

Pakistan in the Era of Globalization

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Abstract: Pakistan is dealing with changes in its foreign policy, security, and diplomatic stance, and is doing well in all of them. Its balanced attitude between the US and China prompts the position of mediator between the Kingdom of Saudi Arabia and Iran. Pakistan has made steps to curb terrorism and tourism, which have borne benefits. Pakistan has addressed all of the issues in its foreign policy to a significant extent.

Index Terms: Global face of Pakistan; Pakistan regional relationships; neighboring countries image and impact; Pak-China trade and US economic growth.

I. INTRODUCTION

Globalization is an ever-growing trend in economics, security, and even individuals, as different cultures rapidly exchange ideas. The new globalism that developed in the mid-1980s continues troubled countries, large and small, as well as international institutions created for an earlier time. It has witnessed thirty years of globalization deep financial crisis as well as remarkable economic growth. On the positive side, a number of developing countries did quickly progress. They tapped into global capital flows, technology, goods and services, and in the process they have revived their domestic industry and entrepreneurial activity and accelerated structural transformation of their economies.

Pakistan is surprisingly not among this group of emerging economies. Simply said, globalization refers to the expansion of the global economy. There is more trade, investment, technology, finance, and human migration between countries and regions. Globalization facilitates catch-up, but it also emphasizes the importance of learning. Because of the fragmentation of production into global value chains, developing nations can now participate in the manufacturing of complex products without going through the industrial path normally associated with hosting an independent production plant.

Without going into the economic history of the last 30 years, it is so clear, Pakistan has remained on the fringes of globalization other developing countries—some under less fortunate circumstances—have advanced in the world economy. Of course their progress is independent of our slide, but indicative of missed opportunities. Although Pakistan's economy was seemingly booming, global trends reduced its industrial base to low-tech, reclassified its exports as traditional and raised entry barriers for dynamic industries. Pakistan paralysis is especially disappointing as successive governments he swallowed the bitter medicine of the Washington.

Nonetheless, Pakistan must participate more actively in globalization. This article focuses on a crucial characteristic of globalization, international production, and recommends strategies to use it to modernize

industry and better integrate the domestic economy into the global economy. All of this will necessitate national effort; successful globalization participation entails more than policy liberalization and market orientation. It is also a challenge: today's geopolitical context is considerably different from that of the 1980s, and the competitive environment is very different. As a result, a new approach to industrial strategy is required.

Literature Review

Countries with open economies correspondingly have the maximum per capita growth discussed in some empirical studies (Frankel & Romer, 1999). Whereas economic growth affects the incidence of armed conflict. Collier, Hoeffler, and Collier (2002) also approve that upsurge the occurrence of the fight due to the small growth proportions. Pingali (2007) examined the impact of globalization on the agriculture and economic expansion in Pakistan.

The impact of globalization varies from the nation to nation and region to region because it depends upon on the political, economic and social development and for instance the macroeconomic policies. Under developed countries suffer from globalization because it has an adverse influence on the development of the economic sector. According to Walsham (2) "The term globalization has achieved the unusual status, in a relatively short time, of becoming fashionable in academic debates in the social sciences, in the business world, and to some extent in the popular media. However, even a cursory examination of these sources would demonstrate that the term is highly ambiguous, and that it masks a wide variety of opinions on what is happening in the world".

Robert and Lajtha (2002) explore that the multinational companies hire cheap labor from the developing countries and provide poor working conditions, lower labor standards along with negligible up gradation of knowledge. Richardson (2002) explores that the rich and developed countries controls not only the political leaders, but also the social and economic strategies in the developing economies. It is noteworthy to mention that the developing countries are exploited by the rich and powerful countries to the extent that they are not supposed to spend the aid on their desired projects. IMF Report (2000) on globalization elucidates that globalization intensify the different dimensions of inequalities. The dominant position is enjoyed by the rich and powerful countries by exploiting and influencing the government policies of the developing countries.

Literature Gap

Globalization is on old term with new face of Glocalization. Is Pakistan government ready to reap maximum gains from globalization? To promote export culture, government must involve export processing zones.

