

Shipwreck in Greece: Why were half those onboard Pakistanis?

At least 298 passengers who drowned in the infamous shipwreck off the Greek coast on June 14 were from Pakistan, *writes Farooq Sulehria for Green Left (Australia)*. Twenty-five came from the same village in Pakistan-administered Jammu and Kashmir. According to some reports, more than 400 people onboard the ship were Pakistani.

Initially, when the news broke, the mainstream media in Pakistan ignored it. The tragedy only got attention when the Pakistani origins of the dead were reported. Suddenly, it was headline news. The Federal government also took “notice” of the tragedy. However, neither the mainstream media, nor government spokespersons have answered the simple question: why were so many Pakistani citizens onboard the ship that sank to the bottom of Mediterranean?

In general, the government has blamed the rackets involved in human trafficking. A few arrests have been reported. Irritatingly boring, but expected, statements have been issued by the ministers and bureaucrats to condemn human trafficking. The mainstream media, meantime, have been busy blaming the victims. The “chattering classes” ensconced in palatial villas, echoing the heartless media discourse, are also holding the “risk-taking” youth responsible for mindlessly boarding the ship and paying exorbitant sums of money to the mafias.

The fact of the matter is that poverty and an utter lack of hope drives young people to hand over their parents’ life savings to human traffickers and hop on overcrowded boats leaving the Libyan coast in the dead of night. It is not that

the government or the media and chattering classes lack the knowledge about obscene poverty all around or the absence of hope in the country's darkening future.

By blaming the victims or pointing fingers at the people-smugglers, the apocryphal "1%" in control of the government and media absolve themselves. A few savvy ones, acquainted with postcolonial theories imbibed during their student days on Western campuses, also mention "Fortress Europe" in their tweets.

Fortress Europe, no doubt, is the prime suspect in the shipwreck under discussion (more in a while). However, Fortress Europe operates in Pakistan, like other countries on the periphery, in connivance with the native 1%. This 1% is equally responsible for the 300 or so coffins to be dispatched from the Mediterranean to Islamabad. Following is the indictment of Pakistan's 1% who connived with Fortress Europe in the shipwreck conspiracy.

Pakistan's One percent:

Pakistan's richest 1% own 16.8% of the wealth.

The richest 10% own 25.5%.

The poorest 40%'s share of wealth is also 25.5%.

This inequality is structured, systematised. One mechanism of this systemic inequality is the elite capture of the country's resources.

The benefits and privileges enjoyed by different vested interest elite groups (constituting the idiomatic 1%), amount to Rs2.66 trillion (US\$17 billion) annually. The taxation system is the largest source of benefits. Almost 50% of the \$17-billion in benefits the elite enjoys, occurs through the tax system (benefitting the landed class, traders and high-income individuals).

The landed elite, for instance, is granted a tax break of Rs195 billion (\$1.5 billion) annually (US\$1 was equal to Rs150 at the time of the study quoted here).

Rs468 billion (more than US\$2 billion) in tax revenue is lost owing to tax exemptions granted to the corporate sector. Similarly, large traders and high-net-worth persons are awarded tax concessions worth Rs612 billion (\$2 billion) respectively. Rs1275 billion tax concessions are granted on an annual basis. Another method benefitting the 1% (the primary beneficiary being exporters) is price mechanisms, accounting for 26%. Likewise, privileged access to land, infrastructure and capital (the military being the primary beneficiary) accounts for 24% of the Rs17 billion collective class privilege.

Ironically, the corresponding cost of social protection programs is roughly Rs600 billion (US\$2 billion). Roughly 10% – if health is excluded – of the population is covered by a social protection net. “If just 24% of the privileges of the powerful were diverted to the poor, this would double the benefits available to poor Pakistanis,” claimed a United Nations Development Programme (UNDP) study.

But how many poor are there? At least 32% in a country of 220 million people are poor. Based on the UNDP’s Human Development Index, in 2021–22, Pakistan ranked 161st out of 192 countries. According to the UNDP’s multidimensional poverty index, 38.3% – based on a 2017–18 survey – face multidimensional poverty, 21.5% face severe multidimensional poverty, while 12.9% of the population is vulnerable to multidimensional poverty. The intensity of deprivation is 51.7%.

