

The Business

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High inflation

According to a report, the Consumer Price Index (CPI) for June 2022 rose by 21.3 percent year-on-year, 13.8 percent from May 2022, rose by 32 percent year on year for the week ending June 30, 2022, wholesale price index rose by 38.9 percent compared to 29.6 percent in May while core inflation (non-food, non-energy) rose by 11.5 percent in June against 9.7 percent in May 2022. This massive rise in inflation was led by the rise in diesel (129.97 percent) and petrol (106.48 percent) prices as cited in the SPI which no doubt had a cascading impact on prices across the entire production process — from inputs to the end products — in the manufacturing and agricultural sectors, including the price of perishables. While the present government and the Pakistan Tehrik-e-Insaf are blaming each other's flawed policies for the rise in inflation yet there is no doubt that external factors, particularly the Russia-Ukraine war that began on February 24, 2022 is impacting on inflation at a global level with the United Nations Department of Economic and Social Affairs Analysis noting that "global inflation is projected to increase to 6.7 percent in 2022.

Rising inflation is posing an additional challenge to inclusive recovery as it disproportionately affects low-income households that spend a much larger share of their income on food items. The decline in real incomes is particularly pronounced in developing countries, where poverty is more prevalent, wage growth remains constrained, and fiscal support measures to alleviate the impact of higher oil and food prices on the vulnerable groups more limited." Pakistan's economic managers cite those countries that are experiencing record high inflation in the aftermath of the Russia-Ukraine war with May 2022 rates as follows: the US 8.5 percent, the UK 9.1 percent. Eurozone 8.6 percent and closer to home India at seven percent, Bangladesh at 7.42 percent and Nepal 7.87 percent — all with a rate that is half that of Pakistan. Of course one can also cite those countries where monetary and fiscal policy management has been extremely poor in recent months and where the inflation rate is much higher than in Pakistan; for example, Turkey at 73 percent and Sri Lanka at 128 percent. However, one would not be remiss in assuming that the lower rates in Pakistan compared to those in Turkey and Sri Lanka may partly be the outcome of severely contractionary monetary and fiscal policies. While the government does have some leverage vis-a-vis the IMF over reducing its expenditure, requiring massive sacrifice from the recipients, as well as undertaking structural reforms whereby the onus shifts from raising utility rates, or passing on the buck to the hapless consumers, to reducing inefficiencies and corruption yet there appears to be little with respect to revenue targets. One would therefore hope that the focus of the economic managers shifts from raising revenue to expenditure control and structural reforms.

The worldwide labour crisis



RAFIA ZAKARIA

People are flocking to Disneyland in Orlando, Florida, just as they do every summer. The relaxation of pandemic rules means tourists feel much more comfortable interacting with others in crowded places. Surprises await those who venture to Orlando. The US labour shortage means that America has millions of more jobs than it has workers.

At Disneyland, this has meant closed rides and limited restaurant availability simply because there aren't enough people to work there. According to Disneyland, the worst shortages are being felt in live entertainment and hospitality, sectors that have been left flailing in the post-pandemic hiring market.

It is not just a Disneyland problem. All over the United States, Americans are witness to a phenomenon they have never experienced before. Fast-food restaurants are closing drive-through lanes because there are no people to work them. At enormous

supermarket chains like Walmart and Target, checkout lanes have been reduced to one or two cashiers as hundreds of customers wait in line for their turn. And the problem is worse for small business owners, some of whom have closed up shop altogether because they have not been able to maintain staff.

The US Chamber of Commerce, described as the "world's largest business organisation", says: "During the pandemic reshuffling, jobs that require in-person attendance and traditionally have lower wages, have had a more difficult time retaining workers. For example, the leisure and hospitality and retail industries have had the highest quit rates since November 2020, consistently above 4.5 per cent." Things are not very much better in the United Kingdom. Over the past few weeks, disturbing photos of Heathrow strewn with massive piles of abandoned luggage have circulated all over the internet. Some of the poor passengers who have had to travel through the airport have reported not being able to retrieve their luggage for five or six days. In fact, those are the lucky people who have been able to make the flight at all. At Charles de Gaulle in France, people have to line up for more than three hours prior to their flight to be able to successfully clear security. There simply aren't enough security guards to keep the lines moving at a reasonable pace.

There isn't one reason for or solution to this labour crisis. Both the US and the UK have low population growth rates. Add to this the reshuffle caused by Covid-19 and the phenomenon called 'The Great Resignation' (that saw millions of Americans quit their corporate jobs), and you have the disaster that is the

current job market. It is also true that the jobs that people are leaving are the ones that do not have a good long-term prognosis. The hospitality industry has seen huge cuts during and after Covid-19 as business travel, their biggest driver of revenue, lags behind pre-pandemic rates. As for working checkout lanes and stocking shelves — well, everyone in the fast-automating retail sector knows that these jobs are soon going to be replaced by robots and other forms of automation.

