Unemployment, economic status and ethnic politics: A case study of Karachi

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UNEMPLOYMENT, ECONOMIC STATUS AND ETHNIC POLITICS

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ABSTRACT

Regional-based quota in public sector employment was always considered as one of the important cause of the ethnic politics in Pakistan and particularly in Karachi. The majority of educated youth and middle classers in Pakistan belong to the urban areas and big cities where public sector employment is a frictional part of the total employment. However, households' economic statuses in those areas are closely related with the employment status of the households' members.
This study has one objective only: to test the hypothesis that socio-economic variation between the ethnic groups was the origin of the emerging ethnic politics in Karachi. The disparities in income, employment and social status have been compared between the nine ethnic groups of Karachi. It is noteworthy that statistical evidences have rejected the hypothesis that rise in ethnic politics was a consequence of socio-economic discrepancies between the ethnic groups.

I: Background and Objective of the Study:

The ethnic crises in the largest industrial city and financial center of Pakistan are no doubt, have their economic implications. Since the last twenty years, Karachi experienced a communal mass murder of a magnitude that Pakistan had not witnessed since the blood bath that accompanied the partition of India in 1947. It is a common opinion that the economy of Pakistan is being affected by the ethnic discords in Karachi. The alternative opinions consider that economic issues are not effects; they are the causes of ethnic discords. Income inequality, unemployment and disparities in living standards are the major slogans, which had been brought up during and before the rise of ethnic politics in Karachi.

The disturbance and discords in Karachi are identified by the different names: the government circles call them terrorism and criminal activities. The leading ethnic groups and parties accuse the law enforcement agencies for extra judicial killings, lawlessness and social unrest in Karachi. It is extremely important to understand the causes and consequences of rise in ethnic politics in order to move in the direction of greater integration and cohesiveness.

The regional based quota system for the public sector services and admissions in the educational institutions, the regional disparities in infrastructure and municipal services and the wealth inequalities had been issues in the mid of 1980s. In those days, the political leadership of Karachi was in the hands of religious political parties. However, the above-mentioned issues had been identified by the religious

parties also. On the basis of those issues, the ethnic groups were appeared at the political stage of Pakistan. Those groups at their early stages were introduced in the public as non- political parties. The blood clashes were started between the supporters and the rivals of those groups since their entry of in politics.

If we see the last twenty-year's history of Karachi, the issues have been being changed. In the early 1990s a segment of the leading party in Karachi has been disassociated and became the extreme rival of its parent party. The leadership of the disassociated segment stressed the consistency in the original manifesto and demands for the solution of initial issues.

Thousands of the peoples have been killed in the blood clashes in Karachi. The majority of those assassinated belong to the Urdu speaking (or 'Muhajirs' as defined by their leading representative party). Now, the socio economic issues, which have been considering as the cause of rise in ethnic politics, have been neglected from the list of issues. However, one can observe the following two phenomena:

1) The five general elections have been held in Karachi, since 1988 (Other than elections for local bodies). The MQM has been proving itself as the leading party of urban Sindh. No democratic government could be formed without MQM's support.
2) The MQM formation was based on the socio-economic issues of Urban Sindh. The privatization policies, devolution of powers, decentralization, implementation of an autonomous local government system and deregulated economic policies have trimmed down the importance of those issues.

Now, the role and impacts of the ethnic politics on the socio economic development in Pakistan are discussed at various platforms. But, the socio economic issues that augmented the ethnic politics in Karachi have been ignored. The roots of rise in the ethnic politics cannot be recognized without reference to the slogans and issues that had been identified by the ethnic based political parties at their formation stage – in the mid of 1980s. Unfortunately, those propositions have not been tested by a scientific way.

This study has one objective only: to test the hypothesis that socio-economic variation between the ethnic groups was the origin of the emerging ethnic politics in Karachi. The study may be useful for statesmen and politicians. In this study, we have compared the socio-economic status of the ethnic groups in Karachi in 1988. This was the time when the MQM was appeared as a political party and participated in the national elections at first time.

