GLOBALIZATION: CHALLENGES FOR PAKISTAN

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Introduction

Globalization is a term for the emergence of a global society in which economic, political, environmental and cultural events in one part of the world quickly come to have significance for people in other parts of the world. This paper is aimed at discussing what is globalization as characterized by different schools of thought? What are the forces primarily propelling the process of globalization? What is the role of developed countries and multinational corporations in this process? What is the impact of globalization on developing countries? Is the process evenly affecting the developed and developing countries? And finally, what is the best course of action for developing countries to deal with globalization with particular reference to Pakistan? During the course of research, descriptive research methodology was adopted wherein available literature in the books, magazines, papers, articles and internet was consulted.

Globalization is the result of advancements in communication, transportation, and information technologies. It describes the growing economic, political, technological, and cultural linkages that connect individuals, communities, businesses, and governments around the world. Globalization also involves the growth of multinational corporations MNCs (businesses that have operations or investments in many countries) and transnational corporations (TNCs i.e businesses that see themselves functioning in a global marketplace). The international institutions that oversee world trade and finance play an increasingly important role in this era of globalization.

Human societies across the globe have progressively established closer contacts over many centuries, but recently the pace has dramatically increased. Jet airplanes, cheap telephone service, email, computers, huge ocean going vessels and instant capital flows have made the world more interdependent than ever.
Multinational corporations manufacture products in many countries and sell to consumers around the world. Money, technology and raw materials move ever more swiftly across national borders. As a result, laws, economics, and social movements are forming at the international level.

The phenomenon of globalization is a source of challenge and an opportunity. Reinforced after the end of the cold war, globalization is perceived as a force, which can integrate diverse cultures and enables less developed countries to bridge the gap in knowledge, information and technology. But globalization per se is also considered as a major threat to those societies where the capability to deal with the adverse ramifications of corporate culture, free trade, competitive mode of production and other capitalistic tendencies are limited. From any standpoint, globalization has both positive and negative aspects.

The term “globalization” gained currency mainly in the last quarter of the 20th century. The world has experienced universalizing or globalizing influences since the commencement of the Divine revelations. Modern history reveals that the world has assimilated many universal trends such as, the rise of the nation-state, mass production and division of labour, mass consumption, mass communications, and global social movements. However, the less developed countries (LDCs) and the civil society organizations all over the world remain apprehensive about the current wave of globalization.

However, “globalization” as a term acquired popular usage only after the recent developments in fast flows of trade, finance, technology, and information. Rapid travel and mass communication led to a faster dissemination of the dominant world view that has made the less developed societies uncomfortable as they remain ill-prepared to receive and benefit from the globalization paradigm. However, this paradigm that emerged in an environment external to the developing world is now being pretty much imposed upon them owing to their restricted range of choices and the subsequent weak bargaining position. Nonetheless, the issue can still be approached positively and constructively by the developing countries. That is
even though the range of choices for the developing world might be restricted; it remains free enough to choose from either a reactive response of self-pity and breast-beating or a proactive response\(^1\) aiming at enterprise, initiatives, and decisions in the desired direction of development. For, effective behaviour should be a function of own decisions rather than external conditions. Choice of appropriate response to the current wave of globalization remains very much the sole preserve of the developing world. For, the intervening variable between an external stimulus and response is freedom to choose appropriate response\(^2\) which the developing world needs to be aware of so as to exercise it in its bid to brave this challenge.

From the vantage point of the developing world, a convergence needs to be struck essentially between the imperatives of globalization and the concerns emanating from its implications for the people in the developing world which is home to about 80\% of the global population. Action in this direction is necessitated at both the international as well as national levels so as to achieve inter-country as well as intra-country integration of the people. It will be integration at both these levels that will eventually usher in globalization in the true sense which implies an integration of all the peoples of the world.

The concept of globalization or universalization of thoughts, ideas, systems, and practices is not new.\(^3\) This piece of work traces the process of globalization to as far back as the Renaissance when a revival of arts, literature, and learning took place. The historical background of globalization, in modern history is evaluated in Section-2. This step is vital for a communication of the concept of globalization without which third world’s response would remain reactive rather than proactive. The role of key players in globalization i.e. International Institutions and Multinational Corporations (MNCs) is discussed in Section -3. The study of impact / effects of globalization, the extent of challenges to the nation state, the relationship between globalization and international buzz words like extremism and terrorism is dealt in Section – 4. The following sections dwell upon the challenges of globalization for Pakistan and the policy measures it must adopt in order to make an
effective response to the external environmental challenges by capitalizing upon the opportunities and averting the threats.

