



The Dilema Of Afghan Refugees: Analyzing The Economic Impacts Of Afghan Refugees On The People Of Lower Dir, Khyber Pakhtunkhwa

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Abstract

Since 1980s the Afghan refugees have been settled in different camps across Khyber Pakhtunkhwa and have numerous impacts on the local people of Pakistan. These impacts are social, political and psychological in nature. Although, afghan refugees have both positive and negative impacts on the local communities in terms of business and employment however; their negative impacts on the local economies and business communities are far greater. In this study the overall impacts of Afghan refugees on the local business communities have been investigated. The study has been conducted in district Dir Lower wherein afghan refugees are settled in different camps at Tehsil Adenzai (Chakdara) and Tehsil Balambat (Timergara). This study is quantitative in nature. Primary data was collected through questionnaire from the respondents of the study area. Likert scale has been used in order to find out the impacts of refugees on the local economy/business communities. The relationship between independent and dependent variables was later on identified through X^2 . This study shows that the refugees have negatively impacted the economic sector of Dir Lower, because they have occupied all type of business. This has decreased the job opportunities for local people and their income has been reduced. The refugees have monopoly in market and the local people get very less remuneration for their sale and services.

Keywords: Refugees, economy, impacts on labor, impacts on businesses, inflation, smuggling

INTRODUCTION

The Union of Soviet Socialist Republics (USSR) attacked Afghanistan in 1979 with more than 100,000 troops. This decade long war compelled more than three million people to leave Afghanistan and to get refuge in the neighboring countries. On the basis of similarity in

culture, religion or languages, Pakistan and Iran hosted all of the afghan refugees of 1979 war (Douglas, 1999). Making arrangements of stay and other basic facilities for such a huge number of refugees was too much difficult task for a poor country, Pakistan. The Government of Pakistan launched camps in all the provinces for the Afghan refugees. Majority of the camps were established in Khyber Pakhtunkhwa and Baluchistan which are the provinces on the border with Afghanistan.

According to Rais (1994) millions of Afghan refugees are living in Pakistan which includes both registered and unregistered refugees. Majority of the refugees are living in Baluchistan and Khyber Pakhtunkhwa provinces. After their arrival, the Afghan refugees were adjusted in various camps which were specially launched for them in specified areas. The refugees later left these camps and began living in areas outside the camps. In Khyber Pakhtunkhwa, camps for Afghan refugees were launched in Dir, Mansehra, Haripur, Nowshera, Mardan, Kohat, Charsadda and Peshawar districts.

Hilali (2002) argues that Pakistan provided asylum to almost three million Afghan refugees during the Afghan war. Making arrangements of stay and other basic facilities for such a huge number of refugees was a difficult task for a poor country like Pakistan. The government of Pakistan specified areas for the refugees' camps in various areas of Pakistan but they sprawled in the settled towns and open lands. After their arrival, the Afghan refugees were adjusted in various camps which were specially launched for them in specified areas. The refugees later left these camps and started living in areas outside camps.

According to the Burki (2016) USSR left Afghanistan with serious impacts on the society of Pakistan. By supporting the United States in Afghan war, Pakistan got the cultures of weapons, illegal trades, drugs, smuggling and crimes. The decade of 1990s, which was named as the 'lost decade of Pakistan', was badly affected by the result of Pakistan's participation in Afghan war. Among those impacts, the impact of Afghan refugees was one of the major reasons of chaos in Pakistan. Pakistan was a close ally of the United States in the Soviet-Afghan war. Therefore, it received billions of dollars as aid and for supporting the Afghan fighters. Because of such an enormous external aid, it could be possible to provide best services to the people in the fields of health, education, infrastructure, rural development etc. People were expecting various reforms and strengthening of institutions but unfortunately nothing happened in these sectors. Major portion of the amount of aid was utilized in defense sector and some was spent in imports of consumer goods. During the government of General Zia, the gross national savings of Pakistan fall to 4.6% from 6.4% and the total debit reached \$16 billion. The country became dependent on short-term debt (Veil, 1987).

