

Pakistan's IMF-dictated electricity price hikes spark mass protests

Dr. Zayar
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Mass protests against punishing electricity tariff hikes and the skyrocketing cost of food, petrol, and other essentials have roiled Pakistan's major urban centres for well over a week.

The broad-based protests, which erupted outside the country's largely discredited political establishment, have caused increasing dismay and apprehension in ruling class circles. However, the recently installed "election caretaker" government—backed by the military, long the country's most powerful political force—is vowing that there will be no retreat on the price increases or on the larger package of IMF-dictated austerity measures of which they are part.

Two months ago, Pakistan, the world's fifth most populous country, negotiated a \$3 billion emergency loan with the US-dominated IMF to stave off an imminent threat of default.

The bailout loan, which is equivalent to just one month of Pakistan's imports, has failed to forestall the continuing unravelling of Pakistan's economy. A key reason for this is that the IMF is insisting on "shock therapy" measures—beginning with the elimination of energy price subsidies and limited export controls, as well as the implementation of full market-based exchange rates. These "pro-investor" measures are further fueling inflation, now running at well over 25 percent, and the depreciation of the Pakistani rupee. Since the beginning of the 2023-24 fiscal year on July 1, the rupee has lost more than 10 percent of its value vis-a-vis the US dollar, driving up the cost of oil and other imports, including inputs needed for Pakistan's textile industry, the country's principal export earner.

Electricity prices have doubled in the past three months, and petrol prices have been raised multiple times. The IMF, meanwhile, is pressing for the removal of the general sales tax exemption on fuel, which would result in a further price spike.

The sustained popular protests over the electricity rate increases are causing mounting alarm in ruling circles, where fear of a mass uprising akin to that which erupted in Sri Lanka last year and drove the Rajapakse government from power is palpable.

By the end of last week, the protests had spread across the country. On Saturday, a country-wide "shutter-down" strike was observed by retail and wholesale traders, shutting down most markets, including in the country's largest cities, Karachi

and Lahore.

In some parts of the country, workers in the transport sector joined the shutdown, staging a wheel-jam strike to voice their anger over the repeated fuel price increases. Protesters blocked major roads in every large city and in what has become a popular form of protest over the past ten days, burned their electricity bills on camera to underscore their refusal to pay the punishing price increases, as well as their contempt for the government.

Power workers have played a prominent role in the protests. In Lahore last Wednesday, they staged protests to demand the lowering of energy prices, immediate action to deal with a severe staff shortage that has led to a drastic increase in fatal accidents, and free electricity for power sector workers. However, the protest was isolated and contained by the All Pakistan Wapda Hydro Electric Workers Union.

Hundreds of thousands of workers at the government-controlled Water and Power Development Authority (Wapda) and its power distribution companies have repeatedly frustrated attempts to privatize the public utility by mounting powerful protests. However, workers have not yet been able to break free from the suffocating grip of the unions, which have limited them to appeals to the government and limited strikes with little economic impact.

Despite widespread worker involvement, the weakness of the present protests lies in the lack of an organized intervention by the working class, based on a socialist program, to rally all of the oppressed toilers against the government, the Pakistan-US military-strategic partnership and all the political representatives of the Pakistani bourgeoisie.

Various small traders' associations representing shop owners and other middle-class sections, who were somewhat insulated from the economic crisis until recently, currently dominate the protests politically.

Taken aback by the size of the protests, the "pre-election" interim prime minister, Anwaar ul Haq Kakar, initially attempted to mollify the masses with a vague August 27 promise of "relief," even if only in the form of allowing for the delayed payment of electricity bills. But after discussions with the IMF, Finance Minister Shamshad Akhtar bluntly contradicted Kakar last Wednesday. She declared the economic

situation to be “worse than anticipated” and that there is no “fiscal space” for any mitigation of the price hikes.

On Thursday, Kakar held a press conference to denounce the protests. “People should pay their bills, as we are also going to launch a grand policy to recover bills from those who did not pay in the past,” he vowed. The interim prime minister also sought to pass blame for the crisis onto the power workers, accusing them of being involved in “power theft.”

He warned the protesters that his government will adhere “at any cost” to the agreement the outgoing coalition government—led by the Pakistan Muslim League (Nawaz) and the Pakistan People’s Party (PPP)—negotiated with the IMF and not allow any “deviating” from the IMF-dictated austerity and restructuring measures. In addition to the elimination of subsidies, especially in the energy sector, these include tax hikes, a fire-sale of government assets, and allowing the market-based devaluation of the rupee to continue.

In keeping with Kakar’s vow, the interim government stuck to the IMF plan and increased the price for liquefied petroleum gas (LPG) by 19.5 percent on September 1.

Voicing the fears gripping large section of Pakistan’s ruling elite, the widely read English-language daily *Dawn* has issued increasingly shrill warnings to the government about the dire implications of the mounting social unrest. A recent *Dawn* editorial accused Kakar of being “detached from ground realities” and cautioned that the protests represent “a grave threat to the country’s stability.” A Sunday editorial statement concluded, “This is no longer a political problem but an existential one.”

But like the rest of Pakistan’s ruling elite, the editors of *Dawn* have nothing to offer apart from an intensification of the austerity measures that have already driven tens of millions into destitution. In a September 1 editorial, *Dawn* called for an end to the uncertainty over the coming elections. Although the interim government is supposed to organize elections for the National Assembly and the four provincial legislatures by November, rumours persist that Kakar and his ministry will connive with the military and state bureaucracy to postpone the elections, on the calculation that a ‘non-political’ government will be a better instrument for imposing the IMF’s savage diktats. The *Dawn*’s editors, for their part, are insisting that the need of the hour is “a stable new elected government,” because the present “state of the economy demands tough decisions that a temporary set-up is not capable of making.”

The current nationwide demonstrations are the first large-scale popular protests since the massive military crackdown on Imran Khan’s right-wing Tehreek-e-Insaf (PTI) and its largely urban middle-class supporters. The repression followed a series of protests against Khan’s arrest in early May on politically-motivated corruption charges. Khan had sought to exploit the seething anger against the PML (N)-PPP government for implementing reviled IMF austerity, despite his own part in enforcing similar policies when he was in power (August

2018-April 2022).

In contrast to the protests in defence of Khan, the current wave of demonstrations developed outside of the reactionary political establishment in Islamabad. As the protests gathered pace, the Islamic fundamentalist Jamat-i-Islami and then the PPP sought to intervene to boost their support and politically rein them in.

There are several factors contributing to Pakistan’s devastating economic crisis. The most significant are the global COVID-19 pandemic, which caused huge job losses; the US-NATO instigated war with Russia in Ukraine, which has led to skyrocketing global food and energy prices; and the unprecedented climate change-driven summer 2022 floods that caused over \$30 billion in damages.

Most of Pakistan’s 240 million people live in or on the verge of poverty. One measure of this is energy consumption. Although Pakistan boasts nuclear weapons, its per capita energy consumption is among the lowest in the world outside of Africa. A quarter of the population still has no access to electricity at home.

Sumaira Malik, living on the outskirts of Islamabad and a mother of three, explained the unbearable living conditions most working-class families face. Speaking to *Al Jazeera*, she said she’s considering taking one of her children out of school in order to pay the electricity bill. “Last month, our bill was more than 19,000 rupees (\$62), and my husband and I had no option but to seek a loan from our relatives to pay it off,” she said. “This month, we were handed a bill of 37,000 rupees (\$122).” Malik is a house maid and her husband is an office cleaner and their joint monthly income is just 50,000 rupees (\$164).



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