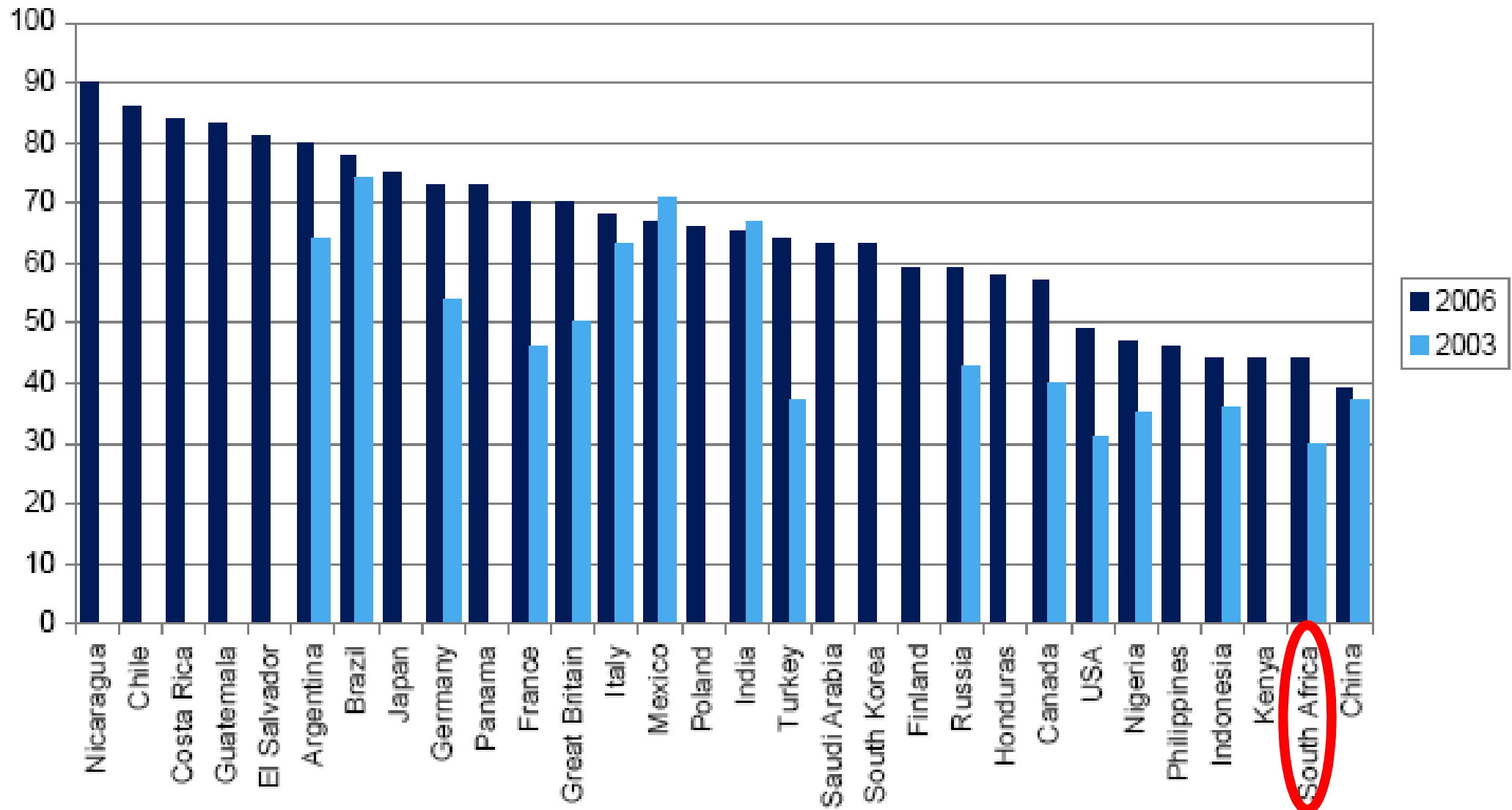
'going away party - for the beach'!



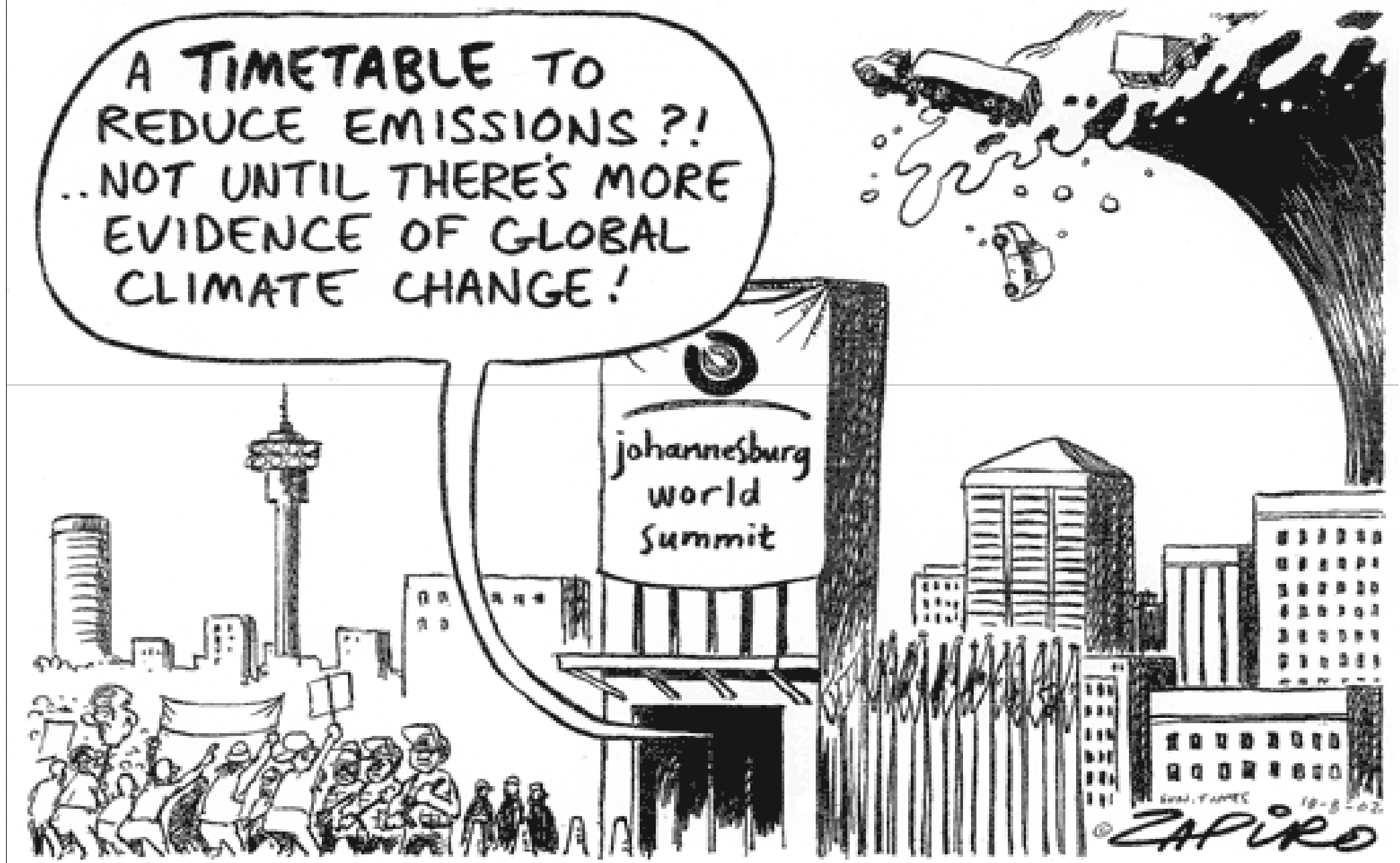
December 3 march route: Curries Fountain to beach

