

# Pakistan roiled by flour and electricity shortages, food price rises

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Pakistan's US-backed military dictatorship has mobilized more than six thousand paramilitary troops to guard flour mills and distribution points and escort supply-trucks, as it seeks to staunch a flour shortage that has resulted in breadlines and spiraling prices.

Rangers and Frontier Constabulary were ordered into action by the newly created Federal Food Committee (FCC) on Sunday, January 13. In the preceding days there had been long lines of angry people outside government food distribution centers who had to be turned away empty-handed and several instances of anti-government protests.

State-subsidized flour, when available, sells for between and 14 and 18 Pakistani rupees per kilogram, but the price on the open market more than doubled at the beginning of January, reaching 60 rupees in some areas.

Roughly the equivalent of \$US1, 60 rupees is the average wage of a day laborer in Pakistan. Three-quarters of Pakistan's 160 million people live on less than \$2 per day.

The price spike has aggravated the suffering of millions whose daily incomes have already been taxed by rising food prices. Food prices have risen by more than 10 percent in each of the last three years, including a 14 percent hike in 2007.

The government has blamed the flour shortage on the riots that erupted across the country in response to the December 27 assassination of Pakistan People's Party (PPP) leader and former Prime Minister Benazir Bhutto. The government and the Bush administration have rushed to pin Bhutto's murder on Islamic extremists, conveniently ignoring the Pakistani military's longstanding sponsorship of, and intimate ties to, various Islamicist militias, including the Taliban, and its decades-long hostility toward the PPP.

The majority of Pakistanis, however, believe that sections of the military-intelligence apparatus and/or their allies were the real authors Bhutto's death.

A Gallup Pakistan poll, based on interviews with 1300 people and released last week, found that 23 percent of Pakistanis believe the military and its agencies were behind Bhutto's assassination, 25 percent suspect political allies of

the government, and 12 percent blame the US. Just 17 percent of those polled believe the Taliban or al-Qaeda were responsible.

The government claims that massive amounts of grain and flour were stolen during the riots, especially in Bhutto's native province of Sind. Opposition politicians charge that the government estimate is grossly inflated.

At the very most, the anti-government riots brought to a head a developing crisis.

Early in 2007 the government took the decision to allow the export of half a million tons of wheat, but subsequently Pakistan found itself short of grain and to make up the shortfall imported wheat from Russia and Australia at a 70 percent higher price.

Says PPP spokesman Farhatullah Khan Barbar, "Either the claims of a bumper crop [made in early 2007] were false and designed to justify wheat exports when exports should not have been permitted or, if the claims were correct, the wheat stock has been hoarded somewhere and the current crisis is artificial."

Significant amounts of wheat and flour have reportedly been smuggled from Pakistan into Afghanistan and India, where they have been able to command higher prices.

In 2004, in keeping with its neo-liberal economic agenda, the government relaxed controls on the shipment of wheat across provincial boundaries—controls that had been introduced to thwart hoarding and price manipulation.

Speaking to the press at the beginning of last week, the FCC's chairman, retired Lieutenant-General Farooq Ahmed Khan, said his concern was increasing supplies, not ferreting out hoarders: "I am not responsible for who did what in the past. I am here to improve the situation through supplies and bring down prices."

In retaliation for an FCC-directed campaign to stop flour and wheat from entering Afghanistan, Afghanistan closed its border-crossing with Pakistan at Chaman on January 15 and only reopened it the next day. The US-installed government in Kabul has denied it ordered the shutdown, which held up oil shipments bound for NATO forces in Afghanistan. It

says the closure was imposed on border officials by local warlords and smugglers.

The flour crisis is also bound up with an even larger problem—Pakistan's chronic power shortage.

A major reason for the lack of flour was that flour mills had been forced to curtail their operations due to power-cuts.

Acting on FCC orders, the Ministry of Water and Power announced in the middle of last week that it had taken steps so as to ensure that 90 percent of the country's flour mills were receiving at least 19 hours of electricity per day.

But large sections of the economy continue to be crippled by the power crisis.

Pakistan's power system has long been plagued by cuts and brownouts. The government claimed that privatization would attract new investment, but the sell-off of the Karachi Electric Supply Corporation has resulted in higher prices and continuing, if not worsening, power cuts.

In an attempt to balance power generation and demand, the Water and Power Development Authority announced a four-hour daily cut in service in December. This was doubled to eight hours after the late December riots disrupted the distribution of oil and natural gas.

In early January, the government ordered all the country's steel smelting units and many steel re-rolling units shut down for two weeks, leading the steelmakers to put thousands of workers on temporary layoffs.

Textile mills have also been instructed to close operations for five hours in the evening to conserve power.

According to an article in yesterday's *Dawn*, thousands of workers in Sailkot's surgical instruments manufacturing industry have been laid off because of the combined impact of the electricity cuts and problems in the supply of natural gas from Baluchistan.

In mid-December, the same newspaper reported that more than a hundred textile mills had closed down for want of gas.

The Musharraf regime has repeatedly been lauded by the Bush administration and such mouthpieces of international capital as the *Economist* magazine for its right-wing economic program of deregulation, privatization, and anti-workers laws. Over the past five years Pakistan's economy has grown at an annual rate of more than 7 percent, as foreign and expatriate Pakistani capital have sought to exploit new profit-making opportunities and Pakistan's abundant cheap labor and as the officers corps has gorged on a steady stream of US aid money.

But Pakistan's economy faces mounting problems due to its massive dependence on oil imports, dilapidated physical infrastructure, and lack of investment in education and health care. Moreover, the expansion of recent years has been associated with increased social inequality, in a country already marked by great extremes of wealth and poverty,

and increased economic insecurity.

The IMF recently warned that Pakistan's economic growth will slow in 2008 and expressed concerns about the country's burgeoning current accounts and trade deficits. During the first half of the current financial year, which began last July 1, Pakistan recorded a trade deficit of \$8.24 billion.

There have been repeated warnings from the government that unpopular measures, including hiking gasoline and kerosene prices to international levels, will be required in the coming year.

The State Bank has warned of "renewed macroeconomic complications ... if prompt action is not taken to correct the drift in fiscal indicators." But the government is trying to delay the oil price increases and other dramatic measures, for fear they will further unbalance the regime.

In a foretaste of what is to come, Islamabad signaled earlier this month that it is cutting the country's development budget by 15 percent, or 80 billion rupees.

The PPP and the Pakistan Muslim League (Nawaz), the principal opposition parties, are acutely aware of Pakistan's mounting economic problems and especially of the profound popular anger over price rises, unemployment and the lack of public services. This has only made the bourgeois opposition, its leaders' bombast notwithstanding, all the more determined to prevent any mass popular agitation against the Musharraf regime. They fear that a mass challenge to the dictatorship could escape their control and give rise to a movement that couples demands for the scrapping of military rule and the breaking of Pakistan's subservient military alliance with Washington with calls for radical socio-economic measures to provide jobs and a decent income for all.

Instead Sharif, himself the scion of a prominent family of industrialists and a former political protégé of the military, and Bhutto's dynastic successor, her husband Asaf Ali Zardari, continue to appeal to Washington and London for support—no matter that the Bush administration and its British allies have demonstrated time and again that they are determined to see a military-dominated government in the saddle in Islamabad, the better to pursue their predatory interests in the region.



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