Easterly (2001) in his study argued that the huge external aid to Pakistan continued as long as the Afghan war lasted but the fate of the common people remained the same. During

General Zia regime, the miseries of the people remained the same and no extraordinary change was felt. All the institutions became further weak and corrupt. Health, education, social and developmental miseries further increased. The army backed government was too much interested in defense sector and therefore, a huge amount of fund was allocated to it each year. The budgets of education and health sectors were reduced which were already not enough for the fast growing population. Defense remained of a great importance for General Zia and in 1988; the budget of defense was more than the overall budget of all the developmental projects.

According to Rizvi (1984), after a few months of the arrival of refugees, they slowly and gradually took control of various businesses such as transports, real estate, fruit industry, super markets, smuggled goods, clothes, labor markets, electronic markets, dairy products and restaurants. Afghan-clustered settlement appeared in various cities of Pakistan. Refugees don't pay taxes to government. Therefore, they get enough profit while they accept smaller rates in market. This created burden on the local tax payers which affected the overall revenue of the country as well. Whenever there is a business opportunity in local market, the refugees take advantage of it. Thus the local businessmen are affected by these conditions.

Ackerman (1982) in his research study said that the financially stable Afghan refugees started various types of businesses in Pakistan. Most of them invested their capitals in the business of transport, commercial properties and real estates. Majority of the Afghan refugees were well-off and therefore, they would pay high rents for houses and shops rather than the locals. They joined the hoteling and restaurant industry and had prominent restaurants in Baluchistan, Khyber Pakhtunkhwa and other major cities of Pakistan. The Afghani foods cooked in these restaurants soon got popularity among the local people. Some refugees started business of transport while the others started various small businesses like selling vegetable, milk, ghee, meat, yoghurt, sell and purchase of domestic animals etc. In a very limited time, the Afghan refugees captured the whole markets in Baluchistan and Khyber Pakhtunkhwa and established their monopoly in the markets of Quetta and Peshawar.

Majority of the refugees living in camps belong to poor families who are mostly unskilled workers. They are good in the field of agriculture and labor. As the farming sector of Khyber Pakhtunkhwa did not have that much attraction and the jobs of agriculture are seasonal, majority of the labors associated with farming shifted to cities where they had numerous opportunities of working in various construction projects and other labour work, available on daily wages. This huge influx of refugees into the urban labour market increased the manpower and thus lessened the job opportunities. The refugees started the trend of

bargaining in labour sector in order to compete with the local labors. They would work on very little remuneration. Therefore, they soon got acceptance in the local market where they associated themselves with various skilled and unskilled professions. This resulted in a great competition and rivalry between them and the local people and the overall livelihood sector was destroyed (Bradsher, 1999).

Boesen (1986) argued that the rich refugees started their own businesses of different types in major cities of Pakistan including all the provincial capitals. The poor refugees were also engaged in these businesses. This laid the foundation of competition in markets of these areas. The refugees established huge businesses in major cities of Pakistan in a very short period of time. They had monopoly in some of the businesses such as the business of dry fruits, imported goods, electronics etc. Apart from the static businesses, the refugees captured the transport sector as well. In Peshawar and Karachi majority of the owners of vehicles, their drivers and cleaners were Afghan refugees (Stedman, 2004).

According to a report the monthly rent of a house in Peshawar was Rs.2000/- in 1980 which was RS.5000/- per month 1985 with two years advance rent. These rents were not high for the refugees because multiple families would live in a single house. The local residents, who shifted to Peshawar either for business or services, faced a lot of hardships in getting a house at a reasonable price. The local owners of the houses of commercial areas shifted to less expensive areas and gave their own houses on high rents to the rich refugees and to offices, mainly working for the refugees in Pakistan. The situation in villages was a little bit different. There is no trend of giving house on rent in villages. In Khyber Pakhtunkhwa a house would be given to a refugee where he would live as a tenant and in return he would offer some free of cost services to his landlord. Many refugees, not living in camps and could not afford high rents in the cities, were living as tenants in villages. The poor people of rural areas got benefit from this as the refugees would help them in agriculture and livestock sectors (Ashraf, 1988).

