ministration would have drastic consequences for U.S. foreign relations. William LeoGrande and Carla Robbins have contended that:

> U.S. intervention, whether in the form of massive military aid or U.S. troops, would be a diplomatic disaster both regionally and globally . . . It would wreak havoc with our relations with the Third World; the diplomatic and moral advantage which the U.S. has reaped from events in Afghanistan would be completely lost.[57]

Expanded U.S. military involvement in El Salvador would also deflect criticism from any possible Soviet intervention in Poland, as the world would be presented with simultaneous, politically offsetting, examples of superpower intervention in neighboring countries.

In conclusion, emphasis of a negotiated settlement leading toward free election would be not only diplomatically advantageous for U.S. policy, but the ethically responsible choice for the eventual attainment of social justice and democracy in El Salvador.

The Role of Migration in Development: Pakistan and the Gulf

JONATHAN ADDLETON*

The large-scale migration by Pakistani workers to Arab countries along the Gulf[1] forms a vital part of a recent movement that today involves at least three million other foreign workers. Migrant communities exceed national populations in the United Arab Emirates, Qatar, and Kuwait, and they represent more than 40 percent of the labor force in Bahrain and Saudi Arabia. The magnitude of the migration affects both donor and recipient countries. The disparity between national populations and migrant workers has led to fears that migrants may in the future threaten the internal

57. William LeoGrande and Carla Robbins, "Officers and Oligarchs," p. 1100.

* Jonathen Addleton is a candidate for the MALD degree at The Fletcher School of Law and Diplomacy. A lengthier version of this article was prepared for the Association of Professional Schools in International Affairs (APSIA) Conference at the University of Pittsburgh in March 1981. The author is grateful to Professor Rosemarie Rogers of The Fletcher School for her guidance in the preparation of this paper.

1. For the purposes of this paper, "Arab countries along the Gulf" refers to 7 countries: Saudi Arabia, Oman, UAE, Kuwait, Qatar, Bahrain and Iraq.

stability of some Arab regimes. The donor countries, while welcoming increased employment opportunities and remittances from workers abroad, may also face adverse consequences. Major labor exporters such as North Yemen, Egypt, and Pakistan are becoming critically dependent on remittance earnings as a source of foreign exchange. Manpower shortages develop if too many workers leave, consumption patterns are altered, and remittances are not always spent in a productive manner. Migration can also lead to instability as sections of a society benefit from the migration and others fall behind.

These long range implications are only just being appreciated, by both labor importing and labor exporting countries. The primary focus in this article will be on the role large-scale migration to the Gulf has played and will continue to play in the economic development of Pakistan — a major labor exporting country. Singling out Pakistan is especially appropriate because it is a low-income developing country with a large oil import bill; it has shared in migration to the Gulf from the start, and it now has more workers in the Gulf and receives more remittances from it than any other non-Arab state.

The Impact of Past Migration on Pakistan

Pakistan's history has been shaped by migration. The partition of British India was followed by a mass movement of peoples as religious communities crossed new national frontiers. Approximately six million Hindus and Sikhs left what is now Pakistan for India, and approximately eight million Muslims left what is now India for Pakistan.[2] This massive migration, perhaps the largest in history, had a lasting impact on Pakistan's development, and the sudden influx of peoples created both enormous tensions and enormous vitality: "The refugees contributed to the extraordinary economic dynamism of the fifties and sixties and they played a critical role in the modernization of some sectors of the society."[3] Karachi, transformed within a few years from a small coastal town into Pakistan's largest city, was created mainly by migration. By 1959, three out of every four industrial managers and entrepreneurs there were migrants from India.[4] Migrants also figured prominently in industrial and commercial activities elsewhere in the country, and this economic influence was reinforced by active participation in politics. The dominant role played by the immigrants inevitably led to tensions over language, economic priorities and political struc-

