Linking Emigration to Social Development: The case of Pakistan

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This paper explores the link between emigration and social development in Pakistan; a developing country that struggles to reach appropriate levels of development. By doing so, the paper offers a general review of the available literature that addresses the topic of social development as influenced by remittances of emigrants, while paying attention to government policies developed in favour of emigration and its use for development. The results of the discussion conclude with the following notes: 1) emigration from Pakistan has accelerated in the last decades. However, 2) policy makers have only recently granted it full recognition through the implementation of more stringent strategies and mechanisms aimed at maximizing its impact on various socioeconomic aspects. 3) the association between emigration and social development in Pakistan has not been properly addressed despite the announced contribution of emigrants to the home country. 4) Remittances play an undeniable developmental role, and they seem to have been used immediately at the family level mostly to support different types of short-term spending. Remittances are also used as a means of solidarity at both levels of the community and the state.

Key words: government, emigration, Pakistan, remittances, social development, poverty, family, policy.
Introduction

Growing concerns over the issue of development were observed in developing countries in the post-world-war era. A prominent form of developments that relates to the quality of life of people is known as social development. This phenomenon was defined in different ways but majorly emphasizing the connection to wellbeing and opportunity attainment at the society. Dreze and Sen (1995) considered it as equality of social opportunities, whereas Copenhagen Social Summit, held in 1995, defined it based on three criteria namely: poverty eradication, employment generation and social harmony. The Centre of Sustainable Systems at Michigan University categorizes indicators (measures) of social development into population aspects (issues, life expectancy and fertility rate) and living standard aspects (food, water and sanitation, healthcare and diseases, education and employment and environment.

International migration from sending countries, also known as emigration or out-migration, is a crucial element that has been recognized as a driver of development in developing countries. In fact, International migration has always been a solution to socio-economic problems faced by individuals and communities including, escaping wars, finding jobs, improving lives and rebuilding communities after wars and natural disasters. International migrants who are able to generate income from overseas assume different socio-economic roles in their countries of origin. As appreciation for this potential, scholars recently started calling for the implementation of efficient strategies to mainstream migration for development purposes and make it a priority for government agendas (see. e.g. Kelegama, 2014; Wickramasekara, 2015). However, researchers who linked migration and development in the original countries were biased towards economic growth rather than poverty and social inequalities (DeWind, 2008). From an economic point of view, the contribution of remittances and aids to the current account are crucial in many labour sending countries, such as Mexico, Philippines, India, china, Bangladesh and Pakistan.

In the case of Pakistan, emigration has not been properly addressed despite its large extent. The following statement provided by Gazdar (2008) captures this reality pretty well: “the collection and reporting of data on international migration into and from Pakistan have not kept up with the volume and diversity of the country’s international migration experience”. This is despite the existence of evidence stating that Pakistani emigrants and their remittances, for instance, exert good impacts on social sectors in Pakistan (Hasan, 2010). In a practical sense, the implication of this phenomenon on development also seems misunderstood. Hunzai (2010) examined the association between labour migration and development in Pakistan mountain districts and noticed that development research had shown
a tiny interest over the potential of labour migration. Thus, questions of how and to what extant emigrants from Pakistan are contributing to their country in social terms need to be answered properly.

In this study, we try to link emigration and social development in Pakistani by paying attention to the existing research. We aim to provide an understanding on the state of affairs of both concepts and the extent of the impact emigration exerts over social development.

Noteworthy in this study is the use of the term “emigrant” rather than “migrant” and/or “immigrant”. We assume that this distinction, seldom appearing in academic research, is necessity because the three terms point to different things. The term “migrant” is suitable for internal migration studies as it simply refers to someone who moves from one place to another. “Immigrant” and “emigrant” are suitable terms for international migration research studying people who move from one country to another. The two terms are respectively considered from the host country perspective (destination) and the home country perspective (departure). The remainder of the paper goes as follows. First, we provide an overview of economic and social development in Pakistan, and then we discuss aspects of emigration. Next, we look at policy strategies set in favour of emigration before we discuss the role of remittances in contributing to social development. We highlight some concluding notes at the end and provide guidelines to future research in this field.