Marvin (1993) argued that the refugees linked themselves to a prohibited supply of various goods on small scale across the Pak-Afghan border in 1980s, which later took the shape of a massive business. It was further encouraged by the trend of tax-free exports to Afghanistan. Both the Afghan and Pakistani smugglers would smuggle various food items like rice, wheat, chickens, ghee, milk and many other products to Afghanistan. Moreover, they would smuggle different types of food and non-food items to Pakistan as well which mostly contained electronic products and weapons. This smuggling between the two countries caused significant loss to the state's revenue.

Bhola (1989) argued that some of the Afghan refugees were involved in the prohibited smuggling of various goods across the Pak-Afghan border. The different food items would be

shifted backdoor to Afghanistan which would often result in the shortages of these items in Pakistan. The refugees would not only smuggle goods from Pakistan, they would bring back various items to Pakistan as well. These include the foreign electronics, weapons, clothes, home appliances etc. The refugees would supplied such products to all the mega markets and one could easily get these products anywhere in Pakistan. The refugees living in frontier regions often get the demands of smuggled goods to Pakistan from Afghanistan by the local people (Qaiser, 1991).

The refugees living in Pakistan would frequently visit Afghanistan and they would take something goods with them in large amount in order to sell them there. On return to Pakistan, they would take something from Afghanistan for sale in Pakistan. The rich refugees would do this practice on large scale and they made a mafia which was involved in smuggling across the Pak-Afghan border. The mafia would smuggle various food and non-food items including electronic products, weapons, tyres, medicines, dairy products etc. This backdoor transportation of goods across the border severely affected the revenue of Pakistan (Rahim, 2018).

According to Samdani (1982), sources blamed that the refugees were involved in smuggling of various food items to Afghanistan. This cross-border smuggling of Pakistani crops to other international markets caused its shortage in the local market. In spite of Pakistan's mega wheat crop production, it imported 1.8 million tons of wheat from various countries of the world. The problem was accredited to Afghan tax-free imports through Pakistan. The local business community was badly affected by this increasing trend of smuggling.

The research study of Begum (2010) revealed that Afghan war destroyed Pakistan's tourism industry. The war stricken Afghans rushed to Pakistan. To accumulate about four million Afghan migrants, camps emerged in various parts of Pakistan, mostly in Baluchistan and Khyber Pakhtunkhwa. Later these refugees started living outside camps and spread in the whole country. This badly affected the security situation of the country. The post 9/11 war gave continuation to the inflow of refugees from Afghanistan to Pakistan. These Afghan refugees made Pakistan pay heavy price in shape of innumerable social, economic and environmental problems. Pakistan has beautiful and historical places in all of its provinces where thousands of visitors go every year. After the Soviet-Afghan war, visitors were afraid to visit these areas because of insecurity which was resulted because of the presence of refugees there.

Objectives of the study:

- To investigate the impact of Afghan refugee on local business community
- To find out the impact of Afghan refugees in unemployment in the study area

- To dig out the role of refugees in illegal business and smuggling

METHODOLOGY

Nature of the study

The subject of impacts of refugees is very important one and consequently it needs to be studied by sociologists. The function of a sociologist in investigating this issue in detail becomes very essential. This is one of the burning issues of the current era; therefore, the researchers are too much interested in knowing the impacts of refugees on the respective local population. This study and its research methods are constructed in such a way that these find the various impacts of Afghan refugees on the economy of local people of the study area in a comprehensive manner.

This study is quantitative in nature. By using quantitative method, the economic impacts of refugees will be studied in a more extensive way. This research study will not only be fruitful for researchers but will also provide useful information to the policy makers related to the refugees in different regions of the world. Through this they will be informed about the overall economic impacts of refugees on the local people.

Universe of the study

The universe of the study is Chakdara, District Dir lower. The reason behind this is that a major portion of the refugees present in district Dir lower live in Chakdara. They have made a business hub there where they have established their monopoly.