For this purpose, there is a need for Pakistan to overcome the internal weaknesses and build the internal strengths so to achieve intra-country integration as well as integration with the global economy if the current wave of globalization is found irreversible. Pakistan would need to emerge as an effective participant in global economic affairs and decision-making with a view to playing a key role in the worldwide attempts being made to minimize the negative implications of globalization as understood in the conventional sense. Pakistan would then be contributing to the efforts aimed at achieving “true” globalization.

Like many developing countries, Pakistan has not fully prepared itself to blend with and benefit from globalization. This study deals with the problems faced by developing countries in general and Pakistan in particular while embracing the effects of globalization. It also offers remedies to address the problems arising out of it.

**CONCEPT OF GLOBALIZATION**

**Definition of Globalization**

A simple description of globalization is that ‘events occurring on one part of the globe can effect and be affected by, events occurring in other, distant part of the globe. In research literature, the term ‘globalization’ is closely associated with transnational interdependence and trans-boundary movement. According to Holm and Sorenson, a definition of globalization is ‘the intensification of economic, political, social and cultural relations across borders’. According to Guillen “Intuitively, globalization is a process fueled by, and resulting in, increasing cross-border flows of goods, services, money, people, information, and culture.”

Globalization in its literal sense is the process of transformation of local or regional things or phenomena into global
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ones. It can also be used to describe a process by which the people of the world are unified into a single society and function together. This process is a combination of economic, technological, socio-cultural and political forces. Globalization is often used to refer to economic globalization, that is, integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.

**Core Aspects and Key Characteristics.** The process of globalization is facilitated through a technological revolution in the fields of telecommunications and transportation and in the formation of global financial markets made possible by geo-political and political changes, first and foremost the collapse of the Soviet Union and its Communist satellite states. Hence, the increasing flow of information, products, people, money, technology and expertise across national borders and its consequences may be viewed as core aspects of the globalization concept. Key characteristics of globalization are ‘the speed of change and the compression of time and space, produced by electronic communication technologies and other means’.

**Historical Perspective**

**Pre-Modern Globalization.** The emergence of this modern phenomenon is actually a pre-historic process which continued to modify according to the prevalent political and economic system. Since times immemorial, the world has been increasingly becoming global. The process started almost as soon as mankind started to trade. The Industrial Revolution in Europe (1830) and Colonialism further hastened the process of economic integration’ albeit in an exploitative fashion. The postwar Transportation and Communications Revolution shrunk the world as far as the economic space and time was concerned. State and private-led joint ventures, replaced the world system by creating more institutional space for economic integration among nations.

**Cold War Globalization.** Just after World War-II, all the victorious nations agreed to collectively manage the global economy through an open market concept under the control of effective
international institutions. This led to the establishment of Bretton Woods Institutions such as International Monetary Fund (IMF) and World Bank in 1944 and subsequently to General Agreement on Tariff and Trade (GATT) in 1947. Hence, the initial period of Cold War era saw an enormous expansion in free trade economy.

Post Cold War Globalization. These were the crossroads when Russia got disintegrated resulting into a uni-polar world. The capitalist system emerged as the only one for managing the world affairs. This time it was not only the economy which affected globalization but it involved other factors such as politics, information, culture, sociology, etc. Thus the scope of globalization became wider. The term ‘globalization’ acquired popular usage only after the recent developments in fast flows of trade, finance, technology and information. Anthony Giddens noted back in 1999 that while the term was hardly used ten years earlier, by the end of 1990s, the term was on everybody’s lips: ‘absolutely no one who wants to understand our prospects and possibilities at the century’s end can ignore it.’

Key Players of Globalization

International Financial and Trade Institutions and Multi-National Corporations are the Key Players of driving the process of globalization.

International Institutions. At the conclusion of World War II, several international institutions were created to manage the world economy and prevent another Great Depression. These institutions include the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (now called the World Bank), and the General Agreement on Tariffs and Trade (GATT), which was expanded and institutionalized into the World Trade Organization (WTO) in 1995. These institutions have not only persisted for over six decades, but they have also expanded their mandates, changed their missions and increased their membership. They have, however, become highly contested. As Joseph Stiglitz notes, “International bureaucrats—the faceless symbols of the world economic order—are under attack everywhere….Virtually every
major meeting of the International Monetary Fund, the World Bank and the World Trade Organization is now the scene of conflict and turmoil.”

Conventional wisdom in international and comparative political economy has held that international institutions, like the IMF, World Bank, and WTO (and its predecessor, the GATT), have been largely beneficial for the countries in them. These institutions, it is claimed, constrain the behavior of the most powerful countries and provide information and monitoring capacities that enable states to cooperate. All states involved are better off with these institutions than otherwise. Recently, however, evidence has mounted that these institutions may not be so beneficial for the developing countries.

