

Making Sense of Current Power Policies in Pakistan

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Abstract

During the last couple of decades the society of Pakistan has been facing the issue of load-shedding and skyrocketing electricity tariffs which has crippled its society and economy. This paper attempts to chart out events to explain how with the collusion of international drive and local support, the situation has been hustled to current status. This paper employs 'sense making' technique which calls for placing phenomenon in its natural, real context to reach its true meaning. In a globalized world, no country can live in isolation. So is the case with Pakistan who in the ideological cold war, chose to side with capitalist bloc. The cold war continued till USSR was dragged to earth in Afghanistan. This allowed free hand to capitalists in the West to propagate and forcibly thrust their policies on most countries of the world. Capitalist oil companies proposed various countries to generate thermal energy as a quick solution to their future electricity shortfall issue. The result was burgeoning demand for oil and its prices on one side and higher tariffs for electricity on the other. This created a huge burden on public exchequer and prices of the electricity rose more than 1500%. The debilitating economies failed to provide enough funds which resulted in load-shedding. This case study also sheds light on the flimsiness of 'post-colonial' rhetoric that the colonial rule has ended in the world after WWII and third world countries themselves are responsible for their lack of growth and development, poverty, hunger and other enigmas facing them.

Keywords: Neoliberalism, Power sector Reforms, Deregulation, Sense making, neo-colonialism

Introduction

Ever since the era of industrialization in Europe, the use of electricity has increased a great deal. From industry to agriculture, offices to houses, computers to household gadgetry, everything runs on electricity. So it would not be out of place to assert that electricity is the bloodline of our

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life. Not only it is vital for higher end needs, it is absolutely essential for the satisfaction of basic needs of society like food, shelter, clothing, health, education etc. For this reason it now has become a basic need and everyone needs it irrespective of one's financial status.

Further, not only it is vital for growth and development of a society, it is also a strategic need as well, as lack of it will severely hamper government's ability to run the country smoothly. All the Government offices including administration, media, communication etc. will come to a grinding halt. And so is the case with defense machinery which will not be able to perform its duty to defend a country. That is why retreating armies from a specific place would destroy electricity infrastructure lest it is used by the enemy.

So at both, basic and higher level needs of society, electricity is absolutely vital, yet for the last couple of decades or so Pakistan is facing a serious shortfall in its power capacity which has resulted in load shedding for as long as 18 hours/day for both households, business, and industry. As in most areas of Pakistan, summer weather spans 8/9 months in a year, lack of electricity translates into real hardships for masses in seething heat coupled with high humidity levels.

To add insult to injury, the price of electricity has increased 15/20 times in the last 20 years and there are reports in national media that people are selling their blood to pay their electricity bills or selling their kids or killing the whole family before committing suicide, in the face of painfully high electricity bills. At the economic front, production in most of the industry has plummeted over the years as have exports. And this means soaring unemployment levels, extreme poverty and social unrest.

Pakistan which is blessed with abundant resources for electricity production is fighting to meet the current demand. The potential of 55000MW for only hydro generation in Pakistan is not only enough to end current outage (load shedding) but can export the surplus of 30,000MW to earn foreign exchange (Dawood et al, 2013). According to NEPRA (2014) coastal belt of Pakistan is blessed with 50,000MW electricity generation potential but currently its share in national grid is non-existent.

Despite the availability of these abundant natural resources, in early 90s Government of Pakistan made a policy shift, by entering into contracts with IPPs to produce electricity. Power sector was thus deregulated. Over the years the energy mix which highly favored hydroelectricity share, tilted toward thermal electricity, thus forcing the prices to shoot up. That was the starting point from where above mentioned fiasco got initiated. This paper is an attempt to find out, due to

which factors government decided to opt for this costly solution of generating electricity.

To answer this question, authors decided to use sense making technique which emphasizes the need to study a phenomenon in its natural, real context to make sense out of it. According to Weick (1993) "(t)he basic idea of sense making is that reality is an ongoing accomplishment that emerges from efforts to create order and make retrospectives sense of what occurs"(p. 635).