II: Research Methodology
This study is based on a households' survey of Karachi funded by the World Bank (AERC: 1988). The disparities in income, employment and social status have been compared between the nine ethnic groups of Karachi. The groups are formed on the

basis of mother tongue in case of individual and mother tongue of the majority of households' members in case of a household. Urdu speaking, Sindhi, Punjabi, Pakhtoon, Biloch, Gujrati, Kuchhi, Hindko and 'others' are the ethnic groups included in this analysis. The "Saraikee" - another ethnic group in Karachi could not be included in this study. This group was considered as a part of Punjabi ethnic group in the survey. We compared those groups with each other. Average households' and per capita incomes of those groups have also been compared with the average households' incomes of urban Sindh and all Pakistan. The data for urban Sindh and all Pakistan was extracted from the Federal Bureau of Statistics' surveys (Government of Pakistan: 1989)

Figure: I shows the comparison of ethnic groups on the basis of their households' incomes, however, income inequalities within the groups and as well as between the groups are also important. The wealth and income inequalities have also been measured by the "Gini-coeffecients" - a well-known measure of inequality. A higher value of the gini-coeffecient indicates the higher inequality. The magnitudes of the gini-coeffeceints and the ranks by the level of inequality are shown in figure: II.

FIGURE: I
COMPARISON OF INCOME AND WEALTH

Ethnic Group / Zone	Average Household' size	Average Monthly Income (Rs.)		Per Households' Domestic Assets (Value /Rs)
		Household	Per Capita	
All Pakistan	6.30	2131	338	---
All Urban Sindh	6.70	3302	493	---
All Karachi	7.10	3526	497	247,765
Urdu Speaking	7.17	3827	534	262,125
Sindhi	7.45	3243	435	124,101
Punjabi	6.49	3319	512	250,866
Pushto	6.94	2762	398	105,614
Bilochi	8.69	2717	313	100,664
Gujrati	6.53	4378	670	270,560
Kuchhi	7.54	2545	338	143,197
Hindko	6.73	2644	393	142,481
Others	6.58	2606	396	213,616

FIGURE: II
INCOME AND WEALTH INEQUALITIES

Ethnic Group /Zone	Wealth Inequality		Income Inequality	
	Gini Coefficients	Rank	Gini Coefficients	Rank
Urdu Speaking	0.500	6	0.450	2
Sindhi	0.616	1	0.449	3
Punjabi	0.579	3	0.465	1
Pushto	0.518	4	0.402	6
Bilochi	0.471	8	0.386	7
Gujrati	0.500	7	0.448	4
Kuchhi	0.206	9	0.340	9
Hindko	0.514	5	0.358	8
Others	0.592	2	0.403	5

FIGURE: III
UNEMPLOYMENT RATES BY THE EDUCATION LEVEL (%)

Ethnic Group	Overall	Below Metric	Metric	Inter	Graduates	Master	Professional
All Karachi	11.55	7.04	15.83	20.39	7.55	8.46	5.07
Urdu Speaking	14.46	5.87	22.46	28.24	7.85	9.94	4.69
Sindhi	6.68	6.60	8.55	5.80	5.41	5.45	8.11
Punjabi	5.34	5.43	6.43	4.63	5.29	3.12	4.30
Pushto	8.66	6.74	9.79	12.78	8.00	5.88	22.22
Bilochi	15.13	15.32	16.52	11.22	10.87	9.52	50.00
Gujrati	3.97	7.50	3.25	5.78	4.17	0.00	0.00
Kuchhi	5.15	7.32	4.67	2.38	0.00	0.00	0.00
Hindko	8.22	6.52	7.37	3.33	26.32	0.00	16.67
Others	5.76	4.26	5.88	7.32	13.33	0.00	0.00

FIGURE: IV
UNEMPLOYMENT RATES BY AGE GROUPS (%)

Ethnic Group	Overall	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60+
All Karachi	11.55	23.39	19.73	9.49	4.47	3.27	2.35	1.80	1.38	1.44	1.59
Urdu	14.46	29.83	23.74	9.95	4.35	2.69	1.70	1.11	0.55	0.22	0.05
Sindhi	6.68	8.73	12.34	10.89	4.94	4.76	1.49	1.67	0.00	0.00	3.03
Punjabi	5.34	11.35	9.60	4.58	3.21	1.94	2.78	2.65	0.82	2.45	1.21
Pushto	8.66	16.15	15.54	8.11	6.19	2.44	3.33	3.49	3.23	3.45	3.39
Bilochi	15.13	19.21	25.42	21.54	7.84	11.43	7.94	1.85	8.62	5.41	9.26
Gujrati	3.97	2.52	9.09	2.08	4.55	6.25	2.00	2.13	0.00	1.57	0.00
Kuchhi	5.15	10.00	4.05	7.69	3.33	2.44	2.94	0.00	3.33	9.00	0.00
Hindko	8.22	4.65	23.08	13.89	0.00	0.00	0.00	0.00	0.00	11.50	0.00
Others	5.76	8.89	8.70	7.32	2.44	3.45	0.00	10.53	0.00	0.00	8.33

III: Statistical Analysis

From the domestic assets' holding point of view, Gujraties, Muhajirs and Punjabis are in better positions, while Pakhtoon and Bilochies have worst positions. The same situation was observed for the households' incomes.