Theoretical Perspective

Globalization is a complex and interconnected phenomenon with positive and negative impacts, embracing socio-economic, cultural and political situations and identities (Coleman, 2006). Neoliberalism and socio-economic situation of societies are very well connected to each other. Neoliberalism is easily adopted by the high socio-economic group of societies because they perceive that they can buy anything with the power of money. They perceive that money is the problem and the

solution in this world. Accordingly, this money factor has changed face of society, which is to be guided by economic principles and cost-benefit analysis diverting learning from its main objectives which is to produce skilled and responsible citizens for social transformation (Misiaszek, Jones & Torres, 2011).

II. Methodology

Comparing Pakistan with different countries under different systems can create a knowledge gap. Despite the fact that it could be a better way to analyze the policies, methodologies and systems of different countries or different societies within a country. In the era of globalization, Pakistan has changed the pattern for analyzing these policies because different theories could be used to gain knowledge in different situations (Dale, 2005). To analyze this, the paper focuses on the conditions and effects of "Globalization" using different examples from Pakistan. The way social power abuse, dominance, and inequality are enacted, reproduced, and resisted by content and discourse in the socio-economic and political contexts (Van Dijk, 2008). This paper critically theorizes the challenges, aspects and factors which are responsible for Pakistan's appearance in the world.

Challenge for Pakistan

The challenge of globalization for Pakistan is to situate the economy within the developing constellation of cross-border links in order to capitalize on chances for rapid growth. At the moment, the country is more of a beneficiary of globalization than a participant, and it needs to adjust its conditions of engagement from passive to active participation.

On the plus side, the cross-border migration of workers has benefited Pakistan greatly. Pakistani workers travelling abroad are a type of outbound investment that has resulted in huge remittance flows to the home economy. These remittances have produced micro-benefits for low income groups and poverty reduction, as well as macro-benefits in terms of encouraging domestic demand among a rising middle class and relieving external resource limitations. Remittance receipts climbed from 1% of GDP in 2000 to 7% in 2013, and growth in remittances has surpassed trade growth. On the negative side, Pakistan has been sluggish in terms of investment and exports. It was not a big beneficiary of the global rise in FDI.

There was limited FDI in manufacturing, with much of it concentrated in the extractive industry, which has little economic spillovers. Overseas direct investment (FDI) in services (e.g., banking and telecommunications) was good, but also resulted in overseas outflows of earnings and dividends (Hamdani, 2013). Pakistan has likewise been a latecomer to international production and global value chains, and has not entered the dynamic areas of global trade. It imports technologically advanced items but does not export technologically advanced things. The majority of the country's manufactured exports are labor-intensive textiles and clothing, which compete in a saturated global market with deteriorating trade conditions.

Impacts of Global Power Dynamics on Pakistan's Foreign Policy

The emergence and fall of major powers, the dynamics of world politics are revolutionized and dramatically transformed. When significant players in the global system

either rise and ascend or fall and plummet, the global power structure, configuration, player interests, and well-being change dramatically. As a result of these effects, significant players begin to strive for survival; old powers struggle to keep their influence, while new developing powers struggle to replace the powers of old ones through their authority.

As a result, strain and friction mount among old and new players regarding the retention or transfer of power. There is no way for the countries that are vital to contending powers to escape the power struggle and global change. The throbbing and agonizing tragedies of confrontation, hostilities, conflicts, and battles are generally the outcome of power shifts between different civilizations and nation states. Various growing and rising economies have triggered a shift in global power dynamics. As a result of economic expansion in many nations, particularly in Asia, the total global asset structure has been revolutionized. Over the last two decades, countries such as China, Singapore, Japan, South Korea, India, and Malaysia have experienced unprecedented economic prosperity and growth.

Russia and Pakistan

India is Russia's largest armed hardware importer. Pakistan is entitled to the import of the required arms and military aid. If Russia is recognized as the regional counter-balancing force in South Asia for promoting tranquility, peace, and stability in the region, or if Pakistan achieves the same position as India, this will have a very positive impact on Pakistan's economy and geostrategic importance.