**Overview on economic and social development in Pakistan**

The economy of Pakistan is described as semi-industrial with main poles developed along the industry-river (Hennebery, 2000). Major industries that contribute to the economy are textiles and apparel, pharmaceuticals, food processing, paper products, construction materials, fertilizers and shrimp. The list of primary exports includes leather and sports goods, textiles, carpets/rugs, and chemicals. Furthermore, the undocumented economy seizes a large place in the overall economy. Economists estimate it at 36 per cent. The economy of Pakistan underwent different types of reforms which has produced diverse economic situations along the years. Earlier, Gross Domestic Product (GDP) growth averaged 6 per cent per year, inflation was kept low and poverty was lowered from 46 per cent to 18 per cent (Husain, 2005). However, this situation was reversed in the 1990s where growth rates decreased to 3 to 4 per cent and poverty increased to 33 per cent. By 2001, under the leadership of Pervez Musharraf, the government initiated and implemented new strategies that encompassed reduction of debt burden, macroeconomic stabilization, deep structural reforms and improved governance to prevent a crisis and boost the economy. The outcomes were fast and quite remarkable. GDP growth reached 8.4 per cent in 2004-05 and exports doubled. Recently,
statistics have shown a retreat in economic performance where growth attained 4 per cent in 2016. However, it is expected by the World Bank (2016) to accelerate in coming years.

The United Nation Development Programme (UNDP) (2016) reports that Pakistan has adopted 16 targets and 41 indicators in its progress towards achieving the Millennium Development Goals (MDGs). Yet, things have not much changed, and Pakistan looks stuck in its socio-economic issues. Reforms undertaken did not translate into significant betterment of economic life nor did they yield considerable leaps (WB, 2016). Husain (2012) who describes the economy under these reforms as “One Step Forward, Two Steps Backwards”, identified four reasons why these reforms did not yield desired outcomes. 1) Absence of political stability, 2) suspicious mind-set of Pakistanis regarding private ownership, 3) conflicts between opponents and proponents on whether or not to integrate the local economy globally; and 4) major abrupt and sharp downfalls in economic fortunes.

As it runs in the same context and under the same policies, social development, on the other hand, has not been at levels that it should be (SPDC, 2001). For example, the Human Development report published by UNDP (2015) shows that, in 2014, Pakistan has scored 0.538 (at the lower category) and ranked 147 out of 188 countries for Human Development Index (HDI), which measures long-term progress in access to knowledge, long and healthy life, and decent living standard. The report indicates that over 45 per cent of the population in Pakistan was living in multidimensional poverty, in 2012-2013. Moreover, there are increasing rural–urban and provincial differences in the post implementation of structural adjustment in 1992, and have adversely affected education, health, employment and incomes and social housing (Hasan, 2002). The World Bank’s (2016) document titled “Pakistan development update: making growth matter” reports the latest key updates of development in Pakistan. The following are related to social development:

- Recent growth has been accompanied by a fall in poverty but this did not translate to sustained wellbeing.
- Significant resources are deployed by the government towards the Public Sector Development Program (PSDP) spending with an increase of 21 per cent for the next year to be spent mostly in infrastructure projects.
- Maternal and infant mortality rates are improving with slow pace.
- There has been little improvement in nutrition and water & sanitation over the last decade. Thus, malnutrition remains a major concern given that Pakistan has the third highest stunting rate internationally.
Although education gained significant achievements in the early 2000s, its progress has stalled, and its quality failed to improve.

Population growth is a key challenge for service delivery.

Priority shall be given to investments in health, education and nutrition.