Weick (1995) then elaborates the process, "sense making starts with three elements: a frame, a cue and a connection...frames and cues can be thought of as vocabularies in which words that are more abstract (frames) include and point to other less abstract words (cues) that become sensible in the context created by the more inclusive words. Meaning within the vocabularies is relational. A cue in a frame is what makes sense not the cue alone or the frame alone" (p 110).

Apart from placing historical context of power generation in Pakistan, the authors also incorporate international context, as in this age of globalization, hardly any country can stay isolated. These results may also shed light on the extent to which policies were indigenously developed by democratic government, to safeguard the interests of the masses of Pakistan. It may also help us determine the extent to which Pakistan has been successful in getting rid of its colonial legacy.

Historical Context:

Colonialism:

Study of British Empire policies in colonized India is indispensable factor in the administrative development of Pakistan after partition. Pakistan inherited heavily from its colonial masters and not only Pakistan but all colonized countries can feel the impact of colonization in their societies (Saeed, 2013). Just like legal, administrative, judicial, irrigation structure, Railways system were inherited by Pakistan from British masters, it also inherited electricity infrastructure from them.

The country inherited 61 MW for population of 32 million people. Electricity generation function at that time was largely privatized (owned by British firms) and localized (each firm was providing electricity to a specific area). The development of electricity during 1940s was mainly to meet the need of World War II efforts (Singh, Mathur, & Ravinder, 2013) and not to benefit the local populace. The very first legislation in this regard was regulatory act "India Electricity Act 1910". This act guided the basic infrastructure of south Asian countries like India, Pakistan and Bangladesh. Later these

countries introduced amendments in this act according to their local needs (Obaidullah, 2010).

In the backdrop of Communist revolution in Russia in 1917, the drive to give autonomy to locals in British India was going on for some time. Montagu Chelmsford Report 1918 was a first step in deciding which subjects to be safely delegated to the local administration. It identified two lists 'transferred list' (to be transferred to provinces) and 'provincial list' (subjects theoretically considered in the domain of the state, though not transferred then). Electricity was placed in provincial list. Later, in Govt. of India (GOI) Act 1919, electricity was placed in 'reserve list' which was equivalent to 'provincial list'. GOI Act 1935 introduced yet another scheme, identifying three lists, 'federal', 'provincial' and 'concurrent' and electricity was placed in 'concurrent' list (Shaw, 2010). After the independence of the country, electricity remained on the 'concurrent' list until the introduction of 18th amendment in the constitution of Pakistan in 2010 which placed it in 'provincial' list.

This trend of state level control for country electrification is embedded in colonization and can be traced back to India act 1910 as WAPDA was also created in 1959 as a licensee under Electricity Act of 1910. From constitutional point of view as a federal state Pakistan should have kept only "defense, foreign affairs, currency etc. with it and the rest of the subjects should have been delegated to the provinces". But the meaning of federal is unique here and deeply embedded in the history of the British colonialism" (Saeed, 2013, p.118).

Cold War Era:

There were two public sector companies WAPDA (Water and Power Development Authority) and KESC (Karachi Electric Supply Corporation) responsible for generation, transmission and distribution of electricity in Pakistan after 1958. WAPDA was responsible for meeting electricity need of the whole country except Karachi as KESC was responsible there.

Ebinger (2011) informs that under Indus Water Treaty World Bank divided the river system of Pakistan. The three Eastern Rivers (Ravi, Beas, and Sutlej) were given to India and the three Western Rivers (Indus, Jhelum, Chenab) were for the use of Pakistan. Pakistan showed its concerns for eastern irrigation system and World Bank promised to provide loans for the construction of Mangla and Tarbela Dams to replace the Eastern rivers water flow.

