The need for cheap power

Globalisation has pushed Sri Lanka too, into the fray for economic survival. We must sell our products to foreign countries to get the money to buy our necessities in the world market. Others will buy our products if they are cheaper than what are available elsewhere. For this to be the case, cheap energy is something imperative.

The profit motive is the guiding factor in free market economics. There will be a profit only if the total price of inputs is less than that of output. To achieve this, cheap power can be a major contributor because, if power prices go up, the price of a product cannot be kept low. Then, what we produce would lose the competitive edge in the world market.

The present rise in the prices of petroleum products, L.P. Gas and the projected rise in electricity fares will definitely affect industrial productivity adversely as would be seen in due course, with the faint hope that other countries would face worse power problems!

Of course, power price increases will affect the cost of living too, bringing down the physical quality of life. This will create social tensions.

A thinking person is justified in questioning whether salaries of personnel in any enterprise can be kept low in this scenario. Once again, then, don't we get entangled in the forces of competition in the world market. A dependence on imported sources of power would leave us at the mercy of foreign countries. Also, the law of supply and demand may dictate that what we buy at a certain price today, may become more expensive if our requirements were to rise.

It is true that economists should plan out economic policy, but the average citizen has a right to cry out when it hurts him, and the economist should consider the best policies that would deliver the goods to each and every citizen alike.

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Opinion