This decision will also assist Russian military dealers. Because both countries are

dealing with counter-terrorism, they should conduct combined armed drills on a regular basis in order to eradicate this social evil. Islamabad will be more valuable to Moscow because the Pakistani army has been combating terrorism and non-state actors for more than a decade (Bowen, 2021).

India and Pakistan

India's expanding power and US support will undoubtedly have a strategic impact on its neighboring countries, particularly China and Pakistan. This impact, however, will have a significant impact on Pakistan while not changing the fundamental power balance that exists now. Because Pakistan-India ties have been strained since their respective states' split, the development of Indian dominance will almost certainly have a negative influence on Pakistan's economy, politics, and overall survival. Pakistan is already besieged by India's armed and military forces, as seen in Kashmir today, making the future of Kashmir unhappy and unclear.

The only variables that have prevented India from launching a direct attack on Pakistan are the prospect of nuclear exchange or state destruction, and India's expanding power will never be diminished by either of these causes. India's hegemonic goals would undoubtedly destabilize the balance of power as it increases its military assets, including military ballistic missiles, as well as its economic means, posing the possibility of conflict (Zeb, 2015).

Saudi Arabia and Pakistan

The Saudi-Iran feud and competition has spread beyond the Middle East and is now having an impact on South Asia, with direct repercussions for Pakistan's economy,

riches, security, and society. Pakistan has a small Shia population, whereas the Sunni population dominates the region. The power struggle between Saudi Arabia and Iran has produced a deep schism between Pakistan's Sunni and Shia populations. Following the 1979 insurrection and revolution, Iran actively supported Shiites throughout the region; in retaliation, Saudi Arabia funded numerous religious seminars in the 1980s that focused on teaching Islam to Pakistanis.

It was discovered that these seminaries were more frequently implicated in prevailing sectarian hatred, which results in radicalization and reinforces the roots of divide among Pakistan's Sunni and Shia communities. Different sectarian terrorist groupings are the direct result of the country's sectarianism and religious polarization as a result of the Saudi-Iranian power struggle. In the past, we, the people of Pakistan, have confronted a serious issue of terrorism, and sectarian hatred and violence played a significant role in its contribution (Ali et al., 2020).

Pak and China-US Trade War

Since its inception, Pakistan has done its utmost to cultivate good partnerships with all countries, particularly the superpowers. Because of this collaborative approach, China initiated an economic project CPEC in 2013 valued around 46 billion dollars, which has since grown to 70 billion US dollars. This project has created a large number of jobs in Pakistan and also provides a road way for China to conduct trade over the Pakistani Arabian Sea, which benefits Pakistan. Pakistan, on the other hand, exports a large amount of items to the United States. Both countries signed a trading agreement in 2003,

which climbed from 2.8 billion US dollars in 2003 to 5.8 billion US dollars in 2011.

Pakistan was the United States' #1 trading priority in 2010. In the fiscal year 2019-2020, Pakistan's exports exceeded those of China, while China's imports from the United States exceeded those of Pakistan. Many analysts believe that the conflict between the two superpowers will be helpful to Pakistan's economy. In the current situation, Pakistan has a good opportunity for future investment and has established a bilateral trade attitude with China. Pakistan has become more competitive and has surpassed China in numerous industries, including textiles.

Another economist believes that trade ties between Pakistan and the United States are strengthening. Pakistan needs more US assistance than the US requires of Pakistan. In 2011, bilateral commerce between Pakistan and the United States increased from 2.6 billion dollars to 5.8 billion dollars. If any obstacle arises in the bilateral economic relationship between Pakistan and the United States, the Pakistani economy will face major dangers. (YUAN Yutong and CAO Yujue, 2020).

Factors Responsible for Futile Foreign Policy of Pakistan

Geographical Factors

Pakistan's geostrategic importance assists policymakers in formulating a well-balanced foreign policy. Pakistan and China have excellent bilateral relations, and China has continuously supported Pakistan throughout difficult times. China is viewed as a threat to India's economic goals and regional geopolitical ambitions. Aside from these benefits, India, Pakistan's archenemy, is

always attempting to undermine Pakistan's foreign policy. America is aiming to accomplish the same thing, as China is Pakistan's closest friend and a rising economic and military giant (Zeb, 2015).