Recent, empirical research asks the question of whether the effect of these institutions on the developing world has been better or worse with their presence than without it. The evidence suggests that even though problems abound with the institutions one cannot deny that without these institutions many developing countries could be worse off in the bilateral negotiations with the most powerful countries.

Multinational Corporations. There is no doubt that leaving aside some of the richest countries in the world, MNCs own most of the world capital and therefore are the main players in the global economy. Their annual turnover reaches the astronomical level of $100-200 billion, seemingly dwarfing the national economies in the world. Their economic power enables them to play a significant role on the global scene. As MNCs are the main players behind the globalization of market economy; it would be worthwhile to evaluate their positive and negative aspects:

- The positive aspects
  - Financial and technical resources and expertise. There is no denying the fact that the MNCs bring in certain advantages to the host societies. Huge resources and investments, technology, innovation and
expertise are made available to host societies through these MNCs. A culture of research and development, training in marketing and developing human resource within the organization is also beneficial for the host societies. MNCs also contribute significantly to the exchequer by paying taxes.

- **Good business practices.** Good governance, transparency within the organization, delegation of power, performance based evaluation and incentives program encourage the merit-based approach. The work culture and the professional working environment within the organization are important characteristics of MNCs. As MNCs are trend setters, these practices are also followed by the large national corporations. Even the civil society is influenced by this professional culture. The merit and knowledge based professional culture leads to the promotion of more efficient management and better business education along with other important disciplines in the society.

- **Comforts of life.** The economies of scale, quality control and healthy competition in certain cases lead to price cuts and other incentives to the end user. People get the comforts of life at much cheaper rates and /or at their doorsteps.13

- **Infrastructure improvement.** Many MNCs help in improving the infrastructure and provision of basic needs in their specific areas of operation. They do it directly or provide funds to the civil society organizations or give direct charity to improve the living and business conditions in areas where they are operating. While in many cases these are voluntary practices, the
tax exemption facility provided under the law also helps in encouraging such initiatives.

- **Pluralism.** Because of MNCs, a kind of interaction across the boundaries takes place. Even education (particularly business) has to take into account the global perspectives.\(^{14}\) Global perspectives and cross-cultural understanding increase the adaptability of the students anywhere in the world. This leads to the mixing of cultures and practices and encourages pluralism as well as competition. Out-sourcing by MNCs particularly in services sectors is relatively a new but important phenomenon. The host countries are thus becoming not just the workshop of the world but the back office too.\(^{15}\) Besides providing employment this is also promoting pluralism. These can be great assets for society if addressed positively.

- **The Negative Aspects**
  - **Increasing materialism and consumption.** The type of development, being promoted is based on mere material gains. Luxuries and comforts are being turned into needs and necessities. Thus happiness and satisfaction are being associated with luxuries and their acquisition. Thanks to MNCs, “the consumption culture” has over taken almost the whole world, though it first took hold of the developed world.
  - **Excessive expansion of credit.** The new credit culture is changing the attitudes towards loans. Loans are being encouraged to facilitate the acquisition of the luxuries of life. The offer of easy credit, consumer financing, credit cards and personal loans by the banks to the middle class is promoting a culture of living beyond means. Life styles are changing
because of it, and not necessarily for the better.\textsuperscript{16}

- **Corruption and Crime.** Greediness, disparities and sense of deprivation, along with race to acquire new products is also giving rise to corruption and crime. The focus is on acquiring money in whichever manner it comes; even through illegal means if it is not available through legitimate sources. On their part, MNCs also corrupt people in order to capture markets.\textsuperscript{17}

- **The brain drain.** The term ‘brain drain’ is usually used for talent going towards other countries in search of higher income. MNCs are involved in yet another kind of brain drain. With their capacity to pay, they can hire the most qualified and experienced talent available in the society. Those working with MNCs consider themselves as part of an elite class associated with the global community. Consequently, most of them develop a culture that makes them less relevant to their own societies.

- **Family Fabric.** The culture and lifestyle changes coming in with the spread of MNCs’ influence in society are proving lethal for the family fabric of host societies. Overspending and living beyond means is creating economic pressures, tensions and stress within families. Various indicators prove that women working with the MNCs and other big organizations are under stress when entering into marriages and bearing children. Parents have little time for their family, particularly children.
IMPACT ON DEVELOPING COUNTRIES

The Impact of Globalization

Globalization has wide-ranging political, economic, social and cultural implications. The globalization debate has long extended beyond the confines of economy to cultural changes, such as possible evolution of global culture, on the one hand and, on the other, counter-responses to globalization and the growth of countercultures, for example, the worldwide resurgence of Islamic militancy and the rise of anti-globalization movements. Much of the literature on globalization, however, focuses on its economic aspects.