why are we so ignorant about climate?

‘Is climate change a “serious problem”?’ Global Scan polls citizenries: percentage answering ‘Yes’ (2003, 2006)



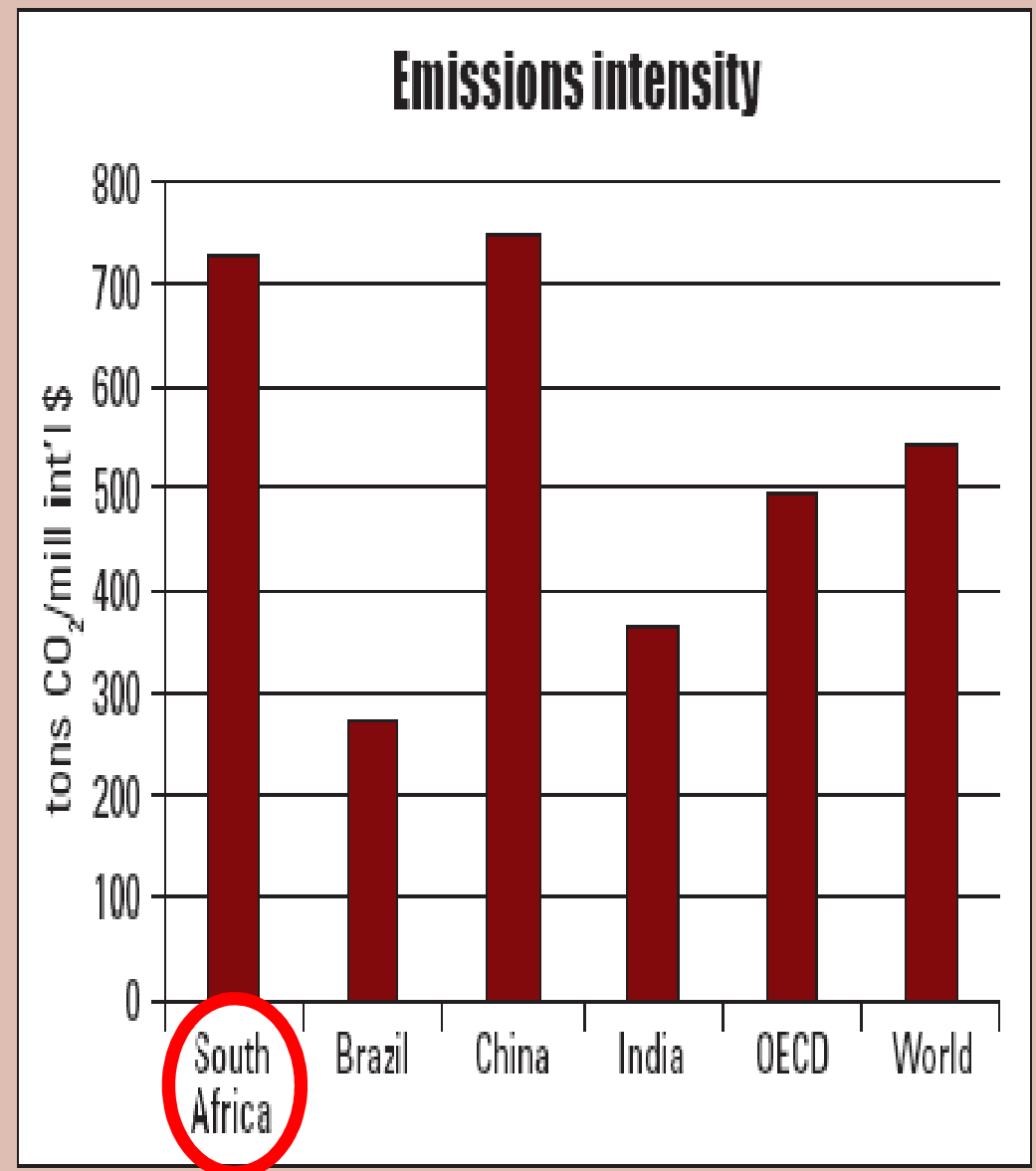
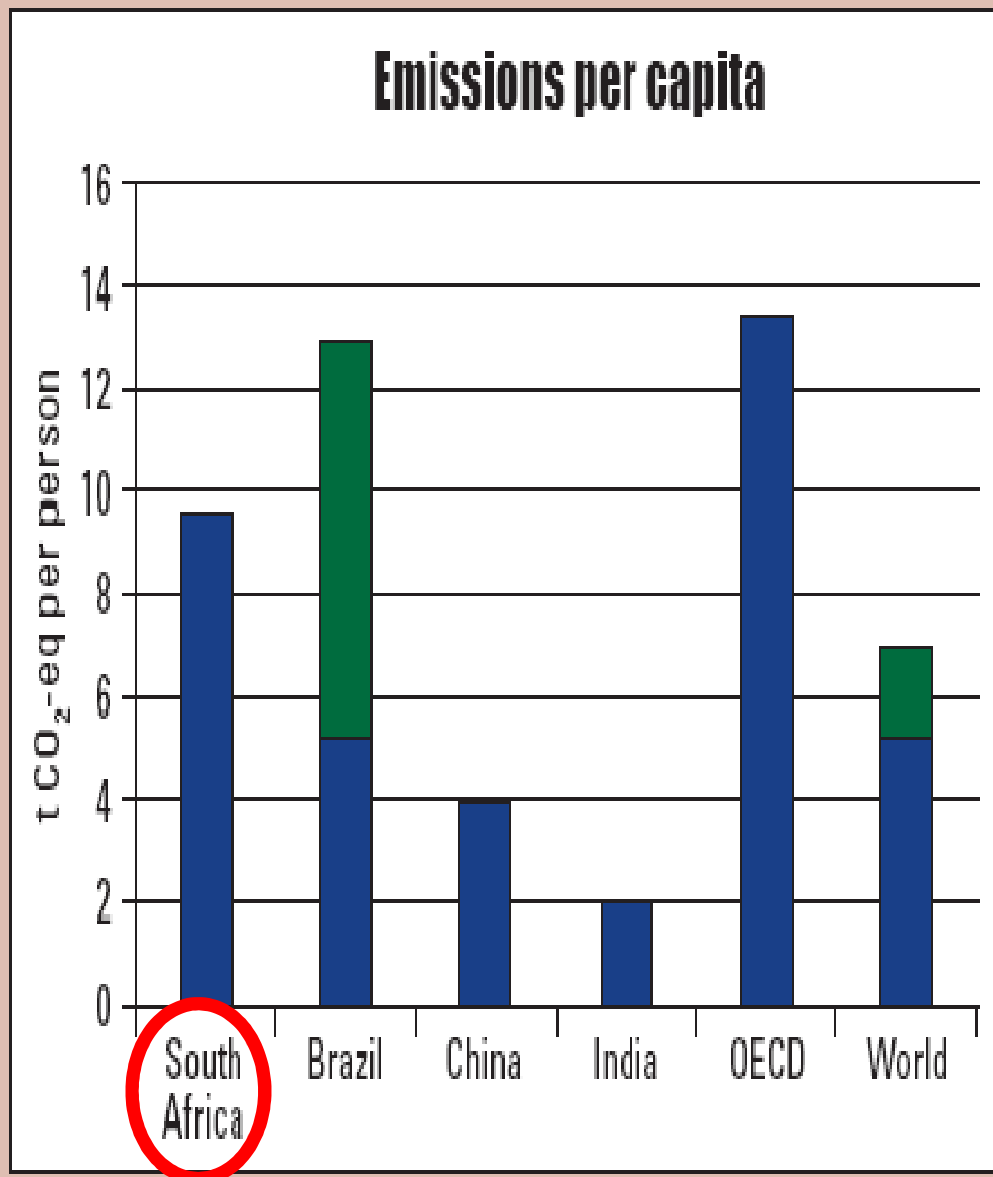
just not in elite interests to tackle climate



