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## The new world order and Pakistan

Arif Hasan

*(IIED invited Arif Hasan, the well-known researcher on environment and development in Pakistan, to comment on the Millennium Development Goals. Arif Hasan is one of IIED's Board members, and also a member of the Millennium Project's Taskforce 8 on improving the lives of slum dwellers. He chose to comment not on the MDGs, but on the larger issues facing his own country, Pakistan, because of his concern that the MDGs will not address these. We include this here as a final comment, as these are issues that the MDGs will have to grapple with if they really are to reduce poverty.)*

If a society and country can compete in the world market, it survives or occasionally prospers. If it cannot, it goes bankrupt or exists at the periphery of the world system, unable to afford imports. Its poor have to cope with impoverishment at home, or struggle to migrate to better-off countries (although facing enormous obstacles in doing so). But if a low-income country proves too successful in the world market, it is punished, as its products face trade barriers or it has to compete with enterprises



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in high-income nations that receive large subsidies. Pakistan can compete in the global market only in textiles, sports goods and mangoes. Most of its other industries will close down. The light engineering industry is already closing down because it cannot compete with Chinese goods. For example, a Pakistani-manufactured motorbike costs Rs 40,000 (US\$ 690), whereas similar Chinese motorbikes, now available in Pakistan, cost Rs 14,700 (US\$ 254).

Poverty in Pakistan decreased from 46.5 per cent of the population in 1969–70 to 17.3 per cent in 1987–88. The period between 1972 and 1986 was one of massive increases in public sector expenditure and public sector employment. Between 1987–88 and 1999–2000, poverty increased from 17.3 per cent to 33.5 per cent of the population. This has been a period of major cutbacks in public sector spending in the social sector and employment, in the privatization of government industrial- and service-sector institutions, and in major health and educational facilities, as a result of structural adjustment. My conversations with academics and social movement activists in a number of Asian and African countries suggest that conditions in those countries are similar to those in Pakistan, and for the same reasons.

There have been cost increases of over 300 per cent in utilities (gas, electricity, water, telephones) in the last six years. There are more increases in the offing. This is adversely affecting the lives of the poor and of the informal industrial sector. The government has attempted to privatize water, sewage and solid waste collection, although this has been successfully resisted by “civil society”. Further attempts are being made to do so again.

Poverty-related subsidies have been reduced from Rs 5.2 billion in 1991 to Rs 284 million in 2001. Between 1988 and 2002, public sector investment as a proportion of GNP halved. During this same period, while the lowest-income groups suffered tax increases of four per cent, the highest-income groups benefited from tax decreases of 21 per cent. Ninety per cent of revenue generated by the liquidation of



state-owned enterprises (most of them quite profitable) under the poverty reduction strategy will be spent on debt-servicing. Seventy per cent of the poverty alleviation funds are loans from international finance institutions, and they are simply going to make the country poorer.

In cities, land use is now determined by land values and not by city planning considerations. This is pushing the poor out of the city and far away from education, health, recreational and entertainment facilities. It is impoverishing them further. The concept of social housing has undergone a change. Land provision for social housing is no longer promoted. This is being replaced by the provision of loans to house builders, but the poor remain “non-loan-worthy”. Exceptionally well organized communities can organize to access these loans (such communities are rare), but the cost of land has become even more unaffordable than before.

Planning has been replaced by uncoordinated mega-projects to be built on a Build, Operate, Transfer (BOT) basis with private companies. These projects are three to four times more expensive than government-financed and built projects of a similar nature. They are pushed by a nexus of powerful consultants, international companies and uneducated and unscrupulous politicians, with disastrous results for the poor. For example, the Karachi Circular Railway rehabilitation and extension would cost Rs 5.5 billion if the Pakistan Railways were to undertake it and, as a result, the average cost per trip would be Rs 6–8, so as to recover investment and running costs over a 30-year period. Under the BOT scheme, the cost would be about Rs 18 billion, and the ticket cost Rs 16–20 per trip, which is unaffordable to Karachi’s poor. Many of the mega-projects now being pushed (regarded as unnecessary by Karachi planners and academics) are evicting tens of thousands of families from their homes.

The decentralization (devolution) reform that has been enacted in Pakistan has reduced politics to neighbourhood issues such as water and sanitation. The larger issues are no longer debated at the neighbourhood level, and at the

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national level every political party is forced to support the new global regime since it does not know how to oppose it, or does not wish to.

Research work at various NGOs and government and academic institutions is now determined by donor funding. It has lost its independence and also the links that it had previously with the political process.

Subsidies for higher education have been reduced and, in the last five years, public sector university fees have increased by more than 200 per cent. An additional 600 per cent increase is on the cards, meaning that only the rich will be able to study. Private universities, which were not allowed previously, have mushroomed. They have attracted teachers from the public sector institutions, as their pay scales are much better. As a result, the standard of public sector institutions has declined, with the result that the better off study in good universities and the not so well off study in bad universities. This is the end of the democratization of higher education.

The promotion of corporate farming is being pursued aggressively. About 100,000 families in central Punjab alone are being pressurized to give up their sharecropper status to facilitate corporate farming. A major resistance movement is taking shape.

All this is taking place in a country with an international debt of US\$ 35 billion, one in which the lowest 20 per cent of households enjoy 7 per cent of resources, the middle 60 per cent 44 per cent of resources, and highest 20 per cent 49 per cent of resources. This is unacceptable, but what does one do? There is anger, frustration and hopelessness. Does one fight for a new world order? Or does one try and make the best of what is offered, even if it violates centuries-old values and the concepts of democracy and equity? I, for one, am unclear, and so are an increasing number of my colleagues and friends. There is no concept of tomorrow any more; you cannot visualize beyond your lifetime.