‘Threat to nation-states’ is another topic in the globalization debate. It has emerged due to the changes in the international state system brought about by the globalization process, especially the challenge to the state as an independent actor in the international system. Although states respond to new transnational challenges by investing more resources in multilateral organizations, their course of action is being circumscribed by the institutional weight of the largest organizations, such as the UN, EU, WTO and ASEAN etc.

Another prominent challenge to the state comes from the increasing importance of transnational sub-state actors in international politics. The term ‘trans nationalism’ was introduced precisely to fill a gap in the prevailing state-centric paradigm to denote interactions between non-state actors, that is, international interactions that are not directed by states”, as it became clear that the scope and impact of such interactions were too great to be ignored. The challenge to the traditional territorial nation-state and its prerogatives comes from both legal non-state actors, including global civil-activist networks such as anti-globalization movement as well as from illegal actors such as the Columbian drug syndicates and the global terrorist network of Al-Qaeda.
Effects of Globalization

Globalization has various aspects which affect the developing countries in different ways such as:

- **Industrial.** Emergence of worldwide production facilities / markets and hence broader access to a range of foreign products for consumers and companies. Particularly, movement of material and goods between and within national boundaries.

- **Financial.** Emergence of worldwide financial markets and improved access to external financing for borrowers. Simultaneous, though not necessarily purely globalist is the emergence of under or un-regulated foreign exchange and speculative markets.

- **Economic.** Realization of a global market, based on the freedom of exchange of goods and capital.

- **Political.** Some use "globalization" to mean the creation of a world government, or cartels of governments (e.g. WTO, World Bank, and IMF) which regulate the relationships among governments and guarantees the rights arising from social and economic globalization.

- **Informational.** Increase in information flows between geographically remote locations. Arguably this is a technological change with the advent of fiber optic communications, satellites, and increased availability of telephone and Internet.

- **Cultural.** Growth of cross-cultural contacts; advent of new categories of consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture". Some bemoan the resulting consumerism and loss of languages.

- **Ecological.** The advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary
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water and air pollution, over-fishing of the ocean, and the spread of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution.

- **Social International cultural exchange.** Increased circulation by people of all nations with fewer restrictions.
  - Spreading of multiculturalism, and better individual access to cultural diversity (e.g. through the export of Hollywood and Bollywood movies). Some consider such "imported" culture a danger, since it may supplant the local culture, causing reduction in diversity or even assimilation. Others consider multiculturalism to promote peace and understanding between peoples.  
  - Greater international travel and tourism.
  - Greater immigration, including illegal immigration.
  - Spread of local consumer products (e.g. food) to other countries (often adapted to their culture).
  - World-wide sporting events such as FIFA World Cup and the Olympic Games.

- **Technical**
  - Development of a global telecommunications infrastructure and greater trans-border data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones
  - Increase in the number of standards applied globally; e.g. copyright laws, patents and world trade agreements.

- **Legal/Ethical**
  - The creation of the international criminal court and international justice movements.
  - Crime importation and raising awareness of global crime-fighting efforts and cooperation.
Globalization and Extremism / Terrorism

Globalization has greatly increased the potential of distant conflicts to transform into transnational terrorism by reducing the significance of physical distance. The availability of faster means of transport / communication like aircraft and cell phones / internet have made the movement of extremist groups, their ideologies and required finances equally faster. What we are really seeing in the war on terror is that the increased "dispersion and democratization of technology, information, and finance" brought about by globalization has given terrorist groups greater mobility and access worldwide. Globalization and resultant proliferation of technology thus makes extremism / terrorism easier and deadlier in the short term. However, same technology could be used to track / nab the perpetrators. Moreover, in the long term, social-economic benefits of globalization help shrink the social space on which the terrorist ideologies thrive.22

Major factor behind al-Qaeda’s success is its reliance on cyber space opportunities for propaganda and communication purposes, bringing together disparate communities of sympathizers and supporters, and facilitating contacts between operative cells across continents. It is now believed that al-Qaeda, after Afghanistan, is metamorphosing into a “virtual” network, depriving its enemies of a geographical target. By posting electronic libraries of ideological and theological literature as well as training manuals, tactical handbooks and weapon instructions in written, audio and video formats on the internet, al-Qaeda uses web as ‘an Open University’ in its effort as fostering an Islamist-jihadist nation in cyberspace.