The levels of inequality have been ranked on the basis of the magnitudes of gini-coefficients. It was observed that distribution of wealth is more uneven than distribution of incomes. It should be remembered that due to data constraint and limited information, agricultural and financial assets could not be included in this analysis; the wealth distribution may be more uneven than our ascertainments.

It was observed that income inequality in Punjabis is higher than the inequality in other ethnic groups. Although, it was a common opinion that income inequalities among Sindhies and Bilochies are higher than inequalities in the other ethnic groups. This was not confirmed in the context of Karachi. However, from the wealth inequality's point of view, Sindhies are on the top rank, while, they are on third position in the income inequality. Similarly, from the wealth inequality's point of view, Muhajirs (Urdu Speaking) are on the sixth rank, they are on second position in income inequality.

It is a common opinion that the variation in unemployment levels among the ethnic groups was the most important economic cause of the political disturbance in Karachi. We tested this hypothesis also by comparison of the rates of unemployment among the ethnic groups in Karachi.

It was observed that unemployment in Bilochies and Muhajirs (Urdu Speaking) were greater than the unemployment in other ethnic groups. However, in interpretation of the results it is considerable that Muhajirs, Kuchhi, Gujraties and Bilochis are the permanent residents of Karachi. While the peoples of other groups come in Karachi from the up-country, and their migration to Karachi is subject to the employment opportunities for them.

The principal conclusion of the study is that the unemployment rates at intermediate level of education are significantly higher. The unemployment in the intermediate diploma holders is higher than the unemployment in uneducated or highly educated persons. The results are consistent for all the groups. The national statistics also confirm this result.

The Pakistan economic survey (Government of Pakistan: 1990) has been showing a constant rate of unemployment at 5.4 percent, but the World Bank (1990) sources mentioned 18 percent rate of unemployment in Pakistan. The big difference is occurred due to discrepancies in definition and quantification methodologies. The hidden unemployment in the rural areas of Pakistan is not included in the rate of unemployment. The barter system and availability of foodstuff without monetary

cost conceal the actual unemployment in the rural areas in some cases. It is important that the problem of unemployment in Pakistan is absolutely different from the problem of unemployment in other economies. The unemployment in urban areas has its sever consequences. It can create sever problems including the risk of death by hunger. There are a large number of evidences that peoples did suicides because of unemployment in urban areas of Pakistan (Mehar: 1999). Moreover, to maintain a certain level of living standard is also a constraint in the urban areas of Pakistan. The activities and personality of a jobless person are always in doubt in the urban areas. He is considered a lazy, an idle and even a criminal in the eyes of the society. The unemployment in the young and educated segment of society can create more dangerous socio-economic and political problems in the society. It is not only an economic but also a social problem in the metropolitan-life. The other social problems may be created by the unemployment in young educated segment of the society. In a country of Latin America, an economist from the fiscal school of thought may recommend a higher inflationary policy to overcome the problem of unemployment. In Pakistan, the inflation is considered as a socio-political evil. It has been an important factor in changing the political regimes in Pakistan. It is a single important yardstick to measure the government performance by the public in Pakistan.

In fact, unemployment is a two dimensional problem: the demand side and the supply side. The overall unemployment is higher in the highly literate ethnic groups. So, in short term, the creation of employment opportunities for educated and young segment is a basic requirement to reduce ethnic disparities. To reduce the differential of unemployment rates between the ethnic groups is a logical way to reduce the demand and supply gap in the labor market of the intermediate degree holders. It will be a long-term solution.

There are other socio-economic factors, which may be important for comparison of the ethnic groups in Karachi. The residential status, literacy, municipally provided services; domestic assets' holdings, means of communication and transportation are included in those development indicators. Moreover, the role of women in the household's domain, and the sources of wealth other than regular income are also indicators; which give an idea about the socio-economic status of the ethnic groups. The figures V to VII show the quantitative descriptions of the important social indicators. The power of females in the households' budgetary decisions was also considered as social development indicator in this analysis.

The comparison reveals some interesting findings. In overall ranking, Gujrati, Muhajir, and Punjabi are identified as the top three affluent groups of Karachi, while the "Other" and Pakhtoons are in the worst position. It is noteworthy that those ranks are only for the comparison of development characteristics in term of living standard. They do not measure the political powers of the groups. The other important conclusions from the exercise are:

(1) All Publicly provided services --- water, electricity, telephone and natural gas --- have shown a great disparity between the most privileged and the least privileged groups in Karachi.
(2) There is no correlation between employment and literacy ratio. Even, it was observed that the highly literate groups have the higher unemployment in Karachi.
(3) From the housing point of view, Bilochi and Sindhi are the most privileged groups in Karachi.