eight problems with Pretoria's climate politics

1. South Africa's vast CO2 emissions, measured as carbon intensity per capita unit of GDP output, **amongst the world's highest**, far worse than even the US.

Pretoria's 'Long-Term Mitigation Scenario' admits our huge culpability



put these stats together, and in energy sector, SA 20 times worse than US

Table 6: Energy sector carbon emissions, 1999⁷²

Area	Population (mns)	CO ₂ / person	GDP (\$bns)	CO ₂ /GDP (kg/\$bn)	CO ₂ (kg)/ GDP*pop
S.Africa	42	8.22	\$164	2.11	0.0501
Africa	775	1.49	\$569	1.28	0.0016
USA	273	20.46	\$8,588	0.65	0.0023
OECD	1116	10.96	\$26,446	0.46	0.0004
World	5921	3.88	\$32,445	0.71	0.0001

NOTE: The tonnes of carbon dioxide (CO₂) emissions are those measureable through fuel combustion.

SA 'mitigation'?? carbon-intensive 'development'

- Medupi and Kusile R240bn coal-fired power plants
- Coega's PetroSA R80bn refinery

SA Climate Green Paper passes the buck: “Most of our climate adaptation and much of the mitigation efforts will take place at provincial and **municipal** levels.”

CASE OF DURBAN:

- port widening and **new dug-out harbour** at old airport site;
- competing Dube trade port next to new **King Shaka Airport**;
- new long-distance air routes and reliance on **sports tourism**;
- vain hope to host **2020 Olympics** in **White Elephant stadium**;
- expansion of South Durban's hated **petrochemical** complex;
- massive expansion of Durban-Joburg **oil pipeline**, with doubling of refinery capacity

other *Green Paper* problems:

- **34% target cut** by 2020 is bogus because ‘Business as Usual’ actually ‘Growth without Constraints’ (fantasy)
- “**limit the average global temperature increase to at least below 2° C above pre-industrial levels**” – **too high!**
- “**Limited availability of international finance** for large scale fossil fuel infrastructure in developing countries is emerging as a potential risk for South Africa’s future plans for development of new coal fired power stations.”
– World Bank loan?
- *Green Paper* reliance on what are ‘false solutions’:
 - “**Clean Development Mechanism (CDM)** projects”
 - “**nuclear power station fleet** with a potential of up to 10 GWh by 2035 with the first reactors being commissioned from 2022” – uh oh!
 - dangerous waste incineration strategy: “facilitate energy recovery” through “negotiation of appropriate **carbon-offset funding**”

2) main sources of CO2 pollution reflect **continuity, not change** from apartheid-economics:

- **coal-burning power plants of the parastatal Eskom** (now massively expanding), and
- **coal/gas-to-oil conversions of Sasol**, privatized and listed on New York Stock Exchange