Fragile Economic System

Because of its poor economic status, Pakistan has kept close ties with wealthier nations such as the United States and international organizations such as the International Monetary Fund and the World Bank, often at a cost. These organizations have interfered with the monitoring, social, and political policies of the lending nations. Pakistan has received loans from the United States, China, Saudi Arabia, the World Bank, the International Monetary Fund, and others (Z. Iqbal, 2011).

Kashmir Issue

The Kashmir issue has dominated Pakistan's foreign policy agenda. Pakistan sees Kashmir as its jugular vein, and India as the aggressor in Kashmir's terrible captivity. The Kashmir issue has hurt its relations with India, the United States, China, and Russia, as well as the Muslim world. Pakistan was forced to identify with the American Block in the 1950s in order to secure its security through military and economic aid. India and Pakistan have been involved in three wars and other conflicts, the most recent being the Kargil conflict in 1999 (Nawaz, 2018).

Corruption

Inequality, general investment, crime, official growth, foreign trade and aid, the shadow economy, and foreign direct investment are all affected by corruption. The corruption model demonstrates how corruption contributes to poverty by altering

the governance characteristics that contribute to poverty (Javaid, 2010).

Terrorism

Terrorism is defined as the use of unethical violence against individuals for political gain. Force used unlawfully against people or property for personal or political gain. Terrorism's purpose is to garner as much media attention as possible. Terrorism has a big impact on Pakistani foreign policy because the country has a greater terrorist rate than the rest of the world. Due to security concerns, the New Zealand cricket team has declined to play in Pakistan. Terrorism has an impact on policy since it jeopardizes Pakistan's economic objectives (Malik et al., 2019).

Money Laundering

Another policy-related phenomena is money laundering. Money laundering is frequently regarded as a method by which criminals conceal their illicit origins. The fraudsters profit without jeopardizing their sources throughout this approach. The United Nations and other international organizations are working hard to draw attention to this sensitive issue that is creating foreign policy failure. Terrorists profit because their crimes are simple to carry out, while the broader public loses lawful money and rights as a result. Surfing is one of the most common types. To avoid detection, thieves divide large quantities of money into little portions during the procedure (Ahmed et al., 2015).

Poor Governance

There is a connection between those who dominate and those who are dominated by decisions made. Corruption, portrayal, and unjust policies are all signs of poor governance. Poor governance is exacerbated

by a lack of accountability and dishonesty on the part of people in positions of authority, as well as corruption. Poor governance is the root cause of foreign policy failure. Furthermore, due to a host of financial, political, and legal challenges, the administration is to blame for a lackluster foreign policy. Due to political and sociological differences with other countries, Pakistan rarely fails to implement foreign policy (A. Iqbal, 2015).

III. Recommendations

Stable Foreign Policy

A balanced foreign policy is one that has elements that can be used to impress other countries. Foreign policy should not be developed solely for the sake of gaining benefits and advantages. Rather, our foreign policy should be structured in such a way that if a country does not agree with one aspect, it can find benefits in another. We should not make foreign policy with the idea of foes and friends in mind.

Rather, we should make it more effective by including the points that attract the attention of other countries. As a result, when other countries see an advantage in certain aspects of our foreign policy, they will reach agreements with us, resulting in positive bilateral relations. As a result, Pakistan will be regarded as a friendly and peaceful country. Furthermore, we will have increased assistance from global powers, which will have a good impact on our foreign policy (Rai, 2020).

International Trade

It is the activity of trading goods between countries. It exposes countries to items that they cannot make using their own resources. Pakistan's foreign policy can be

made more effective by increasing international trade. When Pakistan utilizes its resources (such as manpower, techniques, and so on), it will be able to produce a list of items at a faster rate and at a lower cost. When these commodities are exported, it leads to economic growth.

As a result of the benefits of currency exchange, a strong economy results in a more successful foreign policy. Furthermore, by promoting commercial activity with other countries, positive contacts are established with them. As a result, we will receive more international backing, cordial contacts will be established, and Pakistan will be seen as a peaceful country. It will have a favorable impact on the economy of Pakistan (Shafi et al., 2020).

