# Riots erupt over Pakistan’s chronic electricity cuts

**Vilani Peiris**
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The mass protests that swept across Pakistan earlier this month were the result of a worsening electricity generation and energy crisis for which Pakistan’s ruling elite has no solution.

Protests erupted across the country after crippling power cuts left millions of people without electricity for up to 20 hours. Major cities were convulsed by riots as furious protesters clashed with the police.

While the protests have subsided for the moment, the energy crisis will only worsen in the coming months, fuelling social unrest and further destabilizing the widely despised national government led by the Pakistan People’s Party (PPP). Electricity power cuts and burnouts—load-shedding—have long been a chronic problem in Pakistan, but there are fears that a natural gas shortage will exacerbate the situation, leading to prolonged load-shedding this winter.

The protests began on October 3, after massive power cuts lasting between 14 and 20 hours paralysed much of the country and the country’s power distribution system almost collapsed.

According to some analysts, the power crisis has been worsened by the government’s failure to pay its power and fuel suppliers. Prime Minister Yousuf Raza Gilani responded to the events of early October by ordering quick payment of 11 billion Pakistani rupees to Pakistan State Oil in order to increase fuel supplies to two major Independent Power Purchasers (IPP).

The riots in Punjab province were the most intense, with rioters attacking public and private properties on October 3 and 4. Six electricity company offices in the industrial hub of Gujranwala in Punjab were set on fire by an angry crowd. More than a dozen rallies took place in Lahore, blocking many roads and creating a traffic jam that stretched for many miles. The protesters torched a Lahore Electric Supply Company office on Ravi Road and a garbage truck belonging to the city government.

A massive strike brought the city of Faisalabad to a standstill on October 3. All markets by the Clock Tower, including the Montgomery, Jhang, Bhawana, Aminpur, Chiniot, Kutchery, Rail and Kharkhana bazaars remained closed for the day. Thousands of power loom workers rallied in the city and chanted slogans against the government, according to the *News*. The spontaneous protests of workers quickly spread throughout the city. Workers told the *News* that chronic power cuts had resulted in over 100,000 power loom and tannery workers losing their jobs and that “life had become miserable due to long power shut downs.”

Sheikh Abdul Qayyum, the former head of the city’s chamber of commerce and a factory owner, told the *Dawn* last June, “Around 500,000 workers lost their jobs in the province—about 100,000 in Faisalabad alone due to the closure of the factories”

Nawaz Sharif’s Pakistan Muslim League-N (PML-N) and Imran Khan’s Pakistan Tehrik-e-Insaf (PTI) rushed to exploit the frustration of workers and organized rallies against the PPP government. “The country is facing a severe power crisis, but the government is sleeping and doing nothing for the last 15 months over this issue,” Sharif told reporters.

The Pakistan Muslim League-Q (PML-Q) declared its willingness to withdraw from the PPP-led coalition government in support of the protests. However, none of the bourgeois parties, including the main opposition party PML-N, have a plan to resolve the energy crisis, which is the product of decades of bourgeois misrule, during which the ruling elite has looted the economy, while squandering billions of dollars on the military-security apparatus, including a nuclear arsenal.

On October 12, large numbers of Water and Power Development Authority (Wapda) and Islamabad Electric Supply Company (Iesco) employees held a rally against rising electricity prices and a government proposal to privatize powerhouses. The demonstration was led by the Pakistan Wapda Hydro Electric Central Labour Union.

Pakistan has long been plagued by an energy crisis. But the gap between electricity generation and demand has grown substantially in the last three years, disrupting daily life and damaging economic output. Spontaneous demonstrations against load-shedding are now a common occurrence throughout Pakistan. Protesters are often beaten or shot by the police.

During 2002 and 2003, the US-backed dictatorship of General Pervez Musharraf announced plans to privatize the Karachi Electric Supply Company. (KESC), and in 2005, 71 percent ownership was transferred to a consortium of the Saudi Al-Jomaih Group of Companies and Kuwait’s National Industries Group (NIG). The government claimed that privatization would lead to investment and increased generation capacity, but this has not happened. Instead power cuts have increased in the country’s largest city and economic hub.

“KESC after privatisation looks nothing better than before—its financial liabilities are mounting, its power generation capacity is shrinking,” stated an editorial in the *News* last June. “The management has changed with no improvement in sight.” The company, in a bid to increase profits, terminated 4,300 employees last January, resulting in a months’ long worker agitation which was violently suppressed by company goons and the police and betrayed by the unions. (See: “Pakistan: KESC security guards and Karachi police open fire on protesting workers”)

The power crisis has had a disastrous impact on Pakistan’s manufacturers. “The energy deficit, in both electricity and natural gas, means that businesses have to shut for part of each week, forcing many to go bankrupt," reported the *Economist* recently. "Power shortages are estimated to be slicing 3 to 4 percent off GDP." Relentless power cuts have undermined Pakistan's textile industry, which accounts for about 60 percent of the country's exports. "The chronic energy crisis has forced many textile manufacturers in Faisalabad, the country's textile hub, to move manufacturing to Bangladesh," said the *Asia Times* earlier this month.

