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# Real Unemployment in Balochistan, Pakistan: Context, Issues and Way Forward

\_\_\_\_\_ Manzoor Ahmed

\_\_\_\_\_ Muhammad Hassan

*This review paper attempts to examine the causes and its underlying consequences of unemployment in the province of Balochistan. Following a short and critical description on Balochistan and the status of employment, the paper claims that Balochistan nevertheless with a vast and resourceful landmass lags other federating units (provinces) of the country in terms of alleconomic and social development. The theme of the paper is to discuss the overall situation of unemployment in Balochistan and to provide an understanding of the failure of past and current polices of the governments in addressing it. The paper argues that compared to other provinces of Pakistan, not only unemployment is high in Balochistan but also poverty, illiteracy, disease and misery, and latter are directly related with unemployment. This has been a persistent and critical issue for the last many decades and succeeding governments at federal and provincial level have failed to address thesethem. It is hard to believe that all ruling class both at the federal and provincial levelsince creation of Pakistan have felt exactly the same about the issue of high level of unemployment in Balochistan and made the same promises to provide employment opportunities, yet without any tangible policy interventions. The paper suggests numerous areas for attention and action, through which the problem of unemployment can be resolved.*

**Key words:** Unemployment, political economy, underdevelopment, Balochistan's economy

## **Dr. Manzoor Ahmed**

Associate Professor, Department of Economics,  
Lasbela University, Balochistan

## **Dr. Muhammad Hassan**

Senior Research Fellow  
National Institute of Historical and Cultural Research (NIHCR),  
Quaid-i-Azam University Islamabad

## Introduction

Geographically Balochistan is the largest province of Pakistan, the richest in natural resources, least developed in infrastructure. The people of Balochistan perhaps are the poorest in terms of per capita income in entire Pakistan. There are many reasons why Balochistan is so lagging behind the rest of the country as is evident from its economic, social and political indicators. Illiteracy is high because opportunities to educate the children are limited; poverty is high because no employment opportunities exist that is because physical and economic infrastructure for investment and growth is restricted. Jamal (2009) and Government of Balochistan (2010) estimate show that 86% of the rural population in Balochistan lives in absolute poverty or less than a dollar a day and unemployment is close to 90% (SPDC, 2014; Government of Balochistan, 2010). Unemployment in Balochistan is high because successive governments both at federal and provincial level failed to build physical and economic infrastructure necessary for growth and development with significant impact on employment generation. And whatever limited policies adopted aiming for alleviating unemployment, are flawed and ineffective. Currently the public sector is the major employment provider. The traditional sectors of agriculture and fishers, which are the mainstay of the provincial economy, have no further capacity under the prevailing technological base and mode of productions to absorb the unemployed lot, and no new industries with a certain level of efficiency are developed to generate employment. This paper is an attempt to understand the causes of systematic unemployment and poverty in the province.

To address with the issues of unemployment the emphasis must be placed on the three main areas; expansion of education facilities and improvement of standard of education, establishment of industry based on raw material produced in Balochistan and building dams for water storage, irrigation and hydroelectricity generation.

Two fundamental reasons explain why such a critical problem like unemployment has either been intentionally misdiagnosed or neglected and no solemn efforts have ever been made to the persistent issue of unemployment in the province. Firstly, at the outset of colonial era in Balochistan during mid 19<sup>th</sup> century, the state policy for social and economic development under indirect rule was merely focused to benefit an elite group of loyal and dependent feudal lords, the so-called *Sardars* (the tribal heads) and *Nawabs* (lords) and their kinsfolks grossly ignoring the general mass. Key part of the benefits included government jobs to the relatives and associates of feudal and monetary embezzlement of public finance. Not only the colonial regime provided no such facilities as basic healthcare and education to the countryside of Balochistan, in post independence the poor condition of basic social services has not changed, showing that in general the government policies towards Balochistan have virtually remained the same

over the past 150 years. The policies adopted by successive governments of Pakistan, aims to benefit only an expanded group of acquiescent and subject elite are not necessarily in kinship with the traditional tribal chieftains in Balochistan, without any meaningful impact on masses (Bansal, 2006).

The term unemployment refers to those people who have attended a college or university, have attained degrees or otherwise employable and willing to work, yet could not find a suitable job. This is the kind of unemployment that is lamented, and the governments, both provincial and federal, therefore are urged to create jobs for the educated unemployed. However, this is a fat misunderstanding and misinterpretation, and neglect of the real problems of unemployment because definitely the big majority of the poor and unemployed people in Balochistan lives in rural areas and are without formal education, training or skills. It is noteworthy that the representatives of the public and government officials both at central or provincial level appear to be least interested in raising the serious issue of unemployment amongst the shepherd and animal raisers, farmers and fishermen or even illiterate urban dwellers.