Mangla Dam was constructed in 1967 with capacity of 1,150 MW and Tarbela Dam was constructed in 1976 with generation capacity of 3478 MW. Other thermal plants were installed by WAPDA as the situation then was very favorable and the gap in demand and supply was almost not existent. National grid was dominated by hydro-electricity and role of thermal power was just to manage the load because of irregular flow of water in rivers. From thereon no significant dams were built in Pakistan, with Kalabagh Dam being the main casualty. Its feasibility was prepared in 1948, however, it got politicized over the years and could not be initiated. In the wake of dismal growth in Hydel power, the share of thermal power kept on increasing as is evident in Fig 1.

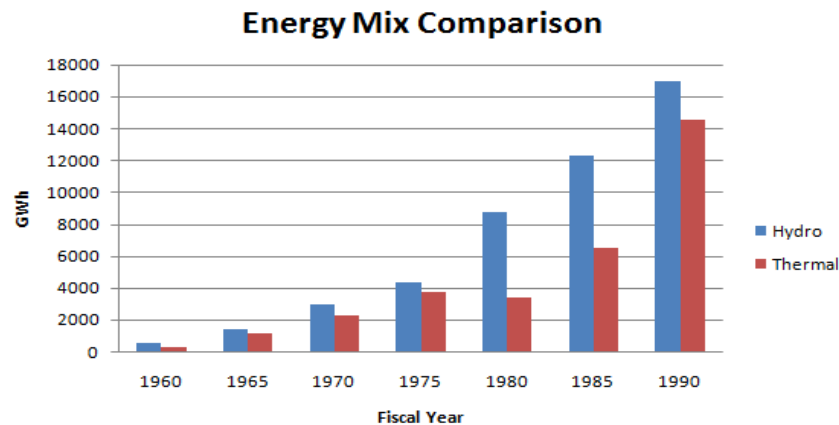


Figure 1
Source: Power System Statistics 2013-14 - NTDC

Post-Cold War:

In 1985 government stopped financing WAPDA because of lack of funds for public sector development (Ali & Beg, 2007). However at that time the economy was growing and it was leading to an increase in energy demand so government with help of World Bank framed a long-term strategy to deal with this issue by increasing the role of private sector. With the support of WB Private Sector Energy Development Programme (PSEDP) was launched. PSEDP I was approved in 1988 and PSEDP II commenced in 1994. The combined funding of both projects amounted to around \$1.5b. (Ali & Beg, 2007). According to Fraser (2005), in July 1992 Government of Pakistan designed a Plan to privatize power sector, where Water and Power Development Authority (WAPDA) was initially planned to be disintegrated into separate generation, transmission and distribution companies and then to be privatized finally.

According to a Government of Pakistan, (1994), in 1994 the total installed capacity in the country was 10,800 MW which was not sufficient to meet the future demands of electricity in general so during winter session load shedding was resorted to in order to meet the gap between demand and supply. The required generation capacity for the development target was 54,000 MW for 2018. Due to ceilings on Public Sector Development Programme this was beyond the capacity of public sector. So Government of Pakistan invited the private sector to play its role in meeting these challenges.

Power Policy 1994

The very first attempt toward reforming power sector was Power policy of 1994, which is also known as “Policy framework and package of incentives for private sector power generation projects in Pakistan”. It was first major attempt to involve private investment in energy sector and shifting national grid balance in favor of furnace oil.

The following are core features of this policy

- 1) Invited IPPs (Independent power producers) first time.
- 2) Used Cost-plus Method.
- 3) Offered bulk power tariff of US Cents 6.5/kWh as an average for first ten years for electricity to be sold to WAPDA/KESC by IPPs.
- 4) IPPs to be exempted from income tax, sales tax, customs duties and other surcharges
- 5) Private Power and Infrastructure Board (PPIB) was proposed to provide “one stop” shop for IPPs.
- 6) Foreign Exchange Risk Insurance (FERI) by the State Bank of Pakistan and the freedom to choose insurance companies.
- 7) Standardized Security packages (Power Purchase Agreement [PPA] and the Fuel Supply Agreement FPA) to spare WAPDA, KESC, and the IPPs from prolonged negotiations. These also include guarantees given by the Government for the continued performance of WAPDA, KESC, and public sector fuel suppliers.