Adjustments for all of this, however, would still leave millions of jobs open. Last week, the Baker Institute at Rice University released a report arguing that foreign-born workers must be part of the solution. The report points out that although only 1.8pc of American immigrants work in farming, fishing or forestry, they account for nearly 35.3pc of all the workers in the occupation. Similarly, high percentages of immigrants make up the workers in construction, hospitality, cleaning and building maintenance.

The Baker Institute's report sees no way out of this conundrum except for the United States to create work-based immigration programmes that allow foreign-born labour to fill the gap in the American economy. "The government should also expand some of the current temporary visa programmes and design different programmes for additional temporary workers," it says. While this report primarily looks at low-skilled workers, companies are struggling in their attempt to hire high-skilled workers as well. Tech companies report being desperate to hire cybersecurity workers; according to Cybersecurity Ventures, over 700,000 cybersecurity jobs are lying open and unfilled in

the US. As a labour-exporting country, Pakistan should be paying close attention to the emerging demand for workers abroad.

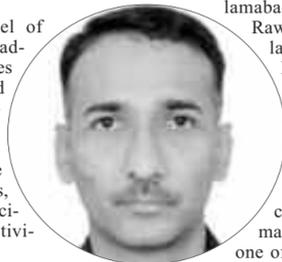
The current anti-immigrant sentiments in the US and the generally broken US immigration system mean that any job that can be automated or shifted to remote work will go that way. While jobs that require physical labour will be filled by migrant workers from Mexico and the southern border, most of the others will be automated and sent abroad. Automation may mean that jobs like operating the checkout counter at a supermarket — traditionally a job that required a worker to be physically present — may now be done by a worker living in another country thousands of miles away.

According to a recently aired segment on the US news show 60 Minutes, before the pandemic, one in 67 US jobs was remote and could be done by a worker situated anywhere in the world. In post-pandemic America, one in every seven jobs is said to be remote. Currently, most of these job positions are filled by US workers, since most like the flexibility of remote work. However, remote work may also turn out to be the employment opportunity of the century for skilled workers in other parts of the world. While it is likely that US lawmakers will eventually pass laws preventing the 'export' of remote jobs, currently these do not exist. Highly skilled workers in Pakistan should spruce up their resumés on LinkedIn and be proactive in applying for positions that were previously unavailable to them because of visa issues. While the US may have fewer workers than ever before, there are millions of them eager and available to work from Pakistan.

Business of the street

NASIR IQBAL

The Haque model of inclusive cities advocated that cities should provide livelihood opportunities to all segments of society. Inclusive cities ensure all residents, including the poor urban working class, have equal rights to participate in the economic activities of the cities.



Street vendors — micro-entrepreneurs — are an integral part of inclusive cities. Street vending plays a significant role in creating employment and providing subsistence income to the urban poor. Global estimates provided by Sirkeci (2020) in his study titled 'Actors and Functions of Street Economy' have shown that the street economy has grown exponentially, affecting the daily life of five billion people, with a volume of \$30 trillion.

Haque introduced the concept of street vending and its importance in Pakistan. Pakistan has a large street economy operated by individuals and micro-enterprises, across the country, mostly in urban areas. The street economy strongly links with a supply chain comprising formal and informal players. Despite enormous importance, the socio-economic profiling of street vendors is relatively unknown in Pakistan. The Pakistan Institute of Development Economics (PIDE) funded a research study titled 'The Street Economy in Twin Cities: an Economic Analysis' through a competitive grants programme, Research for Social Transformation and Advancement (RASTA). The study provides valuable insights into the socio-economic conditions of the street vendors operating in the twin cities of Islamabad and Rawalpindi.

On average, 1.5-2.5 percent of the population is engaged in the street economy in the twin cities. Both cities operate under different administrative structures. Mar-

kets are relatively well organized in Islamabad compared to Rawalpindi. Furthermore, Islamabad hosts relatively high- and middle-income families, while low- and middle-income families reside in Rawalpindi. The average age of street vendors is 32.9 years, and among them, 75 per cent of street vendors are married. Lack of education is one of the key determinants of adopting informal businesses such as street vending. Among surveyed street vendors, around 24 per cent have no formal education, 21 per cent have below primary education, 44 per cent have up to 10 years of education, and 11 per cent have intermediate and above education. These statistics suggest that most street vendors have low education and less chance of getting a job in formal sectors of the economy.