2. The best popular account of this migration may be found in Larry Collins and Dominique Lapierre, *Freedom at Midnight* (New York: Simon and Schuster, 1975).
3. Shahid Javed Burki, "What Migration to the Middle East May Mean for Pakistan," *Journal of South Asian and Middle Eastern Studies* (Spring 1980), p. 48.
4. Stephen R. Lewis, Jr., *Pakistan: Industrialization and Trade Policies* (London: Oxford University Press, 1970), p. 45.

tures. Efforts to resolve these tensions have been a recurring feature in Pakistan's development ever since.[5]

The most significant movement of peoples from Pakistan to other countries has occurred in recent times. Until 1973-1974, migration to the Gulf formed only a small part of the history of economic migrations from Pakistan. Small South Asian communities had been established in the Gulf for several centuries to facilitate the trade between India and East Africa. At times, Baluchis from what is now southwest Pakistan served as mercenaries in Gulf armies. Migration increased with the post-World War II oil boom in the Middle East. Pakistanis then were working as shopkeepers, artisans, government clerks, and in the oil industry.[6] By 1956, some 1,334 Pakistanis worked for Aramco in Saudia Arabia. This represented almost 7 percent of all Aramco's workers in the country and was exceeded only by employees from Saudi Arabia (67 percent) and the United States (15 percent).[7] Small numbers of Pakistanis continued to migrate during the 1950s and 1960s and, by 1972, some 40 thousand Pakistanis were employed in the Gulf countries. Individual migrants and their families benefitted, but the number of migrants was as yet too small to have an impact on economic development in Pakistan.

The Magnitude of the Present Migration

The rapid increase in migration from Pakistan to the seven Arab Gulf countries — Saudi Arabia, Oman, the UAE, Kuwait, Qatar, Bahrain, and Iraq — followed the OPEC oil price hike in 1973. Arab development programs, financed by rapidly increasing oil revenues, resulted in increased job opportunities for foreigners. The new workers were Palestinians, or they came from the poorer Arab states such as Egypt, Yemen, or Jordan; of the non-Arabs, most came from Pakistan, India, and Bangladesh, although Americans, Europeans, Koreans, Japanese, Chinese, and others were also represented. By 1975, foreign nationals represented 21 percent of the total population in Bahrain, 22 percent in Saudi Arabia, 53 percent in Kuwait, 59 percent in Qatar, and 70 percent in the UAE.[8] In terms of percentages of the total labor force, the proportion of foreigners to nationals was even more extreme: foreign nationals

5. This brief survey of the impact of the 1947-1948 migration is based primarily on Burki; for a more detailed study of the impact of this migration on Pakistan's development, *see* his *Pakistan Under Bhutto, 1971-1977* (New York: St. Martin's Press, 1980).
6. Sir Rupert Hay, *The Persian Gulf States* (Washington, D.C.: The Middle East Institute, 1959), p. 50.
7. David Finnie, "Recruitment and Training of Labor: The Middle East Oil Industry," *Middle East Journal* (Spring 1958), p. 131.
8. J.S. Birks and C.A. Sinclair, "The International Migration Project: An Enquiry Into the Middle East Labor Market," *International Migration Review* (Spring 1979), p. 127.

represented 40 percent of the total labor force in Bahrain, 43 percent in Saudia Arabia, 70 percent in Kuwait, 81 percent in Qatar, and 85 percent in the UAE.[9]

Estimates for the number of Pakistanis in the Gulf vary considerably.[10] A 1976 survey of Pakistani diplomatic missions abroad quoted a figure of just over 180 thousand — the most conservative estimate put forward.[11] Other estimates range from 190 thousand to 500 thousand, to well over one million.[12] Burki, in a 1979 estimate which appears reliable, suggested that the Pakistani work force in the Middle East lies somewhere between 750 thousand and one million.[13]

The precise number of Pakistanis living and working in individual Gulf states is not known. The countries in the region, aside from Kuwait,[14] have been reluctant to publish statistics on the large number of foreigners living and working within their borders. Figures released by the Pakistan government are less than adequate, largely because they include only those Pakistanis who have left through official channels. However, some general characterizations can be made. The largest Pakistani communities are in Saudia Arabia, the UAE, Oman, and Qatar; in the UAE Pakistanis represent almost one third of the total population of about 650 thousand. Smaller, yet by no means insignificant, Pakistani communities live in Bahrain and Kuwait. Immigration to Iraq, which has a fairly large indigenous population, has been limited.