Inequality as panacea

In the 1960s, a policy of “functional inequality” (à la Simon Kuznets) was introduced. In other words, a strategy of unequal

growth, accentuating inequality, was deployed in order to enable the capitalist class to accumulate more capital so that the rich had a higher level of savings.

These savings, it was assumed, would be invested into industry, resulting in higher economic growth. As far as inequalities were concerned, Simon Kuznets' theory was deployed to project an optimistic future: market mechanisms would in time overcome the inequality during the initial stages of unequal growth. This policy has "persisted to this day", claimed Pakistan's noted economist Akmal Hussain in his recently published tome.

The result of these policies in the 1960s has recurred almost every 10 years: exports based on primary goods and low-value-added agricultural-based manufactures do not keep pace with the import requirements of a rapidly growing manufacturing sector. This, in turn, leads to the following two consequences. Firstly, a balance of payments crisis occurs since growth after an initial spurt slows down. Secondly, to overcome economic slowdown, foreign aid was/is deployed. This is one critical way Fortress Europe enters Pakistan to trap the country into forever-ballooning debt.

Enter 'Fortress Europe'

Negotiations with the International Monetary Fund (IMF) were underway at the time of writing these lines. Perhaps, when 300 Pakistanis were handing over Rs2.3 million (US\$7000) each to the human traffickers for their fateful journey, the IMF-Pakistan negotiations were also underway. Pakistan has been begging for months for a \$1-billion tranche. To secure \$1 billion, Pakistan paid \$12 billion during the first half of the 2021–22 financial year (FY).

Pakistan's total external debt and liabilities have reached \$127 billion (41% of gross domestic profit). Meanwhile, its sovereign bonds have lost more than 60% of their value,

exports have declined to 7%, remittances have dropped to 11% and foreign direct investment has dropped to 59%. Amid this situation, its external debt repayment obligations are \$73 billion over 3 years (FY 2023–25). Presently, foreign exchange reserves have been reduced to \$4–5 billion. Pakistan pays more than \$1 billion a month in debt repayments and interest on public debt.

While the capital in the name of “debt retirement” is welcomed in Fortress Europe, Pakistan’s labour is left to drown in the Mediterranean.

22 June 2023

Originally published in Green Left (Australia) Issue 1384
<https://www.greenleft.org.au/content/shipwreck-greece-why-were-half-those-onboard-pakistanis>

After the floods, Pakistan needs reparations, not charity

At the time of writing, *writes Farooq Tariq on 13 September*, more than one-third of Pakistan is under water. Flash floods, generated by abnormal monsoon rains have so far claimed the lives of [1350 people](#). One million residential buildings are totally or partially damaged, leaving more than [50 million people](#) displaced from their homes.

Crucially, the flood is expected to add [\\$10 billion worth of damage](#) to an already teetering economy. More than 793,900 livestock have died, depriving families across Pakistan of a

critical source of sustenance and livelihood. Around two million acres of crops and orchards have been impacted.

These impacts are undeniably a symptom of an accelerating climate crisis. Despite producing less than one per cent [of global carbon emissions](#), Pakistan bears some of the worst consequences of the climate crisis globally. The nation has consistently ranked in the Global Climate Risk Index as among the top ten most vulnerable countries in the world over the past twenty years. As Julien Harneis, the UN humanitarian coordinator in Pakistan says: 'This super flood is driven by climate change – the causes are international'.

The people of Pakistan are the latest victims of a global crisis to which they have contributed almost nothing,– and which has instead been driven by the excess emissions of rich countries and corporate polluters. This fundamental injustice is at the root of increasing demands for climate reparations from Pakistan and the wider Global South.