Secondly, neither the state policies nor political leadership, other public figures and the intelligentsia appear to realise that providing unproductive and unnecessary jobs to the people who could not contribute to the Gross Regional Product and greater social and economic benefits of Balochistan is the waste of the province limited resources. It is handily overlooked that the tangible economic growth and wellbeing is the result of investment in employment generating public and private sectors largely in industrial projects. The state must realise the great importance of private sector in generating productive employment opportunities (World Bank, 1993). Yet ironically the same sector is virtually non-existent in Balochistan.

The rhetoric of the successive governments in Pakistan has been that the economic problem in Balochistan exists mainly because too many educated youths are jobless. Therefore, policy makers and politicians have always been concerned with creating government jobs whether there exist a need or not, and thousands such appointment are made against all kinds of ghost positions in ghost villages and localities. The Balochistan Package or *Agaz e Hokook Balochistan*<sup>1</sup>(see Farooq, 2009 for more details) that was unanimously approved by Parliament of Pakistan was but another eyewash to resolve the issue of underdevelopment and unemployment in Balochistan. The fact behind the Package was diametrically opposed to the mitigation of economic and social woes of the province. In fact the much-hyped Balochistan Package seemed to have provided vast opportunities for exploitation and nepotism to the ruling class, both incumbent politicians and senior civil and military bureaucracy in Balochistan. Only five thousands contractual jobs were sanctioned in education department, which allegedly was distributed among the ruling elite and their relatives grossing violating the merit and rights of

deserving candidates. The outcome of Balochistan Package as all the earlier projects and packages was that in general there was very little decline in unemployment, owing to the recruitments of 5000 teachers under the Balochistan Package, with no tangible change in social and economic landscape of Balochistan.

No such policy for the lessening of unemployment in the province could be effective unless the real problem of unemployment was systematically understood. The policy makers and those who sit at the helm of public policy affairs must realize that a big number of unemployed people are the uneducated and farmers, animal raisers and fishermen in the coastal belt of the province. Therefore, the state needs to devise an effective policy mechanism to create economic activities at local level considering the growth potentials of the specific areas in order to provide jobs to the people where they live. Whatever policies of previous governments both at provincial and federal level in terms of providing jobs to the majority of educated people in the province have had restricted benefits to few families yet with enormous disadvantages to the people at larger. It is a recorded fact that the per capita public sector employment in Balochistan is the highest compared to both national average and other provinces. Hence, for long-term and sustainable development, it is essential that production and employment opportunities must be generated mainly through the founding of industries based on locally derived raw material throughout the length and breadth of the province. And China Pakistan Economic Corridor can provide a window of opportunity to initiate the process of industrialisation under its Special Economic Zones (SEZs) roadmap, in which many SEZs are planned to be established in multiple locations of Balochistan.

It is important to mention that only 1.5 million families live in Balochistan. Compare to other provinces of Pakistan and given the extreme population pressure in the country, the small population in Balochistan can be considered as an asset, as at one job per family, it needs 1.5 million jobs to provide at least one job to a family. This is eminently realistic and feasible, given the huge and varied agriculture, horticultural, fisheries and, in particular, mineral resources in the province. It can become a zero unemployment province in less than half a decade and attain single digit in poverty and illiteracy in a decade (Bengali, 2017). The very natural geography of the province can be one of its main economic and productive assets and resources. Its economy is greatly based on the existence and production of natural resources and minerals under the beneath of its landmass body. It also has very high economic and productive potentials in connection to agriculture, horticulture, livestock and fisheries. Thus, mass unemployment, mass poverty, high illiteracy and inescapable and persistent hunger is incompressible and inexcusable.

Full of natural resources and rich of minerals, is greatly under the grip of, and afflicted with widespread unemployment, poverty, and marginalization beyond

redemption, caused Balochistan to reflect and suffer from a “Resource Curse”, which have had serious and adverse implications on unemployment.

### **Adaptation and Implications of Keynes's and Mao's Ideas for Economic Development in Balochistan**

The relationship between unemployment and poverty is direct and well established. Unemployment means loss of income, which leads to increase in poverty and decrease in national production. John Maynard Keynes professor at Oxford University wrote an open letter to the president of the United States, which was published in the New York Times in 1933. In this letter he argued that the classical economists were bound to believe that the market economy always had an in-built mechanism to correct it and that the government should never intervene. However, contending the self-correcting notion of the economy of classical economists, he insisted that the government must intervene. Keynes believed that unemployment and recessions happen, mainly, because of inadequate aggregate demand in the country. He suggested that in order to lower unemployment and poverty the government must intervene to increase aggregate demand for goods and services. Increased aggregate demand will result in increased production, employment and economic growth (Keynes, 1936). Fully convinced that Keynes prescription was the correct one, President Franklin Delano Roosevelt implemented the Civilian Conservation Corps (CCC), the Public Works administration (PWA) and Rural Electrification Agency (REA). These programmes generated over 3 million jobs and helped end the depression. The CCC made unemployed men work on projects like forest preservation, flood control, improved national parks and wildlife preserves.