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Impact on National Institutions

Globalization has had serious impact on Pakistan’s economy, politics, society, law and religion. Like many other developing countries, Pakistan is experiencing the positive and negative effects of globalization. Along with some negative social effects, with the
opening of its economy in early 1990s, Pakistan has also seen the forces of market and consumerism paving the way for a competitive society. Some of the major fault lines which one can identify in terms of globalization and human development in Pakistan are as follows:-

- The cultural implications of globalization.
- Growing asymmetry in income distribution.
- Growing unemployment because of stress on quality control and standardization of manufactured goods.
- Growing rural-urban divide.
- Failure to create awareness and consciousness in at the grassroots level about the advantages and disadvantages of globalization.
- Environmental fallout of increased industrial activity and growing urbanization.

As far as Pakistan is concerned, the confusion over globalization becomes serious because of six parallel societal trends:

- First, the ultra conservative or fundamentalist elements who perceive globalization as nothing but a tool of exploitation by the West and a cultural invasion to pollute the Islamic way of life.
- Second, moderate religious segments of society who are less politicized and are less critical of globalization but have suspicion and mistrust about it.
- Third, the ultra-modern such class who are real beneficiaries of globalization and see things primarily from the point of view of their economic and social interests.
- Fourth, the upper middle class, who see glamour in globalization but have to climb many stairs in order to be co-opted by the capitalist class.
- Fifth, the middle class which has serious misgivings about the economic and cultural fallout of globalization but is at the same time interested in seeking benefits from that system.
Sixth, the lower class which has minimum awareness about globalization, but is the worst sufferer of development engendered by the market economy.

In Pakistan, radical human rights activists oppose the neo-liberal type of globalization. They support instead the movement for the globalization of UN based human rights. The Islamists on the other hand, oppose the recognition in Pakistan of the UN based rights of women and non-Muslims and strive to gain acceptance for Islamic globalization. The state, while subordinating itself to the neo-liberal agenda, usually sides with the Islamists on the question of human rights. 24

**Culture.** Globalization of culture, at its most profound level, sees the growing development of a consumer culture, a culture that seems to encourage a new global vision. 25 The response of Pakistani state to various cultural globalizations has been inconsistent, contradictory and confusing. Partly this follows from tensions within its national identity. On the one hand, Pakistan aspires to remain a modernizing Islamic democracy with a commitment to modern democratic freedom, on the other, theocratic tendency, inherent in its freedom movement and later co-opted in its constitutional and legal provisions by successive governments, requires a manifest adherence to Islamic law and morality.

While, cultural globalization aims to push diverse cultures into a melting pot shaping these in such a manner that the culturally underprivileged groups are also able to play their role, there is a backlash against globalization from the cultural nationalists. For Islamists, globalization is a threat to the traditional family system which encourages women to seek independence from the closely knit family system. For modernists, globalization is an opportunity to reshape Pakistan’s cultural paradigm by breaking traditional taboos.

**Economy.** Since early 1980s, Pakistan has pursued a policy of economic reforms and has introduced openness in its economy. Pakistan first committed itself to accepting structural
reforms to liberalize its economic policies to accelerate the pace of integration with global economy. After the inception of the WTO regime in 1995, the process of linking Pakistan’s economy with the global economy was accelerated.

Globalization was partly instrumental (other factor being the Government’s policy on GWOT) in Pakistan being able to achieve a sustainable average economic growth rate of 7.5 % from the year 2005 to 2007. Foreign debt was reduced to US $ 36.5 billion and the economy no longer depended on foreign aid. Trade policy became more liberal and more export oriented than it was previously. Exports increased to over US $ 17 billion and the country attracted over US $ 3 billion foreign investment. That was a manifestation of the positive effects of globalization.

In 2008, worldwide economic recession and soaring oil prices created grave problems for Pakistan’s economy. Foreign exchange reserves plummeted to an all time low in the first half of FY 2008-09. Deteriorating law & order situation has discouraged the FDI. Flight of capital from the country and resultant dip in Forex reserves has brought us close to the default. Unprecedented rise in the oil prices adversely affected the prices of all essential commodities especially food. That was a manifestation of the negative effects of globalization. With the recent about reduction in the oil prices, the Pak economy was on the path of overall recovery. However, some recent ill-advised decisions by the Government and resultant internal turmoil have jeopardized the economic recovery. It has more to do with overall poor governance than with any external factors like globalization.

Trade. Globalization demands quality control, observance of intellectual property rights, removal of subsidies and standardization of the goods manufactured. Initially, the Pakistani exporters were unable to compete with their counter parts in the developed countries because of the conditions imposed under the World Trade Organization (WTO) regime. In Pakistan, the manufacturers who have adjusted themselves to the trade demands of the globalized world are not facing problems as the ones who have failed to adjust to new realities.
The sports goods industry came under bad light due to the allegations of child labour. However, when the issue was addressed amicably, there have been no further restrictions and the industry is making good profit from the exports. The stringent quality control regime has created some problems for the female employees of textile / garment and food crop based industry. This might lead to a significant decline in female employment in Pakistan.  