Inabilities to achieve major socio-economic transformations seem possibly caused by dysfunctions in the economic policy, its implementation and in geopolitical issues raging in the region. Within such conditions, Pakistan needs to find serious solutions that are capable of generating sustainable development. These solutions must be internally developed at first then strengthened by external mechanisms. The contribution made through emigrants is a crucial component that has been of essential focus in the last decade or so. The next sections discuss them in light of social development.

Migration: Pakistan as a sending country

Two different destinations characterized migration outflows from Pakistan; the first was to Western countries and East Asia, whereas the second was to the Golf Council Countries (GCC), especially Saudi Arabia and the United Arab Emirates (Abbasi, 2010; Cibea et al., 2013). The stock of Overseas Pakistanis (OPs) increased from 3.97 million in 2004 to 6.7 million in 2012 (Amjad et al., 2012; Aremu & Ediagbonya, 2018). Good proportions of this stock are represented by low and semi-skilled labourers. For example, around 90 per cent of short and mid-term workers in GCC countries were involved in semi to low-skilled employment (IDB, 2006 as found in Hunzai, 2010). Currently, government estimates point to more than 7 million Pakistanis or people of Pakistani origins living overseas including second and third generation Pakistanis (Abbasi, 2010). Figure 1 depicts yearly growth and expected growth of workers outflow between 1971 and 2017.
The first contemporary emigration movements from Pakistan took place soon after the independence of Pakistan in the 1950s and 1960s, to fill labour shortages in the British textile and steel industries. These movements were mostly driven by high financial rewards which were over 30 times higher paying than in Pakistan (Sajjad, 2013). Currently, there are approximately 2.2 million Pakistanis in Europe. In the United Kingdom (UK), the Pakistani community has grown from some 10,000 in 1951 to more than 1.2 million (Abbasi, 2010). Pakistanis have also established large communities in the United States (US) and Canada, where between 10,000 and 20,000 Pakistanis migrate annually to the US. In Asia, the majority of Pakistani emigrants are categorized as low skilled, followed by semi-skilled, skilled and then highly qualified workers (Arif and Fujaat as found in Arif and Yaegashi, 2012). The Pakistan Bureau of Emigration and Overseas Employment reports that 85 per cent of them have been involved in construction in 2008, while wages received are, on average, five to eight times higher than what can be received in Pakistan (Overfeld and Zumot 2010). Malaysia remains their preferred destination in South East Asia. Estimates points to more than 100,000 Pakistani and Pakistani origin individuals. As workers, they serve in sectors like manufacturing, construction, and plantation.

Waves of migration to the Arab Gulf region started early in the 1970s in response to demands in construction. A decade later, around 2 million Pakistanis have been settled there (Sajjad, 2013; Stavrou, 2018). Emigrants to the Gulf region were largely uneducated people descending from rural areas (Gazdar, 2003), however, a switch to the skill-based sectors, like transport, trade, security services, and social infrastructure, started taking place in the last two decades. The residence status of these workers is often of short or medium term, typically lasting for four to five years (Arif and Yaegashi, 2012).
While motives of international migration among Pakistanis seem fuelled by various economic conditions both at home and the host country; also called ‘push’ and ‘pull’ factors (see. eg. Ahmed et al., 2008; Farah et al., 2012), the pattern of Pakistani out-migration has recently been subject to two major changes. First, the emergence of new sending regions within Pakistan due to a reduction in job opportunities caused by war declared on terror in these regions (Ahmed and Sohaib, 2013). Second, the increase of skilled emigrants who have better high human capital attributes. This includes the following types of people: information technology experts, doctors, scientists, engineers, technicians, electricians, steel fixers, and individuals with entrepreneurial acumen. Skillful emigrants are most likely driven by the attainment of better employment and earning opportunities (Hunzai, 2010; Rehman, 2013) and better life style (Farah et al., 2012). However, this trend, especially among educated individuals, is creating skill shortages and serious brain drain (ILO 2004; Nadeem and Ashfaq, 2004) that directly or indirectly affects Pakistani key services, especially in education and health care.