If Keynes was one of the greatest economists of the twentieth century, Mao Zedong was undoubtedly one of the greatest revolutionary leaders of the same century. Mao Zedong led the communist party of China from 1920s until his death in 1976. Once defeating his nationalist rivals in 1949 and taking over as the supreme leader, he introduced various revolutionary economic development programmes in his country. After following the Soviet model of economic development from 1949 to 1958 though he realized that the Soviet economic model was essentially built for a European country, which was not necessarily be appropriate for China with entirely different economic and social structure (Selden, 2016). He introduced his own model of economic development for China. He believed that objectives of real economic growth and prosperity could be achieved through introduction of small-scale industries and by unleashing the great potential of the masses of people. It is important to understand that China at the time was a poor and less-developed country and the Chinese people were, for the most part, uneducated and unskilled. Most economic growth in china during 1950-1970 periods was achieved by making everyone work (Selden, 2016).

The important lesson that we learn from Keynes and Mao Zedong's ideas is that the most important determinant of economic growth and prosperity is the human resource of a country. However, the challenge is to mobilize these resources or as Mao said, unleash the great potential (to work to increase production) of the masses of people. In other words make everyone to work, give a job to each person in order to make him/her a productive unit. During the Great Leap Forward, millions of Chinese were mobilized to build roads, schools, hospitals, dams and forests, most of them with their bare hands, or using small tools like shovels, rakes and picks (Feng et al., 2016). There is no reason why such a mobilization (voluntary as against possible involuntary communist mobilization in China) of human resources cannot take place in Balochistan, which undoubtedly needs a “great leap forward” to socioeconomic wellbeing of people and economic development.

Keynes Believed that during the time of poverty and unemployment people have no money and services, therefore, it's the prime responsibility of government to come with prudent programmes that would enable people to have money in their pockets that leads to increase the aggregate demands for goods and services (Keynes, 1936). Greater demand will encourage the supply that invariably translates in employing more people. This therefore leads to lower or eliminate unemployment and increase growth in the society. Thus, the essence of Keynes' assertion was to provide employment to everyone even if the employment was not productive in the short run. Although Balochistan economy is at least partially tribal and pre-capitalist, Keynes's ideas with regard to lowering unemployment can successfully be implemented in Balochistan.

### **Employment that Fails to Generate Economic Growth**

As we already discussed Balochistan lags for behind other provinces of Pakistan in all social and economic indicators. With high level of unemployment Balochistan extremely suffers from poverty, illiteracy, disease and above all vicious cycle of underdevelopment (SPDC, 2014). The province is trapped in virtually stagnant economic growth and underdevelopment over the decades and consecutive governments have not been able to address the critical and chronic issue of high unemployment. It is difficult to imagine that all successive governments for the last seven decades felt exactly the same way about issues of unemployment and made the same promises to provide opportunities for employment to the people of Balochistan. Whereas the problem of unemployment and its consequential impact of poverty, illiteracy and disease is correctly understood, the successive governments' initiatives in addressing the problem of unemployment have been naïve and misguided and have therefore always failed to achieve their objectives. The power elite in the province is either indifferent or lacks any tangible vision to the sustainable economic growth and development of Balochistan. To maintain its political base and buyout the loyalties the local voters, the power elite recruits

people in different government departments, which are not only overemployed but also grossly inefficient. This therefore has created a massive burden on provincial exchequer without any meaningful productivity and growth to provincial economy.

Currently, as over the past many decades, the public sector remained to be the main employment source to the educated people of the province. That is because no such noteworthy industry is present in one hand, and on the other hand the traditional sectors in Balochistan, like agriculture, livestock and fisheries have not been able to generate new employment opportunities owing to the lack of investment and absence of any concrete government policies towards their development. In many public sector departments such as agriculture, livestock, fisheries, urban planning and development, public health engineering, too many redundant jobs are generated, a lot of people get wages and benefits without being productive. Ironically, the meager resources of the province are grossly wasted whereas poverty and distress of the masses endures persistent. The current and recurring expenditures in addition to the main part of the resource allocation that is made for development is largely embezzled and misappropriated by the same government officials therefore the province, given its weak resource base, is left with very little resources to invest in order to create an economic base for the sustainable growth and development of the province.