The textile industry, which contributes over $10 billion annually in terms of foreign exchange and consumes the country's entire cotton crop, has seen a 30 percent decline in production due to the prevailing energy shortage.

The power crisis is yet another blow to Pakistan's struggling economy. The economy grew by only 2.4 per cent in the 2010-2011 fiscal year, little more than the increase in population.

Moreover, economic growth during the past decade has benefited almost exclusively the wealthiest sections of the population. In recent years the purchasing power of ordinary Pakistanis has been squeezed by double-digit inflation, including energy price increases.

Based on the most recent data, approximately 73 million Pakistanis live below the poverty line. According to Oxfam, the number of Pakistanis living in poverty increased from 24 percent to 38 percent between 2005 and 2009. Moreover, massive floods have ravaged the country for a second year in succession, affecting approximately 9 million people and destroying millions of acres of cropland.

Pakistan has been reeling from the world economic crisis since 2008. The central bank's gross foreign reserves tumbled to $3.5 billion in November of that year, barely enough for one month's imports, forcing the country to once again turn to the International Monitory Fund (IMF) for a bailout. The IMF agreed to an $11 billion loan that required the government to phase out all price subsidies, including those for electricity. The loan program was suspended in May 2010 because the IMF was dissatisfied with the pace of fiscal and budgetary "reforms" and it has now lapsed.

On October 8, the State Bank of Pakistan (SBP) announced it was slashing its benchmark interest rate by 1.5 percent or 150 basis points to 12 percent for the next two months in an attempt to promote investment and stimulate growth. However, severe power shortages could end up undermining the bank's move which some economists have characterized as a "gamble." In an October 11 briefing to a Senate Standing Committee, Finance Secretary Waqar Masood claimed that Pakistan's economy is not in a 2008-type crisis, but conceded that there are "serious challenges to the economic outlook of the country."

According to government officials, Pakistan will face its worst gas crisis this winter, with a record shortfall of gas supply to consumers from November of this year until March 2012. "Consumers, who will not be receiving a continuous supply of gas in their homes, will have to pay an inordinate amount for consuming the amount of gas provided," claimed the *Daily Times*.

Last week, Arif Hameed, Managing Director of the Sui Northern Gas Pipelines Limited (SNGPL), told a gathering of businessmen that massive gas load-shedding is in store for industrial consumers this winter. The government is considering passing on the entire gas shortfall to the industrial sector to prevent unrest, but Pakistan's corporate elite is expected to resist such an attempt. In any event, such a plan would only change the manner in which working peoples' lives will be disrupted, since employers will respond to increased load-shedding with still more layoffs and pay cuts.

The energy crisis and riots have deepened the crisis of the PPP-led coalition government. When massive power cuts sparked protests last July, the government admitted that it has no serious plan to resolve the crisis and that load-shedding will continue for at least seven more years.

Any attempt to resolve the energy crisis immediately runs up against the fact that the government and the economy do not serve the interests of Pakistan's workers and toilers, but the venal ruling elite. This capitalist elite has a parasitic relationship with the state, largely escaping taxation and manipulating government decisions to enrich itself. At the same time, it is not prepared to make the massive investments needed to build power generation and transmission capacity unless it can be guaranteed massive profits in advance.

A further obstacle to resolving the power crisis is the geo-political fault lines that run through the region.

The Pakistani government says it is about to begin work on a giant dam in the far north-east of the country. The $12 billion Daimer-Basha Dam is backed by the Asian Development Bank, but India, which argues that the dam lies in disputed territory—it is to be built in "Azad Kashmir," the part of the former princely state of Kashmir occupied by Pakistan—and is likely to try to block its construction.

Washington, meanwhile, strongly opposes a proposed $7.5 billion project to build a gas pipeline from Iran to Pakistan, because it views the project as undermining its efforts to isolate Iran. The US has insisted that Pakistan import gas and electricity from Central Asia instead, across Afghanistan to Pakistan—but work on such a pipeline cannot begin until there is a settlement to the US's decade old Afghan War.

The US has not objected to China's building two new nuclear reactors for Pakistan, but it has indicated that any future such projects will have to be approved by the western-dominated Nuclear Suppliers Group.

Washington, meanwhile, has told Islamabad that it will not use its influence with the IMF to help Pakistan secure a new loan—that is until Pakistan proves more pliant as regards US demands over the conduct of the Afghan War. US-Pakistan relations have deteriorated sharply during 2011, but they reached a new nadir in recent weeks. Washington has accused Pakistan's military of supporting the Taliban-allied Haqqani network in Afghanistan and suggested that US troops will attack Haqqani operatives in North Waziristan, in flagrant violation of Pakistan's sovereignty, if Islamabad does not mount its own military operation against them forthwith.