3. Virtually no contributions to the grid (less than 4 percent in 2010) come from South Africa's **incredible renewable energy potential**, in solar, tidal and wind sources

Numsa workers redeployed from fossil fuel industries

simple, low-tech solar geyser, 100% local



<http://www.climatejobs.org.za>

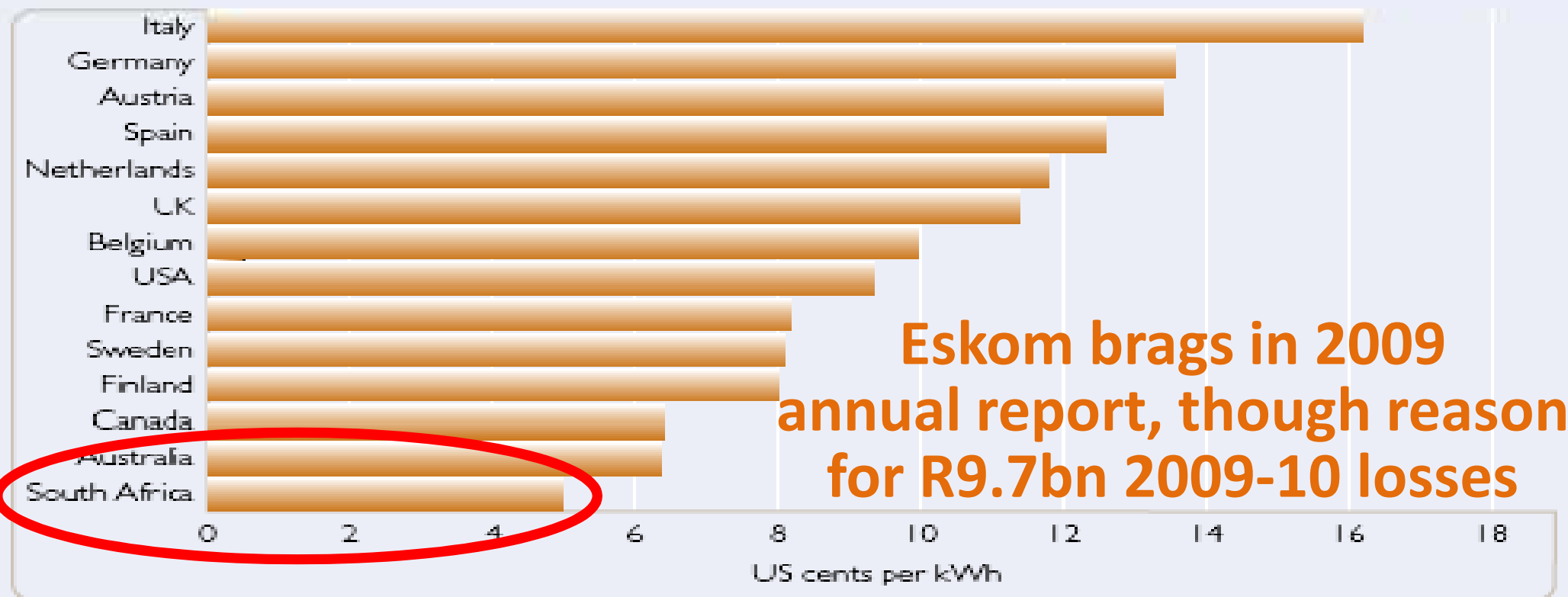
4. The electricity produced by burning coal is cross-subsidised so that it is **the cheapest available anywhere in the world** for the world's largest mining and metals corporations, **BHP Billiton and Anglo American Corporation**, which were revealed in 2010 to be paying less than US\$0.02/kiloWatt hour of electricity for smelter consumption thanks to apartheid-era, 40-year **“Special Pricing Agreements”**

SA offers world's cheapest electricity to metals smelters - *phase-out needed!*



2009 International electricity cost comparison

Cost per kWh



The survey is based on prices as of 1 June 2009 for the supply of 1 000kW for a site with a monthly usage of 450 000kWh. All prices are in US cents per kilowatt hour and exclude VAT. Where there is more than a single supplier, an unweighted average of available prices was used. Where available in each country and widely used by the consuming public, deregulated or liberalised contract pricing was used in this survey.

Source: Extract from ©2009 NUS Consulting Group International Electricity Survey and Cost Comparison, June 2009.

BHP Billiton & SA crony capitalism



Derek Keys, last apartheid finance minister & first SA finance minister - allowed Gencor to externalise billions to buy Shell Billiton, then became its CEO



Xolani Mkhwanazi, former SA National Electricity Regulator, now BHP Billiton Southern Africa Chief Executive Officer

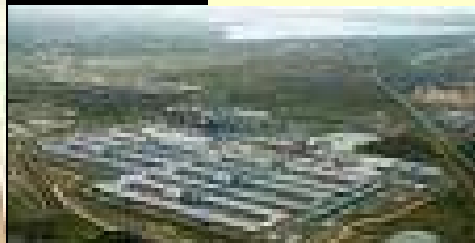


Mick Davis, former Eskom Treasurer who offered sweetheart power deals, and after failing to become Eskom CEO, went to BHP Billiton (now heads Xstrata)

Derek Cooper, ill-fated Standard Bank chairperson, recommended BHP Billiton smelter switchoff

Zav Rustonjee, former DTI D.G. later a top BHP Billiton consultant

Vincent Maphai, former radical political scientist and HSRC researcher who went to SABreweries public relations and then became chair of Southern Africa BHP Billiton, and attended 29 February 2008 meeting



Richards Bay smelter



Marius Kloppers, BHP Billiton CEO (Melbourne)



5. main metals/mining firms export profits both through illegal transfer pricing and through straight repatriation of dividends to shareholders in London and Melbourne, and downstream consumption of their metals product is minimal due to notorious local overpricing

- local manufacturers are at a major disadvantage, and
- profits flow away, causing huge current account deficit, making SA very risky