Many foreign, as well as domestic investors decided to build power plants in response to the 1994 Power Policy. The foreign investors included European, Arabic, US, and Japanese firms, international bank consortia, and several multilateral lending agencies like the Asian Development Bank (ADB) and the World Bank.

As the 1994 Power Policy offered a tariff and concessions that were attractive, the response of local and foreign investors was more than expectations. The main source of power used by IPPs was thermal which resulted in increase of thermal share in national grid as shown in the figure 2. Apart from other hard-to-believe concessions offered to IPPs was one where they were guaranteed a specific return on their investment

which was included in the price, whereas these companies were brought in the system to promote competition and make it more like free market where competition determines the profit. Such concessions encourage inefficiencies on the part of IPPs.

Another concession was ‘guaranteed capacity payment’ which simply means that buyer still pays certain amount of money even if no product/service is bought. Such terms has strong anti-public tinge in it.

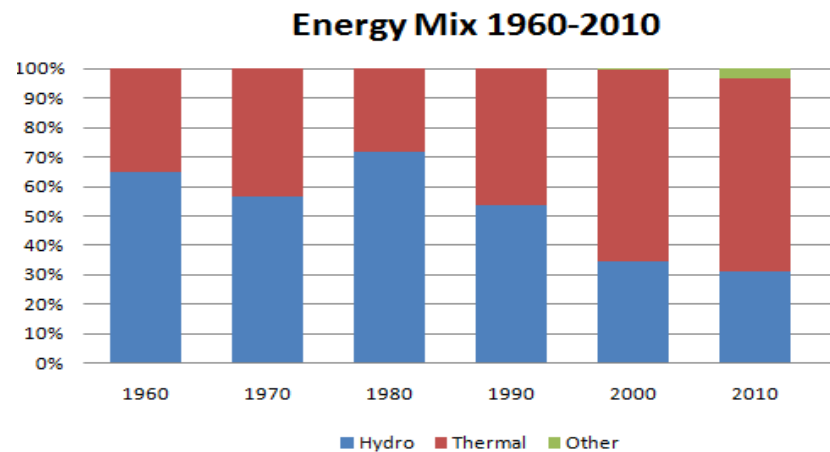


Figure 2

Source: Power System Statistics 2013-14 - NTDC

Power Policy 2002& 2015:

It was developed after a lot of criticism on very costly and mind boggling contracts with IPPs. There was talk of corruption on part of IPPs and in return they “alleged excessive, coercion, harassment and heavy-handed legal and other actions initiated by Government to renegotiate tariffs or cancel contract”. The result was formation of National Task Force on the issue which presented its report titled “Policy For Power Generation Projects Year 2002” (Fraser, 2005).

The Government promoted the notion of projects to be carried through public private partnerships mechanism. The policy also showed shift toward renewable sources. Turned focus from “Bulk power purchase” to “International competitive bidding”. Policy specified that the transformation of public power sector into private sector required an evolutionary period during which IPPs were to sell electricity initially to public sector and thereafter to privatize distribution companies(Ali & Beg, 2007).

This policy declared that Government will guarantee the terms and conditions of the Implementation Agreement (IA), Power Purchase

Agreement (PPA), Fuel Supply Agreement (FSA)/Gas Supply Agreement (GSA), Coal Supply Agreement (CSA) and Water Use License (WUL). Furthermore just like the power policy of 1994 the IPPs were exempted from income Tax and withholding Tax etc. Mainly this policy laid down the procedure for the submission of proposals, Letter of Interest, Negotiations on Tariff, for bidding and security package.