The best way to tackle this challenge posed by globalization would be to develop female human resource and convert this challenge into opportunity. That is the only way to survive in this highly-competitive Global Village to which no one can shut its doors.

**Agriculture, industry, and new institutions.** The foremost impact of globalization can be seen in Pakistan’s cotton policy and its export. A separate Ministry of Textile was established recently to create an environment for healthy competition in the textile trade. Industry, banking, and services sector have also undergone tremendous transformation. The following new institutions were created in Pakistan:

- Ministry of Textile.
- Ministry of IT and Telecom.
- Ministry of Women Development.
- Higher Education Commission (HEC).
- Privatization Commission.
- Board of Investment. (BOI)
- Security & Exchange Commission of Pakistan. (SECP)
- Small & Medium Enterprise.

Some of these institutions have been a success story whereas others have failed to measure up to the expectations. Ministry of IT and Telecom has been instrumental in advancement of Information Technology and revolution in the field of telecommunications. Higher Education Commission (HEC) under Dr. Atta-ur-Rehman managed to channelize the large funds available towards higher education. During his tenure, a large number of foreign scholarships were availed and local Ph D programmes were introduced; controversies regarding the quality of some of the local research
work notwithstanding. Ministry of Textile has made some contribution in promotion of value-added textile exports. Its success has been limited due to powerful international textile lobbies. The performance of Ministry of Women Development, Board of Investment and Small & Medium Enterprise has been at best average. Privatization Commission which was mandated to liquidate under-performing or sick public sector enterprises, has emerged as a party in loot sale of some national assets at the behest of powerful vested interests. Security & Exchange Commission has generally been a failure in safeguarding the interests of a large number of stake holders. In the ultimate analysis, it is surmised that there is no issue with the noble mandate of all these institutions. The problem lies with the implementation which falls prey to the vested interests of powerful bureaucratic and business lobbies.

**Human Development.** Pakistan, like other developing countries is also facing the challenge of globalization particular with reference to the issue of human development. Ironically, those at the helm of the affairs in Pakistan have failed to understand the two major realities of globalization. First, to develop indigenous technology so as to better the infrastructure and quality of life of the people of this country and to effectively deal with external influences in the shape of superior products influx of information impacting on society. Second, the failure of leadership in Pakistan to unleash a process of knowledge revolution in order to improve the state of human development.

**Education.** In the wake of globalization, privatization of education is taking place in Pakistan at an unprecedented pace. So far, for instance, over 30,000 private educational institutions have been established in Pakistan. The main issue has been the disparity between the standard of education in private / international affiliated institutions and most of the government-owned schools. Whereas, on one hand it has created a breed of youth fully equipped to compete with the world, on the other is a larger breed severely challenged in so far as the competitive world is concerned. It has resulted in creating two distinct classes in the society: English speaking and non-English speaking. The educational gap between the ‘haves and the have-nots’ have been widened.
Politics. Globalization is also emerging as a driving force behind national policies and the process of democratization of developing countries. Local and national values and identities are being submerged by globalization. For instance, it is becoming more difficult to impose and to sustain authoritarian or military rule. Cognizant of likely reactions from the global community, the military take over in Pakistan on October 12, 1999, for instance, did not opt for imposing martial law in the country, unlike the situation in 1958 and 1977. Such political developments were carefully watched and monitored by outside forces. A crack down against religious extremist groups in January, 2002 and again as a fallout of recent Mumbai attacks is another example of political globalization. Globalization is putting up fences and erecting barriers against the rise of fundamentalist tendencies in many countries and more specifically in the Islamic countries with Pakistan in the forefront. Unfortunately, the rising tide has not been stemmed as socio-economic uplift of the deprived segments of society, which happen to be fertile for such tendencies, has not materialized. As such, the social space wherein the extremist ideologies thrive has not been curtailed.

Religion. Muslim societies have been affected by the wave of globalization. Islamic values including family relations and women rights have been subjected to criticism as a result of globalization. The situation has been compounded by the wanton acts of the terrorists who, in the name of Islam, have taken thousands of innocent lives. Ironically such activities have proliferated around the world riding on the vehicle of globalization. Partly out of their sheer ignorance and partly due to the negative / biased projection in media, which is again a vehicle of globalization, a large portion of non-Muslim world has started to take Pakistan as a bastion of extremism and terrorism.