One may therefore argue that providing public sector employments to a vast number of the people in Balochistan leaves no any meaningful effect on sustainable economic growth of the province for three key reasons. Firstly, the large public sector with huge unproductive employments cost hundreds of millions rupees to the national and provincial exchequer. Yet, its contribution to the economic growth and development is marginal and very little to the least. Secondly, the legal and illegal privileges and perks, which include free housing, cars, drivers, peons, and, many times, utilities to the civil services cost additional millions to the provincial exchequer. Thirdly, it is an open secret in Balochistan that a vast majority of government employees engage in misappropriation and corruption of public resources, which therefore inflicts a long financial costs and persistent immorality and lack of respect for law. Fourthly, those recruited in the public sector are happened to the educated class of the society. Yet, when employed in public sector they contribute scanty to the wellbeing and prosperity of the province and its population. Their contribution to the province's economic growth and prosperity would be far higher if they were working in a non-government capacity.

Except for a few selected departments like education and health, all government departments are classic case of resource extraction with negligible or no role as far as economic growth and the general well being of the people are concerned. In agriculture, animal husbandry, forestry, population planning, and many other departments can be more effectively performed by the private sector.

Rather than creating huge and usually inept and corrupt bureaucracies, both the federal and provincial governments should find ways to direct the limited resources to create a sustainable economic base for province, which could generate employment opportunities for the people in one hand and can maintain growth and enhance productivity on the other. For example providing subsidies to fishermen, fertilizers and pesticides to farmers and on veterinary medicine to animal raisers, will have a direct benefit on these communities who constitute the majority of poverty in Balochistan. Thousands of these public sector employees can be far more beneficial and productive if employed as teachers at the elementary school level.

### **Creating Productive Job Opportunities**

The key to economic development and prosperity in Balochistan lies not in direct government employment, but in employment generation that will result in long-term sustainable economic growth and development. Employment generation in the following sectors will go a long way in improving the living standards of the people of Balochistan.

#### ***Employment Generation in Education and Public Service Sector***

Hundreds and possibly thousands of government employees that are not contributing to the wellbeing of people of the province must be forced to deliver or quit. The government should revisit its policies towards employment generation and economic growth in Balochistan. A clear distinction needs to be made between those jobs that result in increased economic growth and prosperity and those that do not. Excessive and unnecessary employment in various nation- building departments is a burden on the provincial exchequer but contributes very little to provincial's economic growth. On the other hand an unskilled and uneducated labour employed by the government to build a dam or a road, school, hospital building does contribute a great deal to the economic development of Balochistan. In general the government should employ less of the former and more of the latter. Elementary education plays the most important role in determining a person's lifelong knowledge, productivity and overall success. Article 25-A of the 18th Amendment of the Constitution of Pakistan says, "The state shall provide free and compulsory education to all children aged 5- 16 years" (The Constitution of Islamic Republic of Pakistan,1973). Thousands of new teaching jobs will be created if the constitutionally required compulsory elementary education is introduced in Balochistan. A large number of elementary level teachers currently lack the very basic literacy and numeracy skills necessary for teaching. Such teachers must be re-educated and retrained, if they are so amenable. Otherwise they should be retired and be replaced with better-qualified teachers. In either case new teacher job opportunities will be created the lowering unemployment rates in the province. Many countries around the world follow policies that lower illiteracy

and poverty at the same. Compensating poor parents for sending their children to schools is justified on the grounds that in most rural areas of Balochistan survival requires that children, at a very young age, work and contribute to family income so that starvation is avoided. Many countries around the world require that school going children take lunch at schools and usually such lunches are arranged and served by the school system. One important reason for such a requirement is that, through this arrangement, the school system can ensure that the children are served meals that are healthy and nutritious. Providing subsidized lunches, requiring that all children buy their lunches at schools, and introduction of a programme of free lunch for poor children, will greatly alleviate the problem of malnutrition, thus increasing children's life-long economic productivity, at the same time increasing employment opportunities for many. Providing a good educational environment, qualified teachers, equipment and learning facilities, is important. It is equally important to provide sports and recreational facilities to the children, providing such facilities; playgrounds, planting of trees and establishment of parks, all will increase employment opportunities in the province.

### ***Employment Generation through Industrialization***

Industrialization is a robust and persistent process in which a society or country transforms from primarily or agricultural society to manufacturing of goods and services. England, other European countries and the United States achieved economic growth and prosperity after they shifted large parts of their labour from agricultural to industrial production (Lewis, 2003; 1954). In Japan the Meiji reforms of 1867 were a deliberate attempt to industrialize the country to bring it at par with European countries (Richardson, 1993). In early years of Soviet revolution it was realized that the only way that the Soviet Union could protect itself against its powerful foes was through super-industrialization (Hardt John and Modig, 1968). China at the time of Deng Xiao Ping's ascendance to power in 1978 had 72% of its labour force engaged in agriculture. China's rapid economic growth since then has been possible because the country made deliberate attempts to shift labour from low productivity agriculture to high productivity industry (Selden, 2016).