Power policy 2015 was also a continuation of the previously designed policies. The milestone change was that the private sector was allowed to develop hydropower projects, run-of-river hydropower projects except for those used to stop flood, store water for seasonal changes or to be used by irrigation system. These projects were to be carried out on BOOT (Built-Own-Operate-Transfer) basis. The concession period was 30 years after which it would be transferred to government. Other Alternative sources of generation were emphasized so to have a diverse grid. Grantees regarding letter of support, letter of intent, interconnection arrangement were given and most importantly IPPs were given exception from income tax, turn over tax and other duties on imports.

**International Context and its impact on policies in Pakistan:
Post World War II:**

This section deals with the broader regional view of politics and its implication on electricity sector. On 14 August 1941 U.S. President Franklin D. Roosevelt and British Prime Minister Winston Churchill released Atlantic Charter whose striking feature was to force the Britain and all colonial powers to decolonize all the territories which they did in the aftermath of WWII. After the end of WWII international world order shifted from being 'polarized' to 'bi-polar'.

Two world super powers Capitalist U.S.A and Communist Soviet Union tussled for global hegemony in cold war period. The third world countries had been asked to join either U.S.A or Soviet Union camp. Government of Pakistan decided to join the capitalistic camp as the very first PM of Pakistan Liaqat Ali Khan made his first visit to U.S. disregarding invitation from Soviet Union.

The next couple of decades were fraught with constant struggle on part of both the superpowers to gain dominance over the other. Again GOP decided to take side with US under the Govt. of Gen. Ayub. This government adopted prevailing capitalist model, which on one side, contrary to its principles, stressed Keynesian model that called for state led development of infrastructure, yet at the same time promoted free market economy. This model – based on trickle down assumption, promised development for public which was never fulfilled as Dr. Mahboob-ul-Haq, famous Pakistani economist observed that such development only benefitted twenty two families.

During all these years this global struggle to gain power strongly affected the individual countries and their policies. They had to take side with either of these two powers and with that came their developmental model and financial support.

Bhutto defied capitalist model and following socialist model nationalized whole economy but this deviation in the history of Pakistan was soon arrested when Gen. Zia-ui-Haq imposed Martial law, deposed Butto's Government and reversed his policies by introducing denationalization and privatization plans.

Cold war came to an end after Russia was defeated in Afghanistan in late 80s which signaled a significant shift of the world from bipolar to unipolar status. This uni-polarity has deep impact on policy making in different countries of the world including Pakistan which has since then followed capitalist free market policies.

This global tussle for hegemony also had its imprints on electricity development in third world countries (Williams& Dubash, 2004). A careful review of this international political scenario will make it much easier to make sense of domestic policies of Pakistan as has been argued by Taylor& Rizvi (1997) that in order to understand the policy a connection between macro settings (international context) and micro settings (domestic policies) should be made.

Neoliberalism Prescription of 80s:

After the end of Soviet Union as a superpower U.S emerged as a sole superpower. During this period of unipolar world order international development model witnessed a transition from the old Keynesian model to a New Public Management prescription whose origin can be traced back to the oil shock of 1970. The international institutions like World Bank and IMF initiated structural Adjustment program (SAP) for countries not able to pay their loans and advised them to stop their funding towards social sector in form of subsidies, grants etc. and to privatize all the public service utilities and services. Loan linked policies were used to implement SAP in all developing countries to ensure the free flow of capital, privatization, transparency etc. This package was dubbed as "Washington Consensus".(Williams& Dubash, 2004)

The view that "electricity utilities are natural monopolies" came to its end when the World Bank and IMF assured that they would not give loan to any Third World country if it didn't accept the prescription of SAP and privatized its power sector(Williams& Dubash, 2004). Initially electricity reforms were not the part of SAP program but after a few shocks in U.S.A, U.K and Chile, electricity reforms in the shape of privatization emerged as a global urge to end the electricity crises in the third world countries. Economists from University of Chicago advised

Augusto Pinochet who ruled Chile from 1973 to 1990 to corporatize, restructure and finally privatize its state-owned power utility in 1985. Such experience of Chile and U.K was heavily appreciated by the international community and then the Third world countries were asked to take this prescription of privatizing Electricity Utilities (Williams& Dubash, 2004).