Policy roles in favour of emigration and remittance

According to Hunzai (2010), Pakistan policies in favour of streamlining migration outflows can be categorised into two: the first policies aim to lower migration costs while the second policies aim to improve their benefits and protection abroad as well as at home. Azam (2005) describes the Pakistani migration policy regime as both “regulated” and “state-managed”. Under a regulated regime, the market takes care of the recruitment for overseas employment but abides to state standards and procedures. Recruitment under the state-managed regime is carried by state-managed agencies that search for contracts overseas which match domestic labour laws (Abella, 1997). While designed policy strategies in favour of out-migration consider the serious effect of brain-drain on the economy, they majorly target low and semi-skilled individuals. As for now, there are 2128 valid Overseas Employment Promoter (OEP) agencies in charge of securing employment opportunities to Pakistanis overseas (Bureau of Emigration & Overseas Employment website). OEPs also help in lowering migration costs through the improvement of recruitment processes and the elimination of exploitative middlemen.

According to Azam (2016), emigrant capitals flowing to Pakistan have significant influence on economic development and growth when appropriate policy measures are set to guide their use. In fact, Pakistan’s support for international labour migration is justified by two objectives: reduction of unemployment and procurement of income through cash remittances (Azam, 2005). The government established many public organizations in charge of managing and increasing the impact of Pakistan diaspora overseas on the national socio-economic
system; perhaps the main of which is the Ministry of Overseas Pakistanis (merged with the Ministry of Human Resource Development in 2013). In 2013, the Ministry of Overseas Pakistanis issued the first National Policy for Overseas Pakistanis which brought further recognition to the potential of Pakistani diaspora in contributing to the development of the country. This policy was designed to empower and maximize welfare outcomes of Pakistanis working abroad bearing on the following recommendations: 1) establish special training institutes to deliver vocational and technical trainings according to overseas employment standards, 2) increase the employment of women overseas, 3) recognize social protection as a basic human right of Overseas Pakistanis, 4) protect deported individuals and provide them with assistance for their reintegration, 5) include overseas Pakistanis and their rights in all negotiation rounds of the Pakistani government with developed countries, and 6) Push embassies overseas to actively support and provide necessary legal aid and other facilities to overseas Pakistanis.

Additionally, a number of schemes were implemented to grant further advantages and incentives to immigrants. This includes the Overseas Pakistanis Foundation (OPF), Housing Societies for OPs, Pakistan Remittances Initiative (PRI), Foreign Exchange Remittance Card (FERC) and preferential education facilities for siblings of OPs. For instance, established in 2009 as a joint initiative of the Bank of Pakistan, the Ministry of Overseas Pakistanis and the Ministry of Finance, PRI tries to ensure efficient and cheaper inflow of remittances through formal channels in order to contribute to foreign exchange reserves. Emigrants remitting US$ 2,500 or more through official channels are granted certain privileges such as imports duty-free and free passport renewal (Hunzai, 2010). OPF also published a Guide to Investment for Pakistanis overseas and returning emigrants and set up a division to guide them towards productive business investments independently or through joint ventures with public and private firms. As yet, these initiatives did not work in the intended manner due to inefficient guidance and complexity of formalities (Hunzai, 2010), lack of awareness, as well as the uncertain business environment in Pakistan, among other reasons. Thoroughly designed and implemented strategies and mechanisms appear more necessary than ever before with regards to the deteriorating economic condition and the raging global economic crisis.

**Contribution of migration to social development: the crucial role of remittances**

One of the most important economic developments in Pakistan over the last two decades, was the remarkable growth of remittances. Pakistan was recently ranked as the 7th top receiver of remittance in the world (Ahmed and Sohaib, 2013). According to the Pakistan Remittance Initiative (PRI), savings remitted by emigrants from overseas are the largest single source of foreign exchange earnings, constituting 28 per cent. Figure 2 shows that the total volume of
Remittance has increased tremendously since the beginning of the new millennium; jumping from US$ 1.09 billion in 2001 to US$ 4.2 billion in just two years and increasing to almost US$ 16 billion in 2015. In 2016, remittance volume reached US$ 19.9 billion or 7 per cent of the Gross Domestic Product (WB, 2016). However, the annual flow of remittances exceeds largely the official statistics if the inflows from informal financial system of money transfer are considered. The World Bank (2009) reported in this matter that 51 per cent of Pakistanis use informal channels.