Undoubtedly Balochistan can achieve real economic growth and prosperity if it succeeds in establishing industries based on the raw material produced within the province. It is important that the government of Balochistan establishes the following industries with its own resources at this stage. These industries could later be sold to the private sector. Based on socio-economic and political feasibility, the government of Balochistan needs to establish a priority list of industrial projects. The following general recommendations take Balochistan's natural resource endowment and its comparative advantage into consideration.

### ***Fruit Processing/Canning Industries***

The establishment of fruit processing industries would result in lowering waste and increasing income of farmers and increasing employment opportunities, all at the same time. Deciduous fruit crops produced in Balochistan include apricot, apple, peach, grapes pomegranate, cherry and others. With all other factors taken into consideration such industries could be established anywhere between District Loralai in the northeast to Kalat District in the northwest. Since early 1950s efforts have been made to establish date processing and packing factories in Kech District and adjoining areas. However, due to the lack of proper attention, care and largely because of bureaucratic corruption the packing and processing factories at Kech had shut down at their infancy. Lessons should be learnt from earlier failure and fresh efforts be made to establish such industries in Districts Kech and Panjgur, where the dates is found in abundance.

### ***Wool/Mohair and Leather Industries***

According to government of Balochistan estimates (Balochistan, Government, 2010) there were 13,267,985 sheep, 12,439,470 goats, 2,560,337 cattle and 388,727 camels in the province. The same estimates show the wool production in 2430 tons, mohair production in 1,620 tons, and skins production in 5,205,330. The livestock particularly sheep and goats are grossly underestimated, because animal raisers live far from means of transportation and communication and many migrate from place to place in search of pastures and water. The animal raising communities live in a harsher environment and are the poorest and the most neglected in Balochistan. No roads, no schools, and no hospitals are in their access and they are discriminated against when it comes to government subsidies and price supports. While farmers often receive more than one kind of subsidies: price support, subsidized electricity for tube well operation, and subsidies on fertilizer, insecticides, pesticides, the animal raisers receive virtually nothing. To the further detriment of animal raisers, the government imposes price ceiling on meat, resulting in lower animal prices and lower animal raiser incomes. Those at the helm of affairs are least interested in heeding any attention to the predicaments and injustices to animal raisers, because the latter do not make a significant and influential constituency anywhere in the province.

The animal raiser incomes are also low because the prices of animal by-products, particularly wool and goat hair are low. It seems that there is little demand for the wool/hair of the breeds raised over most areas in Balochistan. The government animal husbandry department may consider introducing such sheep and goat varieties that will increase the overall animal raiser income. One goat variety that comes to mind is Angora that produces a long soft fine silky hair. Its hair is called mohair and is in demand worldwide to make a fabric also called Angora. The fabric from this hair is also called Angora. The goat breed is from Turkey and Mohair (Mokhayyar) garments were made with it for hundreds of years. In the mid-1800s herds of common goats in Southern Africa and South-

western United States were upgraded by the importation of Angora sires (Cakirlar, 2012).

Establishment of wool/mohair and leather industries anywhere from Khuzdar to Marri-Bugti, Duki, Zhob, Musakhel, Barkhan, Rakhni areas will greatly benefit the people of these areas. The establishment of industries will result in higher product prices, higher employment opportunities, and higher incomes for animal raisers.

### ***Marine Products Processing Industries***

Total production/catch of marine fish off the Balochistan coast in 2013 was 10.7 million tons (Government of Balochistan, 2014). Currently, the subsistence oriented fishermen all along the Makran coast cannot afford modern fishing boats and gear, cannot compete with large fishing vessels/traulners from Karachi and do not receive reasonable prices for their daily catch. Establishment of fish and other marine products processing industries and enforcement of provincial exclusive economic zone(s) will ensure improved living standards for the coastal communities. Establishment of fish and other marine products processing, curing and canning industries will benefit the local communities in many important ways. Besides creating new employment opportunities, a higher demand for fish by these industries will result in higher fish prices and higher incomes for the local fishermen. The provincial government may negotiate with the federal government to establish an exclusive economic (fishing) zone for the fishermen of Balochistan (possibly 50-100 miles from the coast). In this exclusive zone no trawlers or fishing vessels from elsewhere even from Karachi should be allowed. Establishment of industries and enforcement of a provincial exclusive economic zone will result in increased fishermen income, decreased unemployment and generally improved living standards for the coastal communities of Balochistan.