Sampling Procedure and Sample Size

Sampling methodology is one of the most important segments of social research. Because of the nature of the research, all the respondents selected were male and were selected from sampled locality in order to investigate the impacts of refugees on their economy. The respondents were selected through stratified random sampling. According District Census Report of Dir Lower (1998), the total population of Chakdara is 29,217 and as per Sekaran method (2003), the sample size for this study was chosen as 379. Thus, 379 individuals were selected from the urban and rural areas of Chakdara through proportional allocation method. Quantitative method of research design has been used for conducting this research in order to get the highly accurate result of this study. Data from the respondents was collected through questionnaires. The respondents belonged to various walks of life. The research method of the study is designed in such a way that it has covered all the economic activities which have been affected by the presence of refugees in the target area.

Methods of Data collection

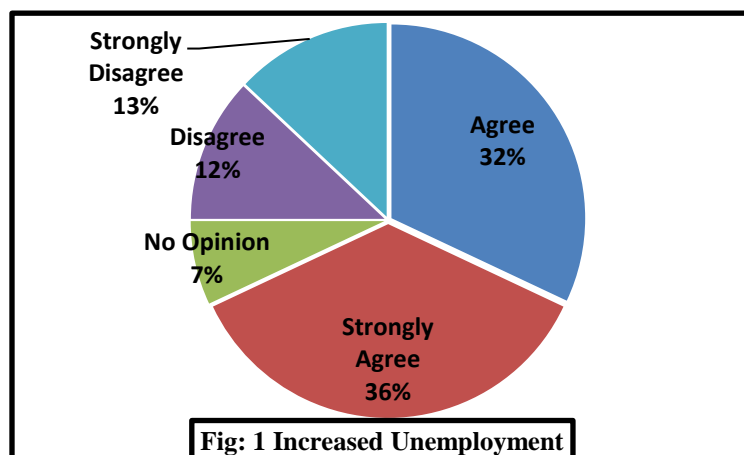
In this research study, both primary and secondary data were gathered. The secondary data was taken from the already published materials whereas the primary data was collected from sample respondents through interview schedule. The questionnaire was pretested in order to check its validity before using it for final data collection. Likert scale was used in order to know the views of the respondents about the impacts of refugees on the economy of their area.

Data analysis

After collecting the data, it was presented in tabular form and in order to make it further simpler for better understanding, it was presented in percentage form as well. The correlation between independent and dependent variables was tested through Pearson Chi-square (X^2). The findings of the study were supported by the concerned work of researchers.

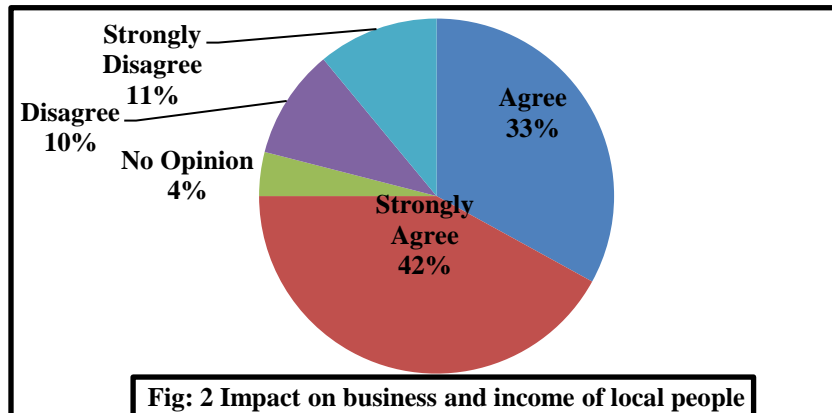
RESULTS AND FINDINGS

Figure 1: Role of refugees in increasing unemployment in local market



The figure No. 01 shows the respondents' views wither the refugees have any role in increasing unemployment in the study area. According to the table and graph, 121 respondents with 32% of the total sample size agreed to the above statement. 137 respondents with 36% strongly agreed. 27 respondents with 7% had no opinion about it. 45 respondents with 12% disagreed whereas the remaining 49 respondents with 13% of the total sample size strongly disagreed with the above statement.

