



Enter Globalization – Exit Traditional Skills

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'Globalization insights' is a series of feature stories told by journalists from Africa, Asia and Latin America – stories that give an insight into the perceptions and experiences of people as globalization unfolds in their environs. This project is jointly organised by the Friedrich-Ebert-Stiftung and IPS EUROPA.

Bakhto was 12 years old when his fisherman father taught him to weave baskets used for catching fish. Now at 60 he is learning the hard way that his life-long bread earning skill has become redundant. Wicker baskets – known as “challas” in local language – are no longer allowed for catching fish.

The ban, imposed by the government run Fishermen Cooperative Society (FCS), is affecting not only Bakhto but also about 17, 000 other people in Pakistan. They are faced with the danger of losing their skill as well as jobs.

FCS has banned the use of wicker baskets produced by local craftsmen for decades, terming them as unhygienic. Instead, the authorities are promoting foreign made plastic crates to abide by conditions imposed by the EU under what is known as Codex Alimentarius Standards, a joint food standard programme of the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO).

The authorities have also set up a crate washing station

at the Karachi Fish harbour at the cost of 1.78 million Pakistani Rupees (about 25,000 Euro) – a huge amount considering that one disposable wicker basket costs only a few pence.

According to official statistics, the annual average sea-food catch in Pakistan amounts to about 800,000 tons. Of these, 35 per cent is consumed locally while a similar quantity is used in the preparation of fishmeal for the local poultry industry. Only 10 to 13 per cent of the fish catch is exported to three major international markets, European Union, Japan and the United States.

The poor and voiceless basket weavers in Pakistan are being asked to pay a heavy price for this small share of export. But they are not the only group of traditional skilled workers that is falling prey to globalization.

Problems for Pakistan's manufacturers

Countries such as Japan and the European Union have prohibited imports of certain fruits and vegetable from Pakistan on the plea that these do not meet international standards. For the same reason, Iran has banned import of wheat from Pakistan.

On the other hand, free trade regime allows unhindered imports into Pakistani. The influx of cheap goods has not only created serious problems for the country's manufacturers. It is also problematical in view of the lack of ade-

quate laboratories to check the quality of imported goods.

Researcher Mukhtar Ahmed Ali says that strict adherence to international standards in the services sector and social compliance issues in manufacturing are posing a serious threat to the common man in Pakistan. This, he says, will create an uneven playing field for local service providers and manufacturers, resulting in huge job layoffs and business closures.

Developed countries have provided due protection to their consumers by enacting consumer protection laws by which they can easily monitor the services and products from foreign countries. But in Pakistan only two draft laws – one for the Islamabad Capital Territory (ICT) and the other for the North West Frontier Province – were enacted but are yet to be implemented.

A major concern for Pakistan is liberalization of its service sector, which might result in problems for consumers who become vulnerable to the whims of private companies. According to an official report, under a government commitment to the IMF and the World Bank, privatization and deregulation in the services sector, tariffs of services like electricity, natural gas and oil have increased manifold. Those hit hardest are the poor people.

Also a proposed move for corporatization of postal services has meant the closure of a large number of post offices in remote and rural areas during 2000. Also ordinary inland mail charges have doubled from 2 to 4 Pakistani Rupees.

At the persistent pressure of international donor agencies, the Pakistan government has also launched on privatization of large industrial organizations. This has resulted in huge retrenchment and shuffling mainly in the lower cadres. A large number of employees were either given golden handshake or sent on forced retirement.

According to 2001 annual report of the Human Rights Commission of Pakistan, Pakistan Steel was the main corporation affected. More than 6,000 workers were laid off. Subsequently, people in Pakistan are beginning to realize what more perils than benefits await them as a result of globalization. The globalization process, reinforced by the World Trade Organization (WTO) set up in 1995, has become a force that impacts on all regions, nations, societies, cultures and sectors of the economy. Some highly successful countries that followed an export-led strategy such as South Korea and Chile have proved beyond doubt that globalization can raise the income of the poor.

Rather negative evidence

Pakistan, unfortunately, offers a rather negative and a least positive evidence. The percentage of the Pakistani

population under poverty line increased during the 1990s when the country opened up its economy in what proved to be a bleak economic decade.

According to the Asian Development Bank (ADB) report "Poverty in Pakistan: causes and institutional responses" released in August 2002, the level of poverty has worsened from 26 per cent to the population below the poverty line in 1993 to 32 per cent in 1999. The report points out that the number of people falling below the poverty line has further increased after 1999 on account of a slow-down of output growth.