It is pertinent to mention here that these privatization policies were enforced in different areas including power sector in majority of the third world countries. According to a World Bank, (1999) in around 115 countries, these power/energy reforms were undertaken. The names of some Asian countries where such reforms were introduced include North Korea, Malaysia, China, Thailand, Philippines, India, Pakistan, Sri Lanka, Bangladesh, Japan, Indonesia and Taiwan.

Analysis:

In this section we would like to connect the ‘cue’ with the ‘frame’ i.e. Pakistan’s energy reforms with global neoliberal reforms, especially in energy sector and would like to develop some evidence that may contribute towards some theory building.

a) As is already evident from the previous discussion, whatever energy policies were implemented in Pakistan were shown to the public to be indigenous policies whereas in fact they were same policies which were being imposed and implemented in other countries at the same time. In order to know about the real motivation and forces behind some action, it is always instructive to find the main beneficiary of the action. The following three points guide us to know about the real beneficiaries of these reforms. As is evident through previous discussion, that it was not an indigenous development rather it was to serve the commercial as well as political interest of different western capitalists. It reaped many benefits including:

1. The huge amount of loans extended to these countries meant hefty constant inflow to IFIs coffers through interest payments;
2. These reforms offered ridiculous terms to IPPs like cost plus method which ensure a certain amount of profit 15% to be exact (Munir & Khalid, 2012), exorbitant price offers of 6.5 cent/kwh, guaranteed capacity payments where buyer still pays a payment to seller even if goods/service are not purchased, exemption from array of taxes etc. William and Dubash (2004) call this as ‘IPP Fiasco’. Sharma (2005) argues that majority of population in Asia lives in rural areas who neither have adequate level of access to electricity nor have the resources to pay for electricity. The prime objective any public policy/reforms in a country should be the amelioration of the masses especially the deprived ones. Such reforms should have been

undertaken keeping in view their social and economic status and not to their detriment as future results depicted.

3. Being lenders and advisors to these reform, which were undertaken with the collusion of local political elements, which Sharma (2005) calls a ‘symbiotic relationship’, they were able to have their say in the fiscal domain of the country by guiding and forcing governments to levy different kind of new taxes to further fleece the local population;
4. Global Oil companies were able to secure unimaginable profits as most of the electricity produced by private sector was thermal which used furnace oil. In Pakistan in 80s, the energy mix was 60:40 in favour of hydel power, however by the end of 2010 it was 30:70 (Munir & Khalid, 2012). The scenario at international level was no different. This created huge demands for furnace oil which led the prices of oil to shoot up, from around \$19.05 in July 1973 to \$151.72 in June 2008 (Fig 3) which meant profits of colossal scale.



Figure 3

Source: Source

No wonder then that poor countries remain entangled in vicious circle of poverty as through such reforms there is constant capital outflow towards ‘developed’ western world. Moreover the fuel cost for public became a nightmare and for the poorest, electricity bill at time cost more than half of their income. Price/unit can be gauged from the fig 4 which presents average fuel cost to National Transmission and Dispatch Company (NTDC).