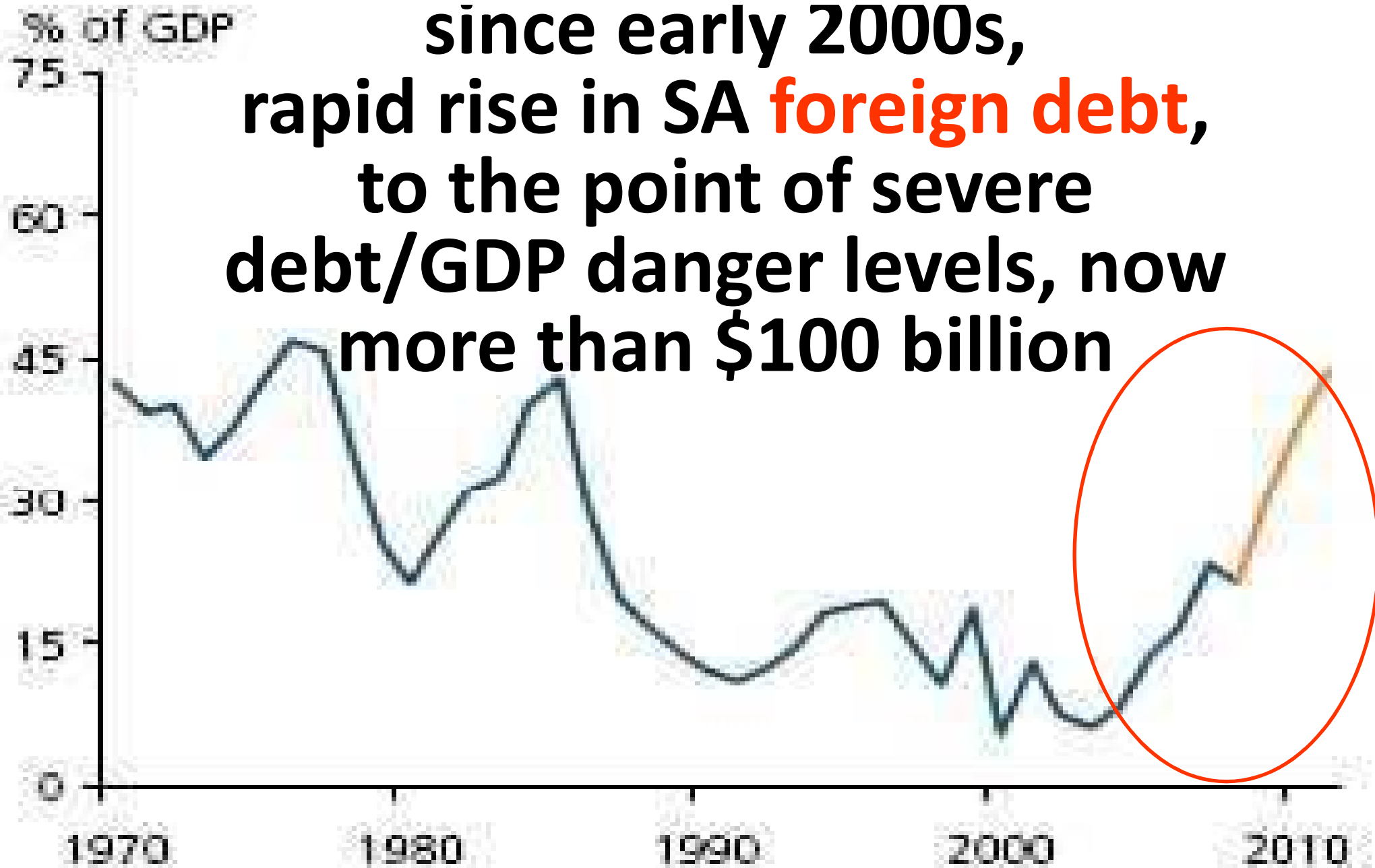
world's most risky emerging market

Country	Current-account as % of GDP*	Short-term debt as % of reserves*	Banks' loan/ deposit ratio	Overall risk ranking†
South Africa	-10.4	81	1.09	17
Hungary	-4.3	79	1.30	16
Poland	-8.0	38	1.03	14 =
South Korea	1.3	102	1.30	14 =
Mexico	-2.5	39	0.93	12 =
Pakistan	-7.8	27	0.99	12 =
Brazil	-1.5	22	1.36	10 =
Turkey	-2.3	70	0.83	10 =
Russia	1.5	28	1.51	9
Argentina	0.2	63	0.74	8
Venezuela	0.8	58	0.75	7
Indonesia	1.2	88	0.62	6
Thailand	0.3	17	0.88	5
India	-2.4	9	0.74	4
Taiwan	7.9	26	0.87	3
Malaysia	11.3	15	0.72	2
China	5.2	7	0.68	1