We are now taking out more loans to simply pay off the interest of our previous debts. The money sent out of Pakistan to pay off our international creditors could be spent instead on rehabilitating the millions who are displaced

One such demand is debt cancellation. Debt injustice and the climate crisis go hand in hand. As extreme weather events intensify countries on the frontlines, such as [Mozambique](#), and island states in the Caribbean are facing increasing economic damages. After these events, low-income (and often already heavily indebted) governments face a shortfall in funding and have little choice but to take out further loans to rebuild livelihoods and communities.

We can already see this cycle happening in Pakistan. Even before the floods, Pakistan was drowning in debt, having faced a steep fall in foreign exchange because of soaring global commodity prices and a rise in the US dollar. The cost of

electricity and food has soared. By the end of this year, Pakistan will have had to pay a total of around \$38 billion dollars to the [IMF](#), [World Bank](#) and other financial institutions including the Chinese State Bank. A spiral of borrowing is generating an impending economic crisis.

The floods have prompted a flurry of foreign aid, with USAID contributing \$30 million, adding to a United Nations contribution of \$3 million last week. The UN is launching a new flood relief plan for Pakistan, as its officials echoed calls for greater contributions from around the world. But still, it is nowhere near enough.

As humanitarian organizations scrambled for emergency funds, a familiar face reared its head once more. The International Monetary Fund (IMF), recently approved a bailout request with a plan to release [\\$1.1 billion to the country](#). At first glance, this may seem like a vital step in Pakistan's recovery, but to pile further debt on a country already in the grips of a financial crisis will only end in further disaster.

The empirical evidence overwhelmingly supports the view that a large portion of [government debt](#) harms economic growth potential, and in many cases, the impact gets more pronounced as debt increases. Pakistan's high degree of indebtedness has made it more vulnerable to economic shocks and weakened the country politically vis-a-vis powerful external lenders. It has also greatly reduced Pakistan's ability to invest in education and healthcare, or its infrastructure.

If the West intends on supporting Pakistan through this crisis, it needs to implement a series of measures that tackle the scale of damage inflicted by the Global North upon the South since the Industrial Revolution. As a first step, this should include comprehensive debt cancellation, alongside greatly increased climate finance to support communities to adapt to the impacts of climate change.

In addition, many climate-vulnerable countries including Bangladesh, Ethiopia and Tuvalu are now also calling for compensation from rich countries for the disasters they are now facing.

This is often termed as 'Loss and Damage', which even now in 2022 is still not an official part of the negotiations agenda at the UN climate change conference, COP. Climate-vulnerable countries have on numerous occasions demanded climate compensation from the rich countries and corporations that have created climate chaos – each time [they have been blocked](#). At COP27, there must be further concrete progress on these discussions.

The concept of waiving debt is not new. During the pandemic, some debt relief was put in place for low-income countries, although the private sector has continued to collect payments, which inevitably exacerbated the economic crisis generated by Covid-19. But even private creditors can be kept at bay when there is a strong moral demand. In July, a few months after Russia's invasion, Ukraine's creditors made a landmark agreement to cease collecting debt payments during the war.

If international institutions suspended the collection of debts, Pakistan wouldn't need new loans. The money sent out of Pakistan to pay off international creditors could be spent instead on rehousing the millions who are displaced. Pakistan needs at least four years to rebuild and reconstruct its economy and to cover up the damages done by floods and heavy rains.

But there also remains a wider question: who should pay for the climate crisis? Why should Pakistan have to take out any loans at all to pay for the impacts of a crisis it has not caused? Pakistan's climate minister Sherry Rehman told [The Guardian](#) that global emission targets and reparations must be reconsidered, given the accelerated and relentless nature of climate catastrophes hitting countries such as Pakistan.

Of course, repairing climate apartheid and fixing the crisis is not as simple as writing a cheque, and many other measures are needed to support Pakistan's people through the catastrophe they are facing.

Yet without debt relief or funding to compensate for loss and damage, Pakistan's cycle of debt and climate crises is only set to worsen



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This article is republished from the website of [CADTM, the Committee for the Abolition of Illegitimate Debt](#). CADTM is an international organisation based in Liege, Belgium and is led by [Eric Toussaint](#), a writer of several books on debt published by Resistance Books, [here](#) and [here](#).



Original Source : [New Internationalist](#)