Figure 2: Impact of Afghan Refugees on business of local community/s



The above figure (No.2) shows whether the refugees have any role in impacting the business and incomes of local people. Out of the total respondents 127 respondents agreed to the above statement which makes 33% of the total sample size. 159 respondents strongly agreed which makes 42% of the total sample size. 13 respondents having 4% had no opinion about it. 38 respondents having 10% disagreed with it. The remaining 42 respondents having 11% of the total sample size strongly disagreed with it.

Figure 3: Involvement of refugees in cross-border business and smuggling

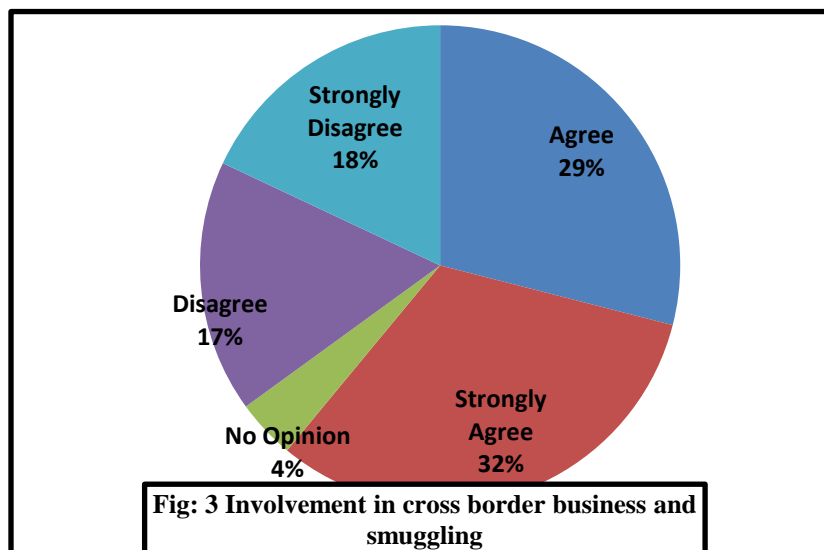
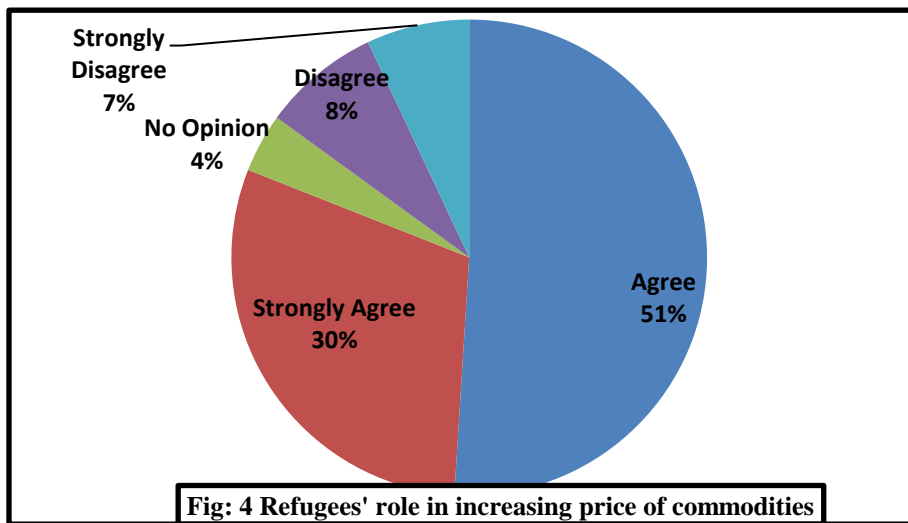