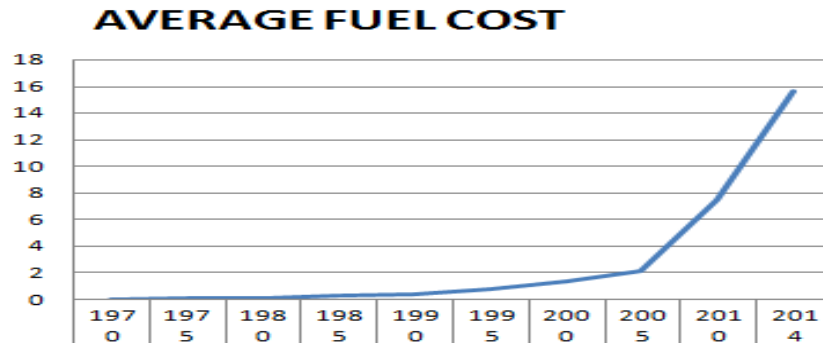


Figure 4
 Source: Power System Statistics 2013-14 - NTDC

b) These mechanism also enlighten us on the persistent debate in western literature about how the state should be run – through free market mechanism or through government mechanism? Neoliberalism is just a new version of capitalism which got started after French Revolution. That was a golden period for capitalists who harvested maximum profits in the next fifty years as these capitalists themselves were in the Government. But it ruined the labor class. Fredrick Engels had to write his book titled “The Condition of the Working Class in England”(1844) to show the miseries of have-nots. Then onwards, the debate continued until socialism found some state to practically show her theory. However, being a theoretical concept it got compromised in the shape of communism.

This tussle continued in the later part of 19th and early part of 20th century before Hitler adventurism forced both ideologies to join forces. However soon after WWII, the cleavage re-emerged strongly, and the world got divided into two blocs. Next three decades saw cold war being waged between these two forces where both ideologies sought to increase its power by exporting their ideas, thoughts, and of course, forces to new countries. “Aid and commerce was entangled with cold war strategies”(William and Dubash, 2004, p. 416).However, USSR’s defeat in Afghanistan furlled its flag along with its ideology. Sharma (2005) contends that

The external donors- emboldened by the removal of the threat of communism and inspired by their resurging faith in neo-liberalism- had begun to make their lending conditional to the regional governments opening up their electricity markets to private ownership and competition (p.5320).

So it was an ideological war, and no sooner did the communist ideology fall, capitalist ideologues hastened to implement their ideology at the global level.

Thus this concept of neoliberalism blossomed and became the basis of all market reforms including privatization, deregulation, autonomy etc. in different areas of life including power generation in different countries of the world. Neoliberalism is old wine in new bottle. It embodies all the characteristics of capitalism strongly critiqued by Karl Marx and co. According to Monbiot,

Neoliberalism sees competition as the defining characteristic of human relations. It redefines citizens as consumers, whose democratic choices are best exercised by buying and selling, a process that rewards merit and punishes inefficiency. It maintains that “the market” delivers benefits that could never be achieved by planning (2016).

He goes on to say that “(t)he privatisation or marketisation of public services such as energy, water, trains, health, education, roads and prisons has enabled corporations to set up tollbooths in front of essential assets and charge rent, either to citizens or to government, for their use” (Monbiot, 2016).

Instead of calling government as necessary evil, it now uses government mechanism to achieve stupendous amounts of profit. Now “(b)usiness takes the profits, the state keeps the risk” (Monbiot, 2016). Instead of moving towards the promise of good life, these reforms based on neoliberal agenda has made life of the poor more miserable and pushed them towards the category of the poorest. On the other hand powerful capitalists are relishing rent, interest or capital gains which according to Sayer (2016) are various forms of “unearned income that accrues without any effort”. So this case study sheds light on this debate and predicts for the whole world and especially for third world countries, the same kind of predicament which west had to face after wanton display of capitalism policies after French Revolution.

c) This case study also enlightens us on another theoretical front. Two contrasting views are found in literature regarding the nature and reality of post-WWII era. First is post-colonialism and second is neo-colonialism. Post-colonialism perspective assumes that the colonization era has ended after WWII; former colonies are independent and free in their policy making and they themselves are responsible for their lack of growth and other social, political and economic ailments. This is

colonizer's perspective represented mostly by writers and scholars of the first world or their followers elsewhere.

Contrary to this view, Neo-colonialism perspective suggests that the current era is the continuation of the colonial period where methods of occupation have certainly changed but not in opposite direction but in the same direction. They have only improved. And people in former colonies are still lurking under poverty, deprivation, ignorance and oppression because of the more sophisticated tools and mechanisms under the same ideology of capitalism which initiated the colonization project. This perspective represents the colonized.