Human Rights. Hand-woven carpets and sport goods produced through child labor in Pakistan have been frequently cited as human rights violations. Western countries even banned the import of such goods, as they wanted certification of ‘Free of Child Labor’ for the import of such items into their markets. For instance, they also wanted implementation of stronger FIFA (Federation of
International Football Associations) code by the Sialkot Chamber of Commerce and Industry to make sure that human rights violations did not occur. It needs to be pointed out that human rights organizations have failed to seriously take up issues regarding severe human rights violations in Kashmir or Palestine where the involved states continue to exploit the situation by employing the worst form of what is often referred to as ‘state terrorism’.

CONCLUSION AND RECOMMENDATIONS

Conclusions

In the context of Pakistan, the benefits of the globalization will take place primarily through good governance and rapid economic growth. Few conclusions emerging from the discussion so far are: -

- In the globalized world, only those nations have a chance to succeed who have excelled in knowledge, information and technology. Countries with strong work ethics, sound educational system, social and economic justice, political stability and the rule of law can transform the challenge of globalization into an opportunity.

- The road to human development in Pakistan cannot be smooth if people are without a basic sense of security: the affluent class keeps a monopoly over power, resources, whether human, material or of information. Without inducting professionalism in society through better work ethics, social justice, good formal education, sound technical training and rule of law, the major indicators of human development cannot be positive.

- As long as knowledge is not processed in Pakistan in the shape of power, there will continue to be the curse of poverty, illiteracy, underdevelopment and unemployment. A knowledge based economy and education aimed at benefiting the majority of people
by uplifting their quality of life should be the hallmark of the state and society of Pakistan.

Courses Available. Having closely studied the process of globalization with a view to assess its impact on developing countries which Pakistan is a part of, following are the courses of action available to the developing countries in general and Pakistan in particular:

- **Course A.** Become part of the globalization by accepting the international norms, in the areas which do not challenge the national identity / interests. In this regard, China is an example which has accepted some fundamental changes even in her culture.

- **Course B.** Become part of the system by accepting all its features. Open the country for free flow of economics, technology, education, media, culture and foreign direct investment with minimal conditions. In this regard, Belgium is an example which is one of the most globalized countries.

- **Course C.** Do not become part of this process, workout own priorities and policies of protectionism to maintain strong grip over all state institutions. This would mean driving yourself away from the mainstream the world which would be somewhat similar to the Cold War era Soviet Union.

- **Recommended Course.** Course ‘A’ is recommended. This course goes along with the dynamics of Pakistani society. In fact, it is already being followed in one form or the other, by design or by default. Basically what we need to do is strengthen our institutions; be it political, economic, educational, cultural or commercial. The recommendations for complete adoption of this course are discussed in the succeeding paragraphs.
Recommendations

**General.** Like any development in human society, the MNCs being the main instruments of globalization, have both negative and positive sides. Nevertheless, it is a fact that these MNCs have contributed a lot to growth in developed countries. The reason being they (both societies and MNCs) have progressed side by side and along with each other. It has been an evolutionary development and there are now strong institutions, legislative bodies, regulatory agencies, judicial system and consumer societies to check and maintain the balance from within. However, in case of the developing host societies a rather uneven contest is taking place. This needs to be addressed as discussed in succeeding paragraphs.

**Three levels of intervention**

- At the grassroots level, popular consumer movements need to be organized to take care of this unequal contest. MNCs need to be influenced to conduct social research related to the host countries’ problems and to contribute certain portions of their profit to social sector development, particularly education and social sector development in the host societies. This is one level of intervention.

- The other stage of intervention relates to governments, both at local and global levels. While host societies should legislate according to the local needs ensuring that benefits and burdens are evenly distributed with a bias in favor of low income groups.

- The issue needs to be addressed at the global level by the UN and its relevant (UNCTAD and other) agencies. It needs to be made clear that there should be a global strategy to chalk out a comprehensive program of moving towards healthy competition by the present inequalities. Indeed this is possible if businesses start creating value not only of stake holders but also for the societies and the ecology.
Pakistan Specific

**Stable Political System.** Being the key institution on which all the other institutions depend, a stable political system should be allowed to take root with least interference from the establishment: civil / military bureaucracy. Free, fair and timely elections will bring out the best from people and strengthen the system. The politicians may falter initially; they will ultimately start to take correct decisions through consensus. The ultimate control of all instruments of national power must lie with the political government.