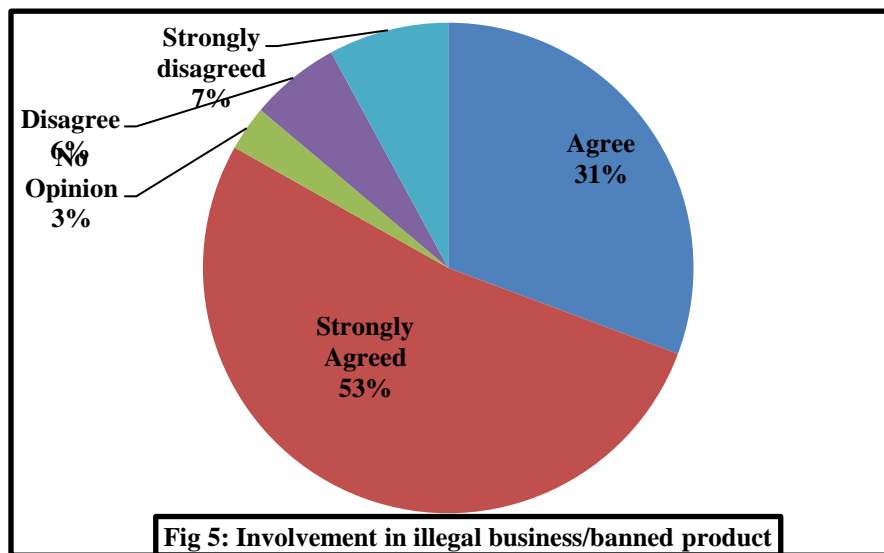
Figure No. 03 show wither the refugees are involved in business and smuggling across the border. In this regards, majority of respondents i.e. 110 agreed to the above statement and told that afghan refugees are involved in cross border smuggling and business which makes 29% of the total sample size. 122 respondents strongly agreed which makes 32% of the total sample size. Further, 17 respondents having 4% had no opinion about it. 61 respondents having 17% disagreed with it whereas the remaining 69 respondents having 18% of the total sample size strongly disagreed with the given statement.

Figure 4: Role of refugees in Price Hikes



The table and pie graph 4 shows the respondents' views wither the Afghan refugees have any role in increasing prices of commodities in local market. It is clear from the table and graph that 196 respondents with 51% of the total sample size are agreed to the above statement. In addition, 113 respondents with 30% strongly agreed. 13 respondents with 4% had no opinion about it. 30 respondents with 8% disagreed whereas the remaining 27 respondents with 7% strongly disagreed with the above statement. This shows that the huge burden of the afghan refugees have negatively impacted the prices of different commodities especially those produced at local areas.

Table 5: involvement of refugees in business of illegal/banned product



The above figure (No. 05) shows the responses from the respondents wither the refugees are involved in businesses of illegal products. It has been represented in table and circle graph that 119 respondents agreed to the above statement which makes 31% of the total respondents. It was also found that 197 respondents strongly agreed which makes 53% of the total respondents. 12 respondents having 3% have no opinion about it. 23 respondents having 6% disagreed with it while the remaining 7 respondents having 7% of the total sample size strongly disagreed with the above statement.

CONCLUSION

This study was carried out in Chakdara, Dir Lower which is a district of Khyber Pakhtunkhwa, Pakistan. This district is on the border with Afghanistan so the refugees of Kunar and Nooristan district of Afghanistan migrated here in 1979. They started their lives in refugees' camps and later on shifted to areas near camps. These refugees left severe impacts on the lives of people of Dir Lower. Their impacts can be seen on the social, cultural, economic and psychological aspects of life of local people. This study is limited to the economic impacts on the local people. A total of 379 local respondents from Chakdara and surrounding areas were interviewed in order to investigate the economic impacts of Afghan refugees over them. The respondents were selected from various walks of life through stratified random sampling. Likert scale was used in order to know the views of local

community about the economic impacts of refugees over them. The study shows that the Afghan refugees have created a lot of economic problems for the local people. As far as the businesses are concerned, the refugees have monopoly over the local market. They are engaged in all those businesses which the local people do e.g. business of food and non-food items, hotel industry, transport, livestock, supply of goods etc. This has badly affected the businesses of the local people. The income of both skilled and unskilled labors has been affected by the refugees and the local people work on very low remuneration. The refugees are often well to do and pay more rents of shops and houses which is a great issue for the local people. The local people have to pay a huge amount of money for houses or shops to be rented which is not affordable for majority of the people.