Current case study provides ample evidence to show that most of the countries were found to accept the premise of 'one size fit all' either through force or by bribe (to ruling class). They succumbed to a formula solution of neoliberalism provided by IFIs and introduced identical reforms in power sector – though there were some minute changes, but they all followed the neoliberal prescription – despite the fact that they varied with reference to their problems, social and economic reality, development, geography, resources etc. (William and Dubash, 2004). Thus this provides very strong evidence to neo-colonialism perspective and can help countries adjust/rethink their future policy framework.

Conclusion:

This paper highlight the fact that international capital and capitalist ideology has been a dominant factor in determining the policies and institutions in Pakistan since its colonial past. In recent times, these reforms originated out of 'Washington Consensus' that market is a superior and efficient model to bureaucracy and thus market led reforms should be introduced in the public sector as well to reap the touted benefits. The fact that these reforms coincided with the fall of USSR representing opposing ideology of communism, also lends credence to this premise.

However, in all the sectors, instead of creating a perfect market environment where competition might prevail, monopolies have been created which are gulping smaller companies, and guaranteed profit is being offered to international investors. These reforms were introduced as an ideology in majority of the sectors including health, education, transport, energy etc. as such reforms were introduced at the same time in different countries having different history, background, and set of problems, issues and needs, which leads us to the conclusion that it is an ideological prescription, emanating out of its assumption of free market mechanism to be the sole solution of all ills of the society.

In Pakistan, US secretary of Energy Hazel R. O'Leary came along with an entourage of US investors and signed IPPs contracts with Govt. of Pakistan. These policies were hailed as the "best energy policy of the whole world, while in reality it absolutely nailed the poor of Pakistan.

There is no denying the fact that market mechanism has various advantages, however, for it to function properly there should be perfect market conditions, customers willing and able to buy products, entry and exit options for investors etc. It may function where all those who 'need' a specific good or service are able to buy it. Every human being has certain basic needs like food, clothing, shelter, education, health, energy which are vital for its survival. Energy such as oil and electricity are such a basic utility that it is used in all aspects of life. A price hike in such commodities instantly sparks a chain increase in all other necessities mentioned above which pushes them out of poor's reach. No wonder poverty levels have touched new peaks in Pakistan and elsewhere where such reforms were forcibly introduced disregarding local context and conditions.

If the ideology sees everyone as equal then those who are handicapped and deprived have to be supported by governments through subsidies. Despite the alleged inefficiencies in power sector, it produced and provided energy to the masses at very affordable prices in Pakistan. It was a natural monopoly and should have been managed by benevolent government. Government can fund such mega project because it collects taxes from society and provides services for all. The basic function and purpose of collecting taxes is that it is collected from the rich, who have more money than they need to meet their basic needs, and then is spent on all and sundry. This ideology of running public sector like private sector ignores the basic differences between them. Agree it needs efficiency, however, public sector is not a profit making enterprise. Not all citizens can be customers – able and willing to buy goods. If they are left to the whims of capitalists, who know only one lesson, to maximize profits, middle class will be pushed towards poverty and poor will be no more.

What actually attracted capitalists towards public sector was its innumerable users, 'needing' those basic goods/services. They used these services because they were available at affordable prices. However, capitalists took them as 'customers', able and willing to buy. When private firms entered into such services, they did so to earn profit. They were ensured sale of their services with guaranteed profit. Since investors were mainly from oil industry, they burnt oil to produce energy which was very obviously very costly. The cost kept on increasing in the

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face of increasing demand. Now teeming millions need it but they can't afford, so basically this mechanism has robbed them of their right to live by snatching from whatever they had and has deposited it in the bank accounts of a few handful who know nothing about how and where to use it except for creating charities which are again furthering their agenda. So world should rise, sanity should prevail and such policies should be adopted which allow poor to live reasonable life.

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