**Figure 2.** Remittance trend in the new millennium

**Figure 3.** Sources of Pakistan remittances inflow
So far, remittances were not vulnerable to an economic crises mainly because GCC countries financial ease did not dictate major budget cuttings in short and long term infrastructure projects in which Pakistani workers are extensively present. Kock and Sun (2011) prepared a study for the International Monetary Fund (IMF) where they discussed this pattern. They identified many forces behind the growth in workers’ remittances in recent years: 1) the increase in worker migration (quantity migration), 2) higher skill levels of migrating workers helped to boost remittances (quality migration) and, 3) agriculture output and investments made in both the host and home countries. Another reason worth being mentioned in this context is perhaps the hard-working character of Pakistani workers which increases during periods of crises to counteract the crisis effect on the families at the home country.

Official figures show that Saudi Arabia is by far the largest source of remittance injecting 30 per cent of the total remittance followed by 20 per cent from the United Arab Emirates. Altogether, GCC countries contribute 62 per cent; thanks to the involvement of short and mid-term labour force. Other considerable resources are the US (15 per cent) and the UK (14 per cent) (figure 3). Low contribution of Pakistanis from the UK is due to low emotional attachment of second and third generation emigrants to the home country, which is in turn explained by them being pretty much integrated into the UK socio-economic system, compared to first generation emigrants.

Source: Pakistan Remittance Initiative website
As in many sending countries, emigrants maintain close relations with their home country and contribute in different ways and forms. Pakistanis are in general not an exception of this trend given that they tend to keep emotional connections with the home country through exchanging family visits, transferring remittances and investing capitals. Remittances have, for instance, been gaining momentum among economists and sociologist who see them as an efficient component leading to the betterment of developing countries. Remittances also represent the most operational channels between migration and development. Many studies recognized the importance of remittances for the economic stabilization and social issues in Pakistan although these studies sometimes lack empirical evidence. According to Erdal (2012), received remittances in Pakistan often consist of transactions to targeted individuals within the household and to individuals beyond the household using kinship, gender, and religious dimensions. Within the economic perspective, Hasan (2010) contends that worker’s remittances from abroad did not only play important roles in GDP growth, but also reduced pressures on the exchange rate, monetary and fiscal policies. Savings and productive investments at home, on the other hand, are likely to contribute to long-term economic growth and sustainability (Hunzai, 2010).

Researchers sought to understand the extent and avenues through which remittances impacts development. The most common way to gauge this effect remains excellently “poverty reduction” particularly in the short term. The high rates of emigration in rural and semi-rural districts that were low in social resources and employment opportunities strengthen the impact of remittances on poverty. AKRSP (2001) highlighted that this would affect the poorest families, whose employment opportunities are otherwise very rare, in positive ways. In the same vein, Gazdar (2003) speaks of the direct impact of remittances, flowing from GCC countries, on poverty. A confirmation of this evidence was reported later by (Khatri 2007) who also saw significant correlations between remittances and poverty decline in many low-income countries, including Pakistan. A 10 per cent increase in the share of remittances in GDP can fundamentally reduce recipients’ poverty by 1.2 per cent and enhance their living standards.