The refugees have changed the overall system of economy. They have brought drastic changes in the economic sector of Chakdara. They have introduced various new trends of businesses which the local people have also adopted. They are engaged in all those businesses which the local people do e.g. business of food and non-food items, hotel industry, transport, livestock, supply of goods etc. This has reduced the sources of income for local people. The income of local skilled and unskilled labors is so much affected by the refugees that the local people are compelled to work on very low remuneration. The presence of refugees has increased child labor in the area because they prefer earning over education for their children.

The refugees have a great role in increasing inflation. Some of the refugees are involved in the business and supply of products which are banned by the government of Pakistan. Refugees are responsible for shortage of food and non-food items in Pakistan. They smuggle such products to Afghanistan and sale on higher prices there. Some of the refugees are involved in the business of banned products in Pakistan. They do the business of such items which are smuggled from foreign for which taxes are not paid. They are burden on the local economy as well as on economy of the state.

According to this study, majority of the respondents (36%) are agreed to the statement that the refugees have increased unemployment in the target area. A significant association ($P=0.044$) between the presence of refugees and increase in unemployment in target area is there. This is endorsed by the work of Boesen (1998). According to Boesen, the rich Afghan refugees, after their arrival, engaged themselves in various types of businesses. On the other hand, the economically weak refugees started work as skilled and unskilled workers, even on very low wages. The economic conditions of local people were affected by both the business class as well as the labour class refugees. Consequently, the ratio of unemployment remarkably increased in which the local people suffered a lot.

This study also shows that majority of the respondents (42%) are strongly agreed to the statement that the refugees have a vital role in reducing the income of local people. There is significant association ($P=0.034$) between the presence of refugees and decrease in income of the people of target area. This result is backed by the research of Rizvi (1984). Rizvi, in his research, says that the refugees have started all sorts of businesses in area of their refuge. They are now running all those businesses and professions which the local people have for last several years. So the businesses of local people have been affected and their income has been reduced a lot.

Another major finding of the study is that majority of the respondents (32%) are strongly agreed to the statement that the refugees are involved in cross border businesses. There is a significant association ($P=0.035$) between the presence of refugees and involvement in cross border businesses. This result is supported by the research study of Rahim (2018). According to this study, some of the refugees are involved in cross border smuggling. They smuggle various food and non-food items to Afghanistan from Pakistan which results the shortage of these materials in Pakistan. In return, they smuggle various items to Pakistan such as foreign electronics, weapons, clothes, home appliances etc.

One of the major findings of the study is that majority of the respondents (51%) are agreed to the statement that the refugees have a role in creating inflation in their area. This result shows that there is a significant association ($P=0.050$) between the presence of refugees and increase in inflation in target area. Same are the views of Ashraf (1988) which supports this result. The advent of refugees increased inflation enormously in Pakistan. The rents of houses and shops increased. The demand of various food items and medicines increased which resulted in the increase of their prices. This proved an extra burden on the poor people of Pakistan.

Majority of the respondents (53%) are agreed to the statement that the refugees are involved in business of banned products. A significant association ($P=0.050$) can be seen between the presence of refugees and sale and purchase of the banned products in the target area. This result is endorsed by Bhola (1989). According to the study of Bhola, the Afghan refugees are involved in sale and purchase of various objects. These include the goods for which taxes are not paid to government or which are banned by the government of Pakistan. They are involved in the business and supply of such products in order to get maximum profit. Apart from violation of government rules, this kind of business also affects the economy of Pakistan.

Limitations and study forward

This study is focused primarily on the economic impacts of Afghan refugees on the local people of district Dir Lower. Chakdara has been selected as the study area because a large number of Afghan refugees live there. They have severely affected the economy of the area and have monopoly over the local market. Study will be confined to the local people from whom the impacts of refugees on the local people will be known.

This research study will be of great importance for the students and researchers of social sciences, economics and management studies. It can also be useful for the government, people and organization working for refugees in any part of the world. It can help the policy makers in planning and making policies related to the stay of refugees in a country. By studying this research, they can minimize the negative impacts of refugees on the local community.

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