Around 60 per cent of street vendors are migrant workers who migrated from other districts across Pakistan. Approximately, 58 per cent of street vendors live with family members, while about 35 per cent live alone in rented houses. Around 90 per cent of street vendors live in rented houses. The analysis shows that, on average, a street vendor has more than ten years of vending experience. Among fixed street vendors, around 61 per cent use tables, and 32 street vendors use carts for vending. The use of tables for vending reflects a bit of permanence as most tables are placed in front of shops. Interestingly, 84 per cent of street vendors own vending carts/tables, and around 86 per cent also own the vending business. These statistics reflect that street vendors are self-entrepreneurs with more than ten years of vending experience.

Around 26 per cent of street vendors offer food-related items, including packed food/snack, food prepared with fire, and food without fire. About 22 per cent of street vendors offer garments for sale — the second largest category of sales item of-

ferred by street vendors after food items. Around 15 per cent of street vendors provide fruits and vegetables, followed by shoes, sunglasses, and watches category (13 per cent), plastic items (eight per cent), electronic and mobile accessories (eight per cent), and ladies' bags and jewelry (five per cent). These statistics show that food, garments, fruits/vegetables, ladies' handbags, electronic and plastic items are the main selling products in the street vending economy.

Around 43 per cent of street vendors reported starting their vending businesses due to unemployment. While approximately 26 per cent mentioned that they started their businesses willfully due to significant returns. Around 23 per cent of street vendors stated they opted for the street vending business due to a lack of formal education and experience to be engaged in formal employment or any other business. A small portion of street vendors (around eight per cent) reported that street vending is their family business.

Poverty? The street vending business allows low- and semi-skilled individuals to start micro-businesses in the informal market with low investment requirements. The street vending business is mainly chosen by the poorer segments of society to fulfill basic needs. Around 57 per cent of street vendors fall below the poverty line. This also shows that street vendors are vulnerable to economic and legal shocks.

Around 87 per cent of street vendors were adversely affected by Covid-19 restrictions. About 46 per cent of street vendors reported a 100 per cent loss in income due to business closure during the lockdown. The socio-economic profiling of street vending in the twin cities of Pakistan provides numerous insights for policymakers and other stakeholders, including businessmen, market associations, regulatory authorities, administrative bodies, and social protection agencies. Few women are involved in the street vending business in the twin cities due to a lack of proper spaces for women. It is proposed that particular areas or zones be allocated for women to

Freedom?



RON JACOBS

In the past couple years, some companies and public agencies have begun to address systemic racism in the United States. These efforts came as a result of the summer of protests following the murder of George Floyd by Minneapolis police. Like virtually every other effort along these lines, the seminars, workshops and discussions such efforts feature leave out the most important aspect of this racism — the economic element.

In other words, they address the racism, the history of racism and the nature of racism.

However, they don't tell the participants that this nation's economic development was founded in the kidnapping, trading and breeding of Black Africans and their descendants. Slaves were not just work animals, they were actual collateral, with a cash value that enabled slaveowners to get mortgages, begin businesses, and conduct trade in goods they produced. It was not only the slavers (owners, traders, etc.) that made a profit from this trade.

Banks in the north and the south of the United States accumulated wealth because of the business of slavery. By not acknowledging this essential eco-

nomical foundation, we can pretend that US capitalism can eradicate white supremacy. In a similar manner, we can also pretend that it can eradicate an even older oppression — the oppression of women.

The fact that this aspect of US white supremacy is not discussed in most current anti-racist pedagogy in the ruling class's fight against the proles' freedom means that those freedoms are never secure, no matter how hard they are fought for and no matter what laws are made to protect them.

This fact is understood by the authors of the court decision that overturned Roe v. Wade. In a particularly ironic turn of events, the opinion written by the only Black judge (Clarence Thomas) on the court understands this the best. His opinion calls for a re-examination of many rights only recently expanded: gay marriage and the right to contraception foremost among them. Some of Thomas' friends in various legislatures seem to have gone even further in their challenges to any rights granted by the courts under the Fourteenth Amendment. Indeed, they are discussing challenging judicial decisions that overturned legal segregation of the races. The US civil war is not over.

Those who side with the system established by the slavers have been fighting a guerrilla war ever since that surrender at Appomattox. Whether they call it states rights or originalism and whether they fight it in legislatures, the courts or in the streets of DC, these champions of white supremacy believe it should return as the law of the land.

I said earlier that there is a part of me, however small, that can't believe we are back to the days when women had no final say over their bodies under US federal law. This doesn't mean I'm surprised about the recent turn of events.

Excerpted: 'So This is the Freedom We Kill Other People For?'