The Economist, 25 Feb 2009

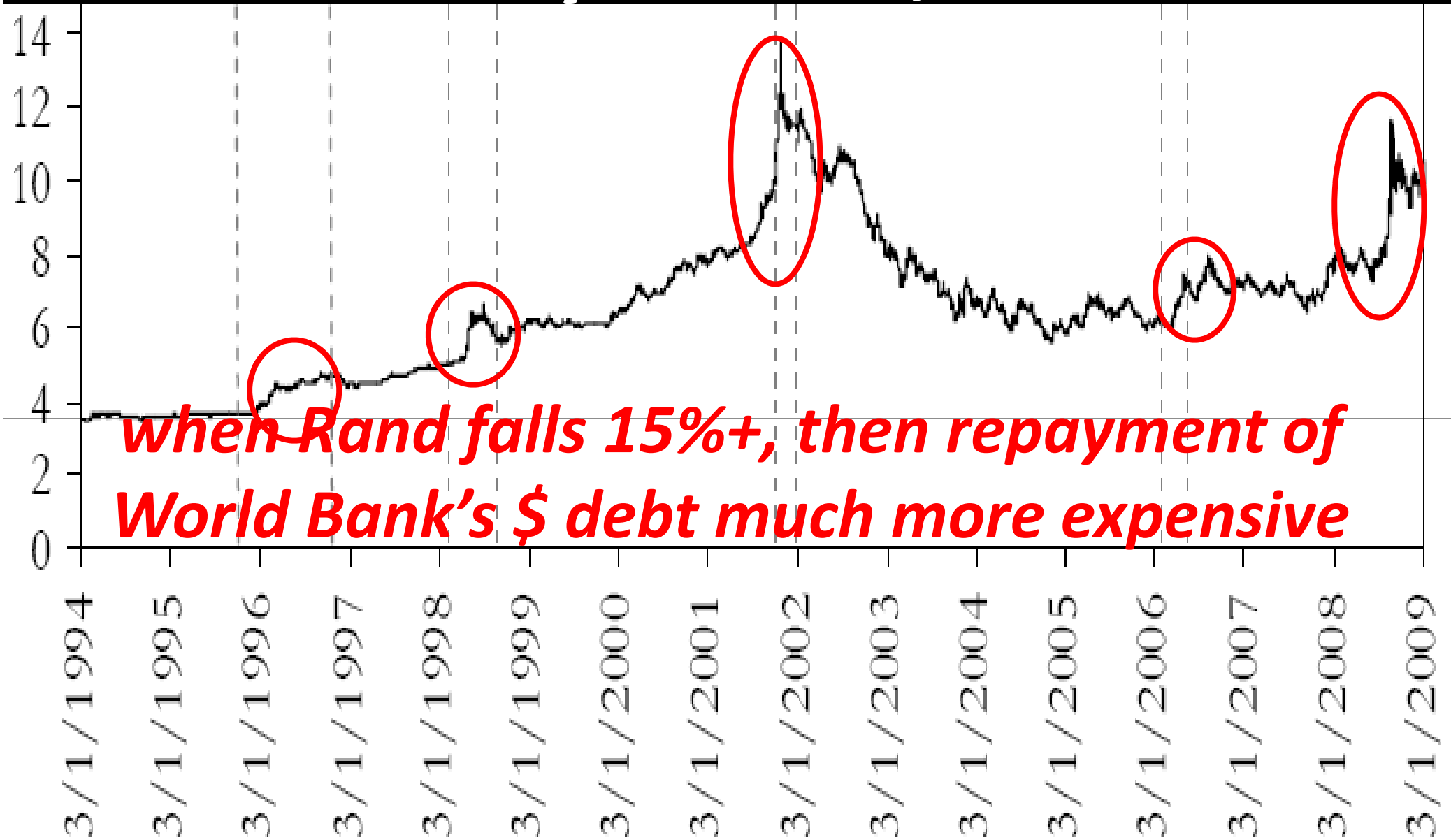
Sources: HSBC; Economist Intelligence Unit. *2009 forecast. †Higher score implies higher risk.

since early 2000s,
rapid rise in SA **foreign debt**,
to the point of severe
debt/GDP danger levels, now
more than \$100 billion



Source: SARB, RMB FM Research

five currency crashes, 1996-2008



when Rand falls 15%+, then repayment of World Bank's \$ debt much more expensive

Source: I-Net Bridge

6. because of Eskom price hikes, **millions of poor people are regularly disconnected** or denied access to the grid due to extreme poverty, especially 1.3 mn 2009 job losses and because of dirty household energy, the passage is often rapid from **HIV-positive to full-blown AIDS status via respiratory-related opportunistic infections, including the raging TB epidemic.**

a typical low-income energy system

Energy Source



Energy Transmission



Energy Use



1/3 of Eskom's four million customers have 'zero' consumption – most were disconnected



upsurge of **community protest** against electricity disconnections, price increases, World Bank loan



7. **corruption** is built in to energy-intensive mining and industry, ranging from controversial ruling-party dealmaking in the sector, 'Black Economic Empowerment' shakedowns for **well-connected tycoons**, and corporate malfeasance in climate deals such as **Sasol and Eskom attempts to secure Clean Development Mechanism subsidies**

8. South Africa's role in global climate politics supports SA's Minerals-Energy Complex



Copenhagen Accord, COP 15, December 2009

**“they broke
the UN!”**
(Bill McKibbin,
350.org)

- Jacob Zuma (SA)
- Lula da Silva (Brazil)
- Barack Obama (USA)
- Wen Jiabao (China)
- Manmohan Singh (India)

**non-binding!
4 degree
increase!**



world's biggest polluter



lead US climate negotiator Todd Stern, on demand for recognising climate debt?



Maldives cabinet gets
\$50m in US aid = U-turn,
to support Copenhagen

Ethiopian tyrant
Meles Zenawi:
UN Advisory
Group on
Finance cochair
halved AU's
2009 demands
for climate debt



**'The sense of guilt or
culpability or reparations
– I just categorically
reject that'**

**Stern thus rejects core
principle: 'polluter pays'**

is Stern welcome in Durban?

**WikiLeaks revealed
(Feb '10) Stern/Pershing
bribery and bullying:**

**Ethiopia, Maldives,
Bolivia, Ecuador**



Cancun COP 16 revived market fix



in theory, yes, as a
'castle in the sky'...
but in reality relying
upon carbon
markets is like
**building that castle
atop quicksand** –
given the market's
**corruption, fraud,
thievery, stagnation
and speculation**