Characteristics of the Present Migration

One of the most outstanding characteristics of the migration to the Gulf is that it cuts across class, ethnic and regional lines. Pathans, Baluchis, Punjabis — even Sindhis — have all been included in varying degrees. The distribution of labor is also broad, ranging from sweepers keeping the streets of Jeddah clean to financiers advising sheiks in the UAE on economic matters. Pakistanis also train military personnel, design buildings, unload ships, clean airplanes, drive trucks, administer hospitals, and perform a host of other tasks.

9. J.S. Birks and C.A. Sinclair, "Migration and Development: The Changing Perspective of the Poor Arab Countries," *Journal of International Affairs* (Fall/Winter 1979), p. 289.
10. Some of these estimates are for the entire Middle East. However, they refer primarily to the Arab countries along the Gulf; aside from Libya, job opportunities for foreigners elsewhere are extremely limited.
11. Government of Pakistan, *Employment Growth and Basic Needs* (Islamabad: Manpower Division, Ministry of Labor, Manpower, Health, and Population Planning, 1976), pp. 26-27.
12. *See,* for example, Jamil Rashid's "Political Economy of Manpower Export: A Case Study of Pakistan," *Viewpoint* (Lahore, 6 April 1980); Shahid Perwaiz's "Special Report: Home Remittances," *Pakistan Economist* (Karachi, 1-7 September 1979); *IMF Survey* (Washington, 4 September 1978); and the Birks and Sinclair articles cited herein.
13. Burki, "What Migration to the Middle East May Mean for Pakistan," p. 58.
14. The government of Kuwait, in its annual *Statistical Abstract,* regularly publishes information on the size and structure of its immigrant population.

The few published skill breakdowns do point, however, to a high level of Pakistani participation in particular occupations. Manual workers, whether as unskilled laborers or as skilled tradesmen, are especially well represented. Pakistan Bureau of Emigration and Overseas Employment figures, for example, place 32.5 percent of the Pakistanis emigrating through official channels between 1973 and 1977 in the "unskilled" category (largely unskilled laborers) and 37.8 percent in the "skilled" category (largely masons, carpenters, mechanics, welders, and electricians).[15] Since these workers are the ones most likely to emigrate illegally, their percentage is almost certainly higher than the figures would suggest.

Urban-rural and regional breakdowns are more difficult to compile. However, at least two-thirds of the migrants appear to be from rural areas, allowing some individuals in this sector to share substantially in the benefits of migration. And, although the migration does involve individuals from every province and region, some regions are especially well represented.[16] Migrants have left large urban areas (such as Karachi or Lahore), as well as relatively poor rural districts (such as the "biryani," or unirrigated, districts of northern Punjab and the North West Frontier Province).

Emigration procedures vary considerably. Legal emigrants either apply directly to a Gulf firm or go through official channels, such as the Bureau of Emigration and Overseas Employment, or one of the several hundred licensed private recruiters. No objection certificates and other legal papers — required by the Pakistani government before permission to exit is granted, and required by Gulf governments before permission to enter is granted — may cost several thousand rupees on the black market. Illegal emigrants use a variety of channels, with some staying on after completing the Haj to Mecca,[17] and others arranging to be smuggled directly. Smuggling, often by sea from Karachi, can be hazardous.