Tourism

By developing tourism in Pakistan, we can make foreign policy more effective. We should encourage tourism and welcome visitors to Pakistan. They will visit Pakistan and learn more about it. They will be aware of Pakistan's geography, culture, people, and natural beauty. Most importantly, they will learn about Pakistan's peacefulness.

As a result, when they return to their home countries and travel across the world, they will have favorable impressions of Pakistan. They will extol Pakistan. They will bear witness to the truth that Pakistan is a peaceful country. As a result, when global powers learn more about Pakistan's geography, beauty, minerals, and resources, their interest in the country will grow. They will build more cordial relations with Pakistan (J. Khan et al., 2022). This will have a favorable impact on Pakistan's foreign policy.

Creating Good Relations with Muslim Countries and Uniting Muslim Ummah

Pakistan has always worked hard to foster good relations with Muslim countries and Muslim world unity. This is because Muslim unity provides protection and advantage to Pakistan as well as all Muslim countries. Our Holy Prophet (SAW) strived for the ultimate strength and development of Muslims as well. It can be accomplished by assisting Muslim brothers and Muslim countries in difficult conditions such as economic difficulties, defense issues, conflict, and so forth.

Pakistan has participated in a number of activities to promote Muslim world unity. For example, during the Arab-Israeli war in 1973, Pakistan backed the Arab alliance. Pakistan is an OIC member and has played an important role in the organization's efforts to strengthen its foreign policy. Helping Muslim countries fosters a sense of cohesion among Muslim worlds, which has a direct impact on our foreign policy (I. Khan, 2012).

Measures to Eliminate Terrorism and Restrain Money Laundering

Another significant responsibility is to work towards the abolition of terrorism and money laundering in the country. These activities have a negative impact on other countries, resulting in strained relations. As a result, our foreign policy is ineffectual. The Financial Action Task Force (FATF) is an international organization dedicated to eliminating harmful practices. It has placed Pakistan on the grey list, indicating that the country supports terrorism financing. This has a negative impact on Pakistan's foreign policy. As a result, the government should take prompt action to remove Pakistan off the grey list (Qureshi, 2017).

Inauguration of Good Governance

Good governance is the process by which all processes in public institutions are carried out without any dishonesty, inequality, corruption, or violation of fundamental rights. Unfortunately, Pakistan is dealing with a problem of bad governance, which is impeding the country's development. It is possible to transform it into excellent governance by using the following measures: Separation of government and non-government resources. The government should mediate and continue past governments' development plans. Rural communities must be developed. Laws and organizations should be established to combat corruption and other societal ills. Workers should be paid what they are worth. These preceding processes culminate in good governance, which determines national services among the people. It promotes social and economic development on an equal footing. As a result, economic progress leads to good foreign policy (Ismail & Rizvi, 2000).

IV. Conclusion

Due to the different political, economic, and social environments, the effects of globalization fluctuate between countries and regions. Globalization has also hit the Pakistani economy. Empirical studies explore the influence of globalization on industrial and services sector of Pakistan.

Because the preceding explanation is centered on how world power shifts and geographical shifts affect Pakistan, Pakistan must now take some defensive actions as well. Pakistan's foreign policymakers must reshape the policy in such a way that balance is achieved; we must establish strong ties and bonds with all, regardless of wrong or biased

favors; we must remain neutral; and we must work to expand our economy and geostrategic position. To prevent complications in Pakistan's foreign policy, the country has taken tough and uncompromising economic measures to improve its economic power. To that end, it signed the CPEC agreement with China in order to get access to Chinese markets. Its primary goal was to address Pakistan's unemployment, energy deficit, and infrastructure needs. Pakistan is trying everything possible to improve its economy and play a role in global events.

If we want to attain sustainable development in Pakistan, we have to globalize our resources, increase the serious efforts of poverty reduction, own green and clean technologies to increase industrial and agriculture output, control the growing population and urbanization rate. As far as globalization is concerned it can play positive and significant role in attaining sustainable development by protecting environment through adaptation of green technologies. Last but not least, there is need to enhance the level of education in Pakistan that can help to alleviate poverty, increase the awareness of world and generate the understanding to globalize resources.

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