But nothing will improve fishermen living standards more than the establishment of fish processing and canning factories along the coast. Higher demand for fish by these factories will result in higher prices and higher incomes for the local fishermen and general improvement in the living standards of the coastal communities.

### ***Mining and Mineral Processing Industries***

Balochistan with abundance mineral resources yet with rampant poverty and backwardness is a classic example of an extractive economy. An extractive economy is characterized by one in which natural resources are harvested and exported in raw form and the work of processing and transforming them into usable products takes place in another region or country. Balochistan has remained an extractive economy ever since late 19<sup>th</sup> century when coal and other minerals

and energy resources were first discovered. According to the Government of Balochistan statistics around 38 minerals of fine quality are produced in the province (Government of Balochistan, 2010).

RekoDiq in Chagai hills has vast reserves of gold and copper. According to some estimates (World Bank, 2013) it is the world 5<sup>th</sup> largest gold mine. The mineral resource at RekoDiq is estimated at 5.9 billion tons with an average copper grade of 0.41% and an average gold grade of 0.22 g/ton. Saindak Copper-Gold Mine located near Saindak in Chagai District of Balochistan also contains huge deposits of copper and gold. Official estimates of the government of Balochistan show that, the project has the capacity to produce 15,800 ton of blister copper annually, comprising 1.5 tons of gold and 2.8 tons of silver. China currently operates the Saindak Copper-Gold mine. As per the lease agreement (between China and Pakistan) 50% of the revenues from Saindak would go to China Metallurgical Group Corporation (MCC), 48% to the Government of Pakistan, while Government of Balochistan gets only 2% (Baloch, 2012). New lease agreements or other arrangements with regard to Saindak, RekoDiq and other resources must be renegotiated and redesigned consistent with the interests of real owners of these resources i.e. the people of Balochistan. The people of Balochistan have benefited little from the discovery and extraction of the resources in any significant way. It is the responsibility of the Balochistan government to ensure that the province gets its due and fair share of revenues from the resource base. Most importantly, at least some processing of minerals must be done, and some processing factories (plant, machines and equipment) must be installed within Balochistan close to the areas of minerals extraction sites. This will alleviate the very serious and chronic problem of unemployment in the province. Generation of employment opportunity and provision of basic health, education, and drinking water facilities to local populations are the absolute minimum of facilities that the companies and the government must provide.

### ***Electricity Generating Power Plants***

Electricity shortages and power outages are indeed common all over Pakistan, but no province suffers as much as Balochistan does. Barring the residents of a few large cities and towns located on a couple of main road systems, the vast majority of people in Balochistan have no access to electricity. Over the past years even those limited localities that have access to electricity have experienced disruptions and blackouts that were twice as frequent and long as in other provinces of Pakistan. One main reason for such a large number of disruptions and blackouts is that electricity to most of Balochistan is supplied from sources that are located hundreds of miles away and the supply lines pass through unsafe and unsecured areas. Power lines and installations can easily be sabotaged resulting in province wide blackouts.

To provide employment opportunities, it is extremely important that Balochistan be self-sufficient in electricity generation. With relatively little investment and using its own resources Balochistan could be in a position of not only meeting its own needs, but also of exporting power to other provinces of Pakistan. Power generating plants using coal and natural gas, both produced in large quantities in Balochistan, can be established close to their sources of extraction. If enough dams, necessary for drinking water and irrigation purposes, are constructed, hydroelectricity can also be produced. Because of enormity of its geographical area and semi-arid conditions Balochistan also has a greater potential to produce electricity using solar and wind power.

Coal plays a vital role in electricity generation worldwide. An International Energy Agency (IEA) report (International Energy Agency, 2018) indicates that Coal-fired power plants currently produce 41% of global electricity that is because burning of coal to generate electricity also releases pollutants. Therefore, many countries including the United States are now using natural gas to generate electricity. IEA's 2018 data show that currently coal generates 40% of the USA electricity each month, while monthly electricity generation from general sources as amounts to 25% of the US electricity generation. Balochistan has huge quantities of coal deposits, which have further increased due to recent discoveries in Chamaling and Duki areas. Sui Gas Field is the biggest natural gas field in Pakistan first discovered in the late 1952 (Bengali, 2018). At the time of its discovery, Sui Gas Field was considered to be one of the largest natural gas fields in the world with recoverable reserves of around 12 Tcf (trillion cubic feet). Somewhat diminished remaining reserves are estimated to be at about 2 trillion cubic feet (Bengali, 2018). Currently Sui Gas Field accounts for 26% of Pakistan's gas production and the daily production is around 604 million cubic feet (Pakistan Energy Year Book, Various Issues). If associated gas production from oil wells and one or two minor discoveries outside Balochistan are taken into account, the province's average share of gas output over 1955-69 stands at 91%. However, with more discoveries in other provinces, particularly in Sindh, Balochistan's share has consistently declined to 21% over the last decade (2005-2014) and less than 20% currently (Bengali, 2018). Balochistan's share has declined to mere 20% of national production, not because the net production from province has reduced, instead its percentage share has decreased owing to production from other provinces. Hence in order to utilize the power generating potentials of the province and make it self-sufficient in electricity, coal fired and natural gas fired power plants can be established over large areas in the north and southeast of Balochistan.