According to Hasan (2010), remittances procured to the country were used to build real estate, improve lifestyles, purchase gadgetry and afford better educational opportunities. In regard to education, evidence from rural areas suggests that temporary migration is associated with higher school enrolment, especially for girls (Mansuri, 2006). In fact, some researches notice that migration is sometimes higher in areas that lack high educational levels (AKRSP, 2001). In such situations, people migrate because their lack of skills and knowledge only permits them to receive low wages if they could secure a job. Such salaries hardly covers their basic needs and those of their families; drowning them in acute poverty.
Remittance volumes sent by Pakistanis can sometimes be very high in places where remitters can save main costs like accommodation, food and transportation. A tendency to save is higher for short term emigrants who plan to engage in self-employment after returning back home benefiting from currency convertibility between Pakistan and the host country. Workers in Western Asia are, for instance, remitting on average 78 per cent of their salaries (Overfeld and Zumot, 2010). In addition, evidence shows that remittances of Pakistanis are spent in various avenues that directly improve living standards of the recipients especially at the household level. This includes spending funds on food, clothing, education, housing, healthcare, loan repayment and land purchase (Suleri and Savage 2006). The study of Arif (2013) assessed linkages between remittances, return migration and middle class and noticed that monthly expenditure of remitters households increases by 158 per cent for the average stay of 7 years abroad. This study also found that good part of remittance received by middle class was spent in the following four avenues: real estate and agricultural machinery (22%), food (18%), marriages (17%), and savings (14%).

Another important corridor in which remittances are used is solidarity. Ahmed and Sohaib (2013) and Suleri (2013) added that solidarity acts of emigrants were commonly seen during natural disasters and economic downturn periods. During the 2005 and 2006 Pakistan earthquake and the 2010 and 2011 floods, for instance, remittances were used as short-term recovery expenditure to rebuild the affected houses and provide immediate relief to victims in terms of emergencies, food and shelter. Part of the solidarity is extended assistance to other family members and friends willing to emigrate. Remitters help them to overcome migration costs, securing jobs, building networks overseas and remitting funds through efficient and faster lines. An article entitled “In Pakistan, remittances from abroad radically change lives”, published on the Guardian website, concludes that remittances changed the lives of millions, and enabled families to surpass subsistence to new economic levels where they have active bank accounts that permit them more manageable options in life. Remittances can therefore lead to significant contribution to the well-being of the country and to the overall economy but also, as argued by Abbasi (2010) stimulate political stability.

**Conclusion and recommendation for future research**

This paper reviews and discusses emigration from Pakistan and its contribution to social development in the country. First considerable emigration movements took place soon after the independence, but the phenomenon accelerated in the following decades resulting in a large-scale Pakistani diaspora being established overseas. Reasons behind international emigration were varying from push to pull factors at the country of origin and the receiving country respectively and were primarily fuelled by the desire to improve the wellbeing of the...
family and the community through financial support. Recently there has been a change in the pattern of emigration both in terms of motives and types of people moving abroad. There is an increase in the rate of emigrants with human capital attributes such as higher educational levels and skills. This situation made Pakistan a major sender of highly skilled workers. Skilled workers are not attracted by traditional economic conditions since they can secure job opportunities at home, but they are more in search of better opportunities abroad, not available in the home country.

Apart from the mere recruitment of people for foreign working positions, the government did not assume greater roles towards using this phenomenon for development. However, recently, efforts have been increased not only to protect and assist national workers overseas but also to manage the whole diaspora in such a way to maximize their inputs to the country by directing them towards further economic and social involvement. The magnitude of the contribution made by Pakistani emigrants overseas can be excellently captured through remittances. As a valuable source of income, funds generated from overseas for the benefits of the household are without a doubt the central node linking emigration to social development. Research confirms this appreciable link via positive affects found in small-scale cross-sectional studies.

However, extensive transformations in the community or the state are not made evident. This may be because: 1) the impact of remittances cannot be easily observed since they are mainly used at the household level; 2) there has been little research tracing their influence; 3) a lack of longitudinal research on the matter; and 4) a lack of research that examines their affect on the community and the state levels; maybe through social businesses and medium and large-scale solidarity projects. If overcome, these four research-based drawbacks will certainly engender new insights, making the link between the two concepts much clearer and draw new guidelines for remitters as well as policy makers.
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