**Economic Revival.** In the quest for economic revival, various areas that need immediate attention are:

- **International Trade.** Despite adoption of liberal trade policies over the last decade, there are still some impediments in growth of our international trade, which need to be immediately addressed in order to bring it in line with the global trends. Following steps are recommended:
  - Revival of investor confidence through removal of procedural hitches and improvement of law and order situation.
  - Improvement in the quality of production through total quality management and competitive pricing in line with the international market.
  - Revitalization of commercial sections of our embassies abroad and posting of competent commercial attaches with well-defined incentive-based trade targets to be achieved in given time.
  - Restructuring and mechanism for close coordination of all Government bodies dealing with exports.

- **Foreign Direct Investment.** Following are the specific areas of improvements:
• Foreign investors should be allowed to negotiate the terms and conditions of payment of royalty and technical fee suited to them as well as acceptable to the multinationals for transferring technology.

• The government must further liberalize the foreign exchange regime. Foreigners should be allowed to bring in, possess and take out foreign currency and to open accounts and hold certificates in foreign currency. The Government should continue extensive investment incentives including credit facilities, fiscal incentives and visa policy.

• The country must maintain continuity of well thought out investment policies regardless of the change in the government. A stable political system is the key for such continuity.

Promotion of Culture. In this age of media explosion, no society or culture can remain totally isolated from the influence of the other cultures. The best way to safeguard own cultural values and traditions is to take pride in them and infuse same in the younger generation. Following measures are recommended in this regard:

- Revitalization of educational syllabus to promote pride in own culture and encourage pluralism through respect for other cultures.
- Government patronage for holding various cultural events and encouragement of whole-hearted participation by all segments of society and not only the elite class.
- Strict action against the elements who try to sabotage cultural activities in the name of religion.
- Development of the historical sites and allied facilities on international standards to promote cultural heritage through tourism.
- Active role by the media in promotion of own culture and checking invasion of unwanted culture as well as
countering anti-culture propaganda of the fundamentalists.

**Foundation of Technical / IT Base.** The factors needed to be addressed in this regard are: -

- Focus and generous funding on technical education right from the school level.
- Establishment of international standard institutes of science and technology like the five Indian Institutes of Technology which are regarded as premier world class institutions.
- Special incentives and requisite facilities for HRD in the field of IT and development / export of computer software.

**Brain Drain.** Rising demand of professionals in modern fields such as Information Technology has resulted in wave of migration from Pakistan to the Western countries. This phenomenon could turn out to be a blessing in disguise. These professionals who are migrating will provide strong linkages and act as I.T experts from Pakistan in the medium to long term. However, in the short term this exodus is creating substantial gap between the demand and supply of technical personnel within Pakistan. This drain on well-trained / competent human resource should be addressed by broadening the base of HRD in the same fields.

**Conclusion**

In a nutshell, the process of globalization has been taking place for centuries. The modern technological revolution has only hastened the process. Globalization has been affecting both the individuals and the states alike, as the impact of globalization is all encompassing. As a result of globalization, not only the traditional authority of the state has begun to erode, the very basis of the nation-state system is also being questioned. Transnational corporations and institutions have been gaining immense influence. The process has become a source of integration as well as confrontation between and among the states in the present day
international system. Being largely rigid and conservative, the developing societies, states, institutions and values have been experiencing both the advantages and perils of globalization. To what extent the process of globalization would ultimately effect developing countries is as yet difficult to determine.

Globalization offers many opportunities to the nations willing to take risks. However, if nation states sacrifice too much of their identities to the dictates of border less economy, a black lash of globalization can occur. Therefore, in order to reap the benefits of the globalization and to reduce their vulnerability, it is important to open the economies but the liberalization of the economy should be in gradual phases coupled with domestic macro economic stability based on a transparent financial system.

Through the process of globalization the world needs to move towards establishing a true global village, while maintaining the cultural diversity of various countries. Diversity is the beauty of life and is a great human asset. Any effort by a dominant group to impose a particular culture on the rest of the world will create problems for the whole world. What we need is a human face of globalization.

As for future of globalization, it is reasonable to assume that the process of increased interconnectedness, interdependence and softer borders will continue. The CIA-sponsored *Global Trends 2015*, published in late 2000, revised its previous estimates by placing even more emphasis on globalization ‘as a more powerful driver’ than previously anticipated.

Notes

2 Ibid.

58 NDU Journal 2009
6 www.gsm.uci.edu/econsoc/Guillen.html
12 Khalid Rehman, *The Role of MNCs and their Socio-Economic Impact on Host Societies*, ASCE (University of Karachi), p.23.
13 Ibid, p.36.
14 N.M. Kondap (Vice Chancellor Narsee Monjee University), *Changing Paradigms*, Business India, October 22, 2006.
15 *Trade on Human Terms*, Asia Pacific Human Development Report, 2006, UNDP.
27 Research undertaken by the Sustainable Development Policy Institute (SDPI), Islamabad.