Another important source for electricity could be through utilizing the hydropower sources in the province. Hydroelectricity is the term referring to electricity generated by hydropower, the production of electrical power through the use of the gravitational force of falling or flowing water. It is the most widely used form of renewable energy, accounting for 16% of global electricity generation.

Hydropower is produced in 150 countries, with the Asia-Pacific region generating 32% of global hydropower in 2018 (International Energy Agency, 2018). China is the largest hydroelectricity producer, with 721 terawatt-hours of production in 2018 (International Energy Agency, 2018), representing around 17% of domestic electricity use. The cost of hydroelectricity is relatively low, making it a competitive source of renewable electricity. The average cost of electricity from a hydro plant larger than 10 megawatts is 3 to 5 U.S. cents per kilowatt-hour (International Energy Agency, 2018). Hydro is also a flexible source of electricity since plants can be ramped up and down very quickly to adapt to change in energy demands. Once a hydroelectric Plant is constructed, the project produces no direct waste, and has a considerably lower output level of the greenhouse gas carbon dioxide (CO<sub>2</sub>) than fossil fuel powered energy plants. We will discuss below and argue that one of the highest if not the highest priority for economic development related investment in Balochistan should be dams construction. The dams have the potential of fulfilling the most important crucial needs of the people of Balochistan; drinking water, water for irrigation and hydroelectricity production. This cannot be overemphasized.

### **Water Resources Development**

It is too late to revive the old *Karez* system (Khan and Nawaz, 1995)<sup>2</sup>, it is too expensive and depletive to use tube wells, and the canal irrigation system in the southeast is limited and cannot be much expanded. In order to meet Balochistan's growing demand for drinking and irrigation water as well as for cases of electricity generation, dams are economically the most feasible system that the province should build. Some of the major benefits of utilizing dams for water storage and power generation are: (i) Over a large part of Balochistan, including Quetta, there exists a chronic scarcity of drinking water. Construction of storage and dams will alleviate this problem. (ii) Non-availability of irrigation water is a crucial factor throughout Balochistan as far as growing of food crops and fodder are concerned. Depending on the number of dams, the potential exists that hundreds of thousands of currently barren land can be brought under cultivation. The vast majority of people in rural areas of Balochistan have no access to electricity. Even the areas with access to electricity, like Quetta, face frequent disruptions and blackouts every day. Hydroelectricity generated by water stored in dams will greatly reduce and possibly eliminate problem of these chronic shortages. (iii) Over the years, pumping out of underground water on a large scale has resulted in depletion of underground water resources in most area of the province. Construction of dams will result not only in checking further depletion but also in replenishment of underground water resources, thus elevating underground water levels. (v) A properly located and designed dam will last for many years requiring minimum costs for operation and maintenance. It is known that semi-arid regions like Balochistan, the benefits from these dams are huge and the costs are relatively small.

## **The Scope of Economic Development in Balochistan: Acquiring Technology and Capital**

The examples of South Korea, Taiwan and other East Asian countries show that with dedication and sound policies, a less-developed economy can transform into a modern economy in a relatively short period of time. These days it is easy for a less-developed and poor country to grow rapidly because modernizing technologies exist and are easily available and adaptable. It took centuries for countries in Europe and North America to reach the current state of advancement in science and technology (Slomanson, 2006). But fortunately in 21<sup>st</sup> century, given global scale of interconnectedness and availability of technological knowhow, the underdeveloped countries do not have to go through all that tedious process of experimentation, research and development. Modern education and technologies of production can be acquired and mastered in a matter of years and at a very low cost.

One of the major elements of the Meiji reforms of 1867 in Japan was to industrialize the country (Richardson, 1993). The problem was that widespread and large scale industrialization required large amounts of investment capital. The Japanese private sector entrepreneurs were either unable or willing to undertake large-scale industrial projects at the time. Realizing this, the government of Japan decided to establish large industries with public (government) money. After running the industries successfully until 1880s, many wealthy Japanese came forward and offered to buy these industries from the government (Richardson, 1993). Considering that there are not many wealthy investors in Balochistan and the concocted security situation is not favourable either to attract private investment in Balochistan at this point in time, it is recommended that the government of Balochistan establish these industries with its own sources. The government can also borrow (issue provincial saving bonds) from the public, the banks, other provinces, central government, and even from international financial institutions. Probably because of the over-centralization policies of the government, the provinces cannot issue bonds and borrow from anywhere. But, In Pakistan, the national savings schemes are already there; maybe some kind of provincial saving schemes could also be initiated.