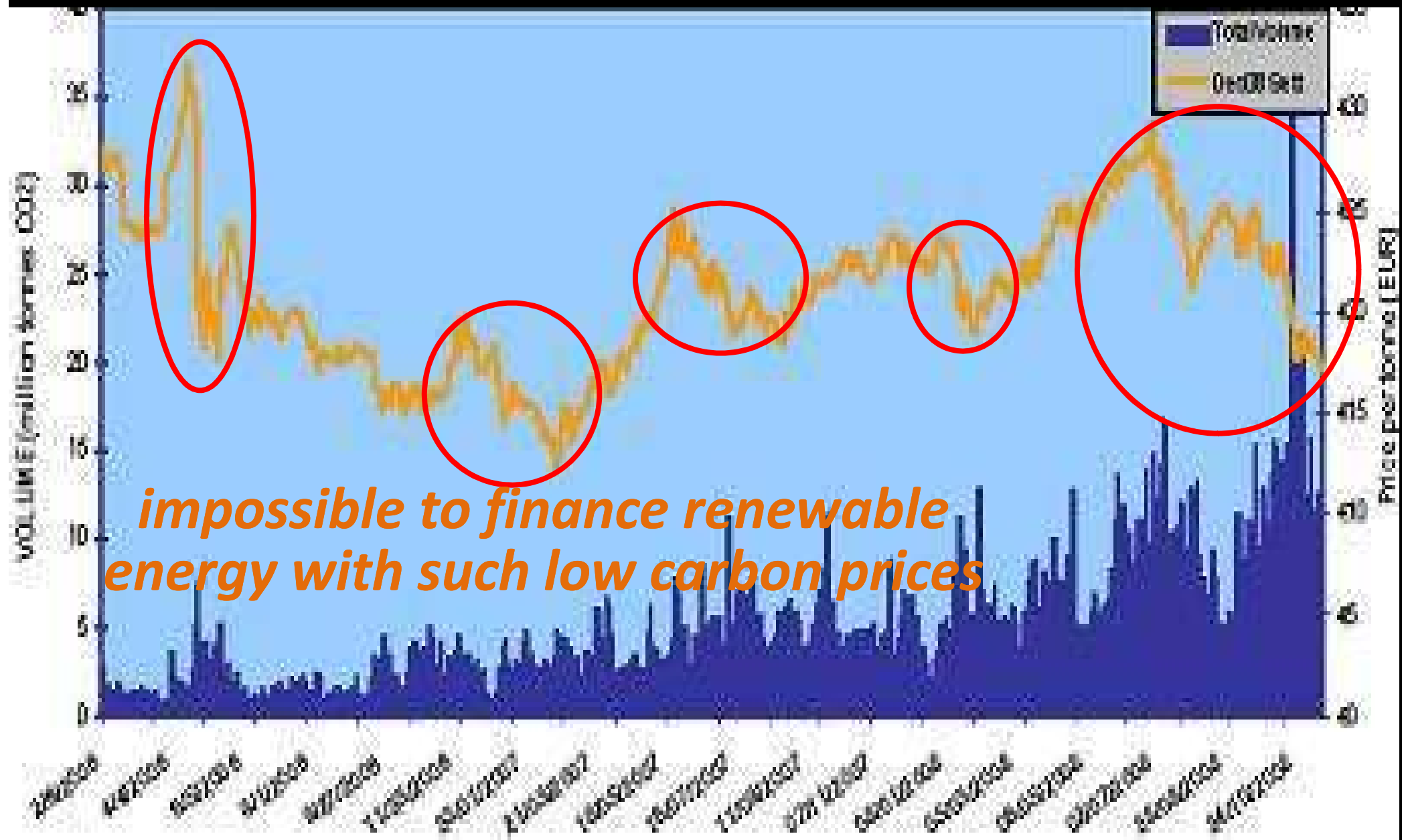
SA promotion of carbon trading

Marthinus van Schalkwyk
(then SA environment minister)
to International Emissions Trading
Association (September 2007):



- ‘An all-encompassing global carbon market regime which includes all developed countries is the first and ultimate aim.’

EU carbon market crashes, 2006-09



Green Climate Fund – \$100bn/year by 2020 (promised), co-chaired by Trevor Manuel

- \$100 billion **isn't enough!**
- **direct access?** 'Basic Income Grants' preferable to corrupt 'aid' (Manuel opposed)
- **false solutions** to be funded
- Manuel wants **carbon trade** to provide 50% of GCF revenue
- **World Bank is interim GCF trustee** despite terrible record of managing climate and development funding



Robert Zoellick
World Bank president





Should
**Robert
Zoellick**

...
breaks
everything
he touches

a very worried panda

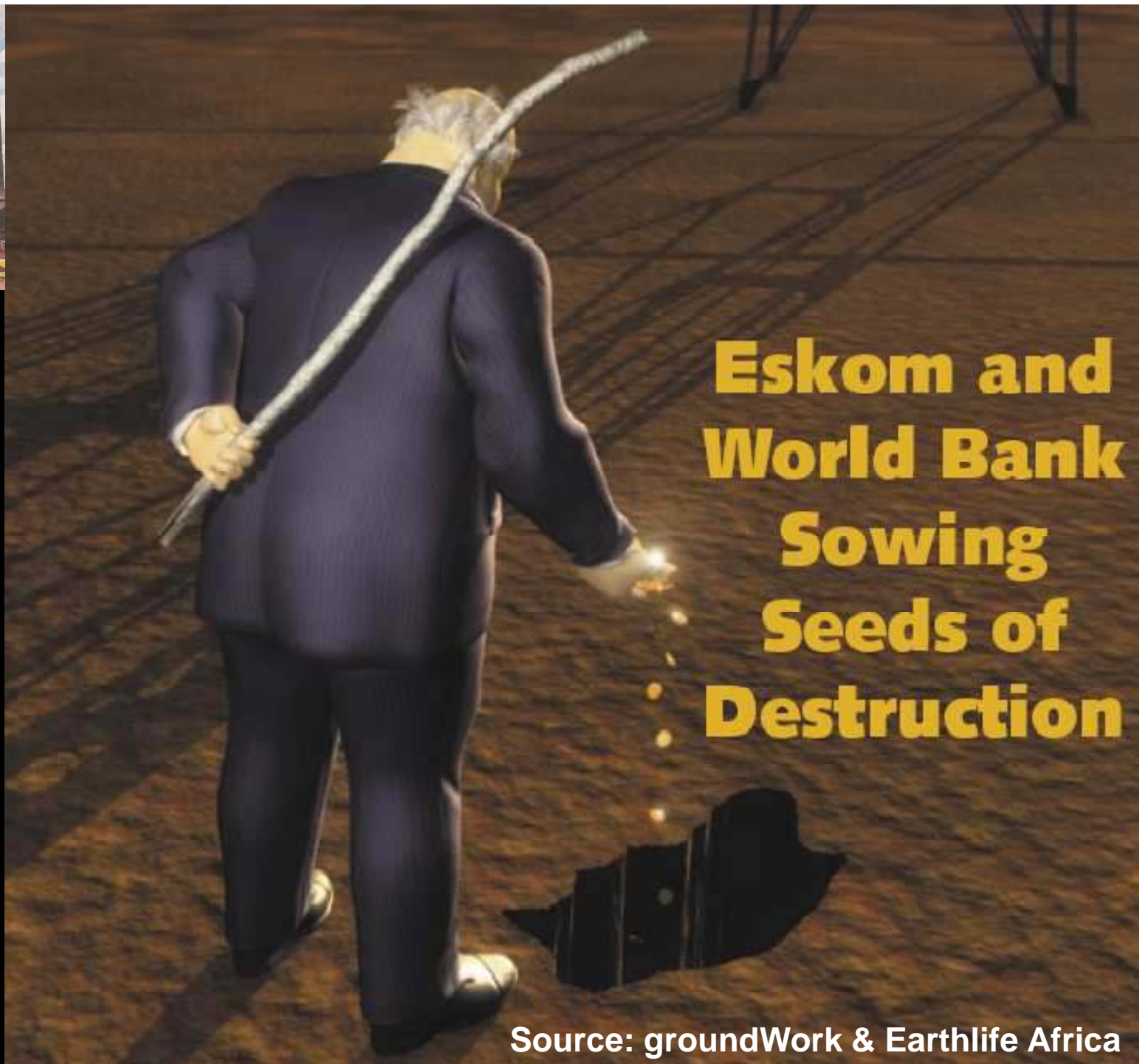
the World Bank be lead climate financier?