FIGURE: V
SOCIO-ECONOMIC CHARACTERISTICS OF HOUSEHOLDS

Ethnic Group	Literacy Ratio (%)	Households with:			
		Inherited wealth (%)	Unknown sources of income / wealth (%)	House' budget in female hands (%)	Female as a head of household (%)
All Karachi	68	10.5	21.0	32.3	2.40
Urdu Speaking	79	6.1	29.4	36.7	2.80
Sindhi	35	44.0	5.5	21.0	1.20
Punjabi	62	4.2	14.7	30.6	1.70
Pushto	44	5.2	7.5	16.1	1.00
Bilochi	46	46.3	4.9	25.4	2.60
Gujrati	78	4.8	20.5	39.1	1.70
Kuchhi	42	21.4	42.9	43.9	5.78
Hindko	63	1.0	11.2	27.4	1.00
Others	46	8.6	12.6	18.6	1.30

FIGURE: VI
AVAILABILITY OF MUNICIPAL SERVICES (%)

Ethnic Group	Piped Water	Electricity	Natural Gas	Telephone
All Karachi	66	84	55	16
Urdu Speaking	77	88	67	21
Sindhi	45	68	28	14
Punjabi	55	81	40	14
Pushto	47	80	23	3
Bilochi	55	85	39	2
Gujrati	80	95	89	23
Kuchhi	40	86	53	7
Hindko	46	89	37	3
Others	31	40	27	10

FIGURE: VII
HOUSEHOLDS DEVELOPMENT INDICATORS (%)

Ethnic Group	Own House	AC	Fridge	VCR	TV	Car	Motor Bike	Bike
All Karachi	78	6	39	13	55	13	17	24
Urdu Speaking	81	7	48	15	62	15	21	26
Sindhi	83	3	22	14	44	11	11	14
Punjabi	68	9	30	14	47	14	14	24
Pushto	78	3	20	2	33	8	8	21
Bilochi	96	1	16	5	44	4	10	27
Gujrati	52	8	65	21	75	14	27	17
Kuchhi	71	0	18	19	57	0	11	22
Hindko	69	0	22	0	52	0	8	26
Others	81	6	17	13	29	8	6	20

IV: Conclusion

The literature and opinions on the socio-political changes have been considering different reasons for rise of ethnic politics in Karachi. The socio-economic discrepancies between the ethnic groups, the conspiracies by international political powers to divide Pakistan and the role of agencies to prolong their rule in the country are the testable hypotheses, which have been discussing in the literature and public opinions. It is noteworthy that statistical evidences have rejected the hypothesis that rise in ethnic politics was a consequence of socio-economic discrepancies between the ethnic groups. It was not confirmed as a cause of rise in ethnic politics. Even, now the MQM has changed its manifesto.

After review and analysis of the above-mentioned statistics, we are in a position to draw the proper and meaningful conclusions. It was observed that Urdu-speaking (Muhajirs) was not a less privileged group from the income and social status point of view in 1988. Gujrati and Urdu speaking had been classified as the most affluent groups in Karachi. If, socio-economic characteristics determine the status, they are the most privileged groups in Karachi (and perhaps in Pakistan). However, the higher unemployment in the educated youth has been a sever problem in Karachi. This issue requires a prudence economic planning. In comparison of households' incomes it was clearly observed that average households' incomes in Karachi are significantly higher than average households incomes in Pakistan. This corollary is consistent for all ethnic groups. It means all ethnic groups in Karachi were living in better positions as compared to the other parts of country. This reveals the reason for migration to Karachi from other parts of the country.

So far as the international conspiracy and role of the agencies are concerned, although, the hypotheses have not been tested in a scientific manner. The socio-economic ideologies confirm the existence of such models (Bishop: 1990; Jagdish: 1973; and Pareto: 1972). How do those models work? What are the ultimate objectives behind the conspiracy? The scientific research and academic discussions are required to find the reality. Now, resistance is growing, critical debate is

informing theoretical development, and research is increasing, particularly in economics, where cultural-conflicts are recognized. The secret weapon is secret no longer (Bishop: 1990). The economic analysis shows that one problem can create many problems. In fact, socio-political factors should not be treated as "Sensitive" in the field of economic research. This would help to classify the true dimensions of the problem and nature of policy implications, which would facilitate the process of development.

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