Balochistan is rich in renewable and non-renewable natural resources and a number of industries can be developed if the revenues from Sui Gas, Reko Dig, Saindak, and Gwadar projects are properly utilized. Even the central government accepts that for years, Balochistan was not getting its fair and due share of revenues from natural gas and other minerals that were extracted from the province. The federal government or other provinces may agree to foot the bill for Balochistan's industrialization in the best national interest. Currently so much resources are being wasted in unnecessary expenditure, for example on hundreds of ill-designed projects that are not needed, on corruption and embezzlement, and

on government provided unnecessary and unaffordable amenities to the government officials, as discussed above. Eliminating or even reducing these wasteful expenditures amounting to billions of rupees, could result in saving that can be invested toward the long-term economic development of Balochistan.

## **Conclusion**

Unlike other federating and regions of the country, Balochistan is utterly different with distinct social, economic and geographical landscape. Prior to the British arrival in Indian subcontinent, Balochistan had remained a somewhat loose confederacy or an informal union of various warring tribes and semi-autonomous states (Harrison, 1981). Following the British withdrawal from India and the therefore the creation of formation states – India and Pakistan – Balochistan, because of its Muslim majority population, became a part of Pakistan. In the following years, after the 23 years of creation of Pakistan, Balochistan gained the status of a province in 1970. The British paid little or no attention to the social and economic development of Balochistan. Therefore at the outset of British departure from subcontinent, Balochistan was one of the improvised and highly undeveloped regions notwithstanding its huge resource base and tiny population. Yet post partition the ruling elite at central and provincial level treated Balochistan with same colonial mindset, hence remained indifferent to the economic and social plight to its people. This paper showed that Balochistan remained the poorest and socially and economically underdeveloped compare to other provinces of Pakistan with highest unemployment rate. Since the mid-1970s (Bengali and Pasha, 2005) the share of Balochistan to the overall national GDP has plummeted from 4.9% to less than 3% of national GDP in 2017 (Bengali, 2018). The paper critically highlighted the causes of unemployment and its enduring impact on poverty in the province. The paper discussed that the unemployment that existed in the province among farmers, animal raisers, fisheries etc. are not normally reported. Even though the unemployment is high among the “graduates” or those considered literate in Balochistan, but ironically the issue of unemployment is more of a problem of seemingly illiterate who are grossly ignored and not seen in any public policy arena. The paper showed that, Balochistan albeit a resource-endowed province, but due to ill-advised and flawed policies of successive federal governments and state institutions or serious lack of attention or disinterest of the political elite at the provincial level, the province remained one of the poorest regions of Pakistan staggering level of unemployment and poverty. Despite being Pakistan’s most abundant province in natural gas, Balochistan has seen little benefit from it. The paper highlighted and proposed the potential areas that may be utilized to usher in the process of economic growth and development that translates into eradicating the unemployment in the province.

The paper recommends that the seven decades of neglect cannot be addressed by ‘business as usual’ actions. It requires a comprehensive package of

measures to bring Balochistan at par with other provinces. Some core areas identified for intervention in the paper included physical infrastructure, human resource development, water management etc. A ten years multi-billion package needs to be put together to finance such interventions. To address under-representation in services, Balochistan quota should be enhanced to 10%, representing all divisions.

China Pakistan Economic Corridor, a multibillion Pakistan and China joint venture in Pakistan, provides an opportunity to revamp Balochistan's economic and social structure if the SEZs are developed. The political rights of the Baloch may be protected through their representation and participation in political process, through legislations and constitutional protection. The real estate speculations in Gwadar and elsewhere have generated massive land scams and frauds. Concrete steps are required. The local education must be enhanced to generate "skilled labour force" from the local community, who can meet the demand of the market.

## End Notes and Bibliography

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<sup>1</sup> Balochistan Development Package or *Aghaz-e-Haqooq-e-Balochistan*, as it was officially named, was a comprehensive and multi-dimensional package combining political, administrative and economic initiatives launched by the federal government of Pakistan in 2009. The multibillion rupees package was aimed at addressing longstanding grievances of the province. Including other things, the package included thousands jobs for the unemployed youth of Balochistan.

<sup>2</sup> Karez is an indigenous method of irrigation in which groundwater is tapped by a tunnel. After running for some distance, the tunnel comes out in the open area and the water is conducted to the command area.