- fossil fuel loans: \$6.3 billion in 2009-10 year, up from \$1.6 bn in 2006-07;
- commodity export dogma;
- resource curse financing;
- carbon trading promotion;
- Robert Zoellick qualifications:

- WB prez after Wolfowitz was fired
- Goldman Sachs int'l banker, 2006-7
- US State Dep't #2, 2005-6
- US Trade Rep to WTO, 2001-5
- Bush Jr's Florida vote-counter, 2000
- Enron 'senior political advisor', 1999
- neocon Project for a New American Century founder, 1998 ('invade Iraq')
- Fannie Mae #2, 1993-98
- Presidential deputy chief of staff to George Bush Sr, 1992
- US Treasury: Deputy Assistant Secretary during S&L crash, 1980s



**Pretoria-
Washington
attack on
climate:
\$3.75 bn loan
from the
World Bank to
mainly finance
Eskom's coal-
fired Medupi
power plant...
why is it so
wrong?**



**Eskom and
World Bank
Sowing
Seeds of
Destruction**

Source: groundWork & Earthlife Africa

Ten reasons to reject Medupi

climate destruction

local ecologies, health

procedural problems in World Bank process

poor people pay excessive prices

multinational corps. get ultra-cheap power

profit outflow to multinationals

increased foreign debt

privatisation

ANC corruption

World Bank's apartheid history

***Eskom's Medupi: world's
fourth-largest coal-fired plant,
to emit 25-35 mn CO2-equiv.
tonnes/year (more than 115 countries)***



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***Medupi has no pollution scrubbers
yet ambient SO₂ standards already
excessive, area is water-scarce, 40
new coal mines needed, and mining
causes extreme water degradation***



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Bank's Dec. 2009 'consultation' had no attendees from affected areas; Bank procurement rules violated; Eskom has huge governance crises, including extreme leadership turmoil (e.g. chair and CEO fired each other, Nov. 2009)



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25%/year price rise; 127% real increase for 2008-12; electricity disconnections, ubiquitous 'service delivery protests' and threatened national labour strike



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sweetheart deals: multi-decade 'Special Pricing Agreements' made during late apartheid give BHP Billiton and Anglo American R0.14 (\$0.02)/kWh electricity for smelters (1/8th what households pay); resulting in Eskom's R9.7 billion (\$1.3 bn) loss in 2009

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**BHP Billiton, Anglo, Arcelor Mittal,
Xstrata and other beneficiaries of
Eskom largesse headquartered (and
send their profits) abroad, hence
putting pressure on current account
deficit (SA riskiest emerging market)**



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SA's foreign debt is already dangerously high - \$100 billion – and repayment costs on Medupi loan will soar when R/\$ rate crashes (as now happens regularly)

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privatisation of electricity generation is underway in this loan (for 'figleaf' renewable component) – and will be increased for Kusile (to 49% private ownership); unions fighting for full public supply

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***ruling party investment arm, Chancellor House,
to 'earn' at least R50 mn (probably more) pure
profit from contracts in conflict-of-interest
Hitachi tender; Eskom chair Valli Moosa acted
'improperly', according to state investigators***

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from 1951 (3 years after formal apartheid began) to 1966, loans to Eskom of \$100 mn resulted in NO electricity to black townships or rural areas; Jubilee SA demands 'reparations' for Bank's apartheid profits

vital need for SA's **'Million Climate Jobs'** campaign, so that NUMSA workers have a Just Transition: guaranteed, well-paid jobs that help society and save the planet!



<http://www.climatejobs.org.za>

One million climate jobs

Solving the economic and environmental crises

search
for a
'Just
Trans-
ition'

Making renewable electricity	425,000 jobs
Renovating buildings	175,000 jobs
Changing transport	300,000 jobs
Industry and landfill	50,000 jobs
Education	50,000 jobs
Total	1,000,000 jobs

- £27 billion in wages for one million jobs over one year.⁸
- £5 billion in employers' national insurance and pension contributions.⁹
- £20 billion in costs like materials, fuel, supplies, rent and interest.

Total cost £52 billion

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cwu
The communications union

pcs



tssa

ucu
Universities and Colleges Union

what is 'climate justice'?

core principles from Rights of Mother Earth conference, Cochabamba, Bolivia (April 2010)



Evo Morales

- 50 percent reduction of greenhouse gas emissions by 2017
- stabilising temperature rises to 1C and 300 Parts Per Million

• acknowledging the climate debt owed by developed countries

- full respect for Human Rights and the inherent rights of indigenous people
- universal declaration of Mother Earth rights to ensure harmony with nature
- establishment of an International Court of Climate Justice

• rejection of carbon markets, and REDD's commodified nature and forests

- promotion of change in consumption patterns of developed countries
- end of intellectual property rights for climate technologies
- payment of 6 percent of developed countries' GDP for climate change

Civil society (Climate Justice Now!SA) opposes Medupi, Eskom pricing/privatisation, carbon trading: demands *conservation/renewables* and *electricity-as-a-right*

**Otherwise
this danger:**

HOPE FOR THE WORLD SUMMIT

ZAPIRO