"The growth in the past was not pro-poor and did not contribute to employment generation", it added. This fact was seconded by State Bank of Pakistan (SBP) in its second quarter report 2004, which says that unemployment stood at 7.8 per cent in 2003 compared with 6.3 per cent in 2002. Rising steadily, it has more than doubled than 3.1 per cent recorded in 1990.

This is particularly disquieting for graduates and post-graduates emerging every year from national universities. A desperate young post-graduate student, Mujahid Shah, says: "I have completed my studies in social sciences two years back and have left no stone unturned to get an employment to feed my family. But in vain."

There are thousands of people like Mujahid in Pakistan who are desperately in need of jobs but end up in desperation. Millions of other young people are seeking jobs, but employing them productively will require a substantial investment by the private sector, both domestic and foreign. But impediments like political uncertainty, inconsistent economic policies and deficient law and order, deter foreign investors.

Pakistan being an agrarian country, with about 70 per cent of its people dependent on agriculture, its farming community will be the worst affected by globalization, it is feared. Many agriculturists have stopped sowing their fields on the plea that they cannot get even the cost of their effort from their produce. Farmers are crying for markets to sell their produce like sugarcane and potatoes, whose prices have fallen because of a glut and cheaper imports.

Dr. A. Q. Suleri of the Sustainable Development Policy Institute, a non-governmental organization (NGO), says import restrictions in rich countries favour large farmers and textile workers at the expense of consumers who pay higher prices. Particularly harmful are agriculture support prices and export subsidies that encourage poor production of sugar, wheat, cotton and other products, he says. Export of these surplus commodities depresses market prices to the detriment of producers and exporters in developing countries like Pakistan. Due to these policies,

poor farmers are unable to get an adequate price for their produce, he says.

Sovereignty at stake

The degree to which Pakistan's sovereignty stands eroded has become even more apparent when the effect of reduced import tariffs to 25 per cent, the lowest in the region, on the national exchequer is taken into consideration.

Standard-bearers of neo-liberalism defend the lowering of import duties with the argument that raw materials for manufacturers will also cost less as a consequence. However, duties on raw materials like talc, solvent oil and edible oil have also shot up in Pakistan. The donor agencies are pushing Pakistan to levy more taxes on consumer goods to raise revenue at the cost of poor people.

Industry in Pakistan has been exposed to greater competition but is often seen as asking financial relief and government protection, oblivious to the question who will pay. This has resulted in the closure of thousands of units with huge layoffs. A senior official said on condition of anonymity: "Our industry needs import protection until we have acquired necessary skills to confront international competition."

A serious blow people witness in Pakistan is the massive taxing of the economy with the initiation of the liberalization process. Critics see the government policy aimed at taxing the poor, denuding the national economy of protective tariffs, and letting the rich off the hook. A researcher and expert, Dr. Wajid Pirzada, says the Bretton Woods Institutions – International Monetary Fund and the World Bank – issue their diktat from western capitals and Pakistani policy-makers play "as overzealous stenographers" to them.

The manner in which Pakistan's economy is taxed in commitments made with these institutions does not serve the interest of the majority of Pakistan, he says. An audacious 15-20 per cent general sales tax (GST), the highest

in South Asia, on basic essentials of life such as ghee, fertilizers, and sugar has been slapped while import duties of luxury cars have been lowered. The withdrawal of central excise duty on diesel has been more than offset by a 10 per cent customs duty on fuel. According to the petroleum ministry, this will lift the price of this crucial input of transport and agriculture by half a rupee per litre. Taxi driver Naveed Ahsan says he can earn only a marginal living to feed his family while the petrol price has reached 37 Pakistani Rupees a litre – highest in the region.

Power bill subsidies plugging lower income purses are also set to be pulled out in the near future. Doctors, bankers, teachers and journalists have all been swept off their feet with the price spiral that has taken effect since the liberalization of the economy at the insistence of IMF. More than 70 income tax exemptions were withdrawn during the last three years.

Such policies will further widen the gulf between the rich and the poor, the haves and have-nots and, as a result, help breed sanctuaries of terror to bring more destruction and devastation. To cope with challenges arising from globalization, Pakistan needs to focus on enhancing quality of produce at low cost so that it could be competitive in international markets. It also needs to provide due protection to manufacturers and farmers from the influx of cheap imports. At the same time, it is necessary to raise living standards of the people by increasing wages to a reasonable level. Similarly, there is a need to encourage domestic and foreign investments to generate more employment in the country for reducing poverty.

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