> The fare, including sleeping space on the open deck and a sparse diet of rice and tea for from five to seven days, costs the equivalent of from $65 to $85. The captain customarily makes no commitment to land the immigrant safely or to guarantee his successful entry. As a result, passengers often find they have to swim ashore in the dark and shark-infested waters or pay additional exorbitant fees for

15. *Cited in* Perwaiz, "Special Report: Home Remittances," p. 16. The figures placed three percent of the migrants in the "highly skilled" category, which includes doctors and engineers.
16. I am grateful to Tariq Banuri, a Ph.D. candidate in economics at Harvard University who has worked on the World Bank/Pakistan Institute of Development Economics migration project, for some of the insights which appear here.
17. In fact, the number of people performing the Haj during the 1970s has been higher than at any time in Pakistan's history. *See* Government of Pakistan, *Haj Statistics* (Islamabad: Ministry of Religious Affairs, 1975).

> transport on small craft . . . once safely ashore, however, the worst part of the immigrants ordeal is still ahead of him. If he is not apprehended and detained by local officials and made to pay a fine or a price for his release, he usually falls prey to one of the avaricious taxi drivers who manages to extract the highest possible fare for the trip overland . . . once in Abu Dhabi or Dubai, many immigrants are willing to accept almost any job from any employer at any wage that will allow them to survive and, hopefully, to save something to send back home. In the interim, they usually join the anonymous thousands of other illegal immigrants scattered throughout the UAE.[18]

Smuggling usually involves the poorest of the migrants, and some have been even less fortunate than those described above. Migrants caught while attempting to be smuggled often lose their entire life savings. In other cases, smugglers do not take the would-be immigrants to the Gulf at all, landing them instead on desolate beaches in Baluchistan, a form of trickery which may have tragic results.

An appreciation of some of the hardships and opportunities in the Gulf is useful in understanding the long-term implications of migration from Pakistan. A majority of the immigrants are single males who may stay legally only as long as their labor contracts permit. Workers in Saudi Arabia must have a college degree in order to bring their families, while those in Kuwait require a minimum salary in order to be accompanied by their dependents. The granting of citizenship, even to those who came before 1973 and have lived in the Gulf for many years, is extremely rare. At the same time, some permanent community structures have begun to form and a number of Pakistani schools have opened for those immigrants who are able to bring their families. The situation of individual migrants varies considerably, from the unskilled laborers who share crowded dormitory-style accommodations to the bankers or doctors who are comfortably housed. However, even the most affluent do not attain the position of Arab nationals in the region: they have no political rights, do not share in all government-provided social services, require a local sponsor to open a business, are not usually allowed to own property, and can remain legally only if their residence permits are renewed. Nevertheless, since workers, no matter what their occupation, often make ten times what they could make in Pakistan, initial satisfaction seems high. Many speak of staying "only a few years" to make enough to return home and buy a plot of land, build a house, or open a business. In fact, the median stay for Pakistani workers in Kuwait — the only

18. John Duke Anthony, *Arab States of the Lower Gulf* (Washington, D.C.: The Middle East Institute, 1975), pp. 184-85.

Gulf country for which figures are available — is six and a half years.[19] Even this figure is not especially useful, however, since the large-scale migration is so recent that it is not yet possible to speak definitively of long-term trends.

Political activity is rare, in part because it would lead to immediate expulsion. In fact, the apolitical attitude of Pakistanis (and other Asians) make them more welcome than Palestinians or other Arabs. "Many Gulf governments prefer to have Asian workers since they are less militant, less likely to be influenced by political currents in the Arab world, less likely to press for equal rights with the local population for housing, education, health facilities, and other social services and, most important, are more likely to return to their native country."[20] From the perspective of Arab governments in the region, a fragmented migrant population without local roots presents the least threat to internal stability.

The Impact of the Present Migration on Pakistan

Migration from Pakistan to the Gulf involves a range of closely linked costs and benefits. The impact of migration on employment, income, remittances and political stability will be examined here.

In economic terms, migration to the Gulf dramatically affects Pakistan's balance of payments. It has now emerged as Pakistan's single most important source of foreign exchange, a development that was unforeseen less than a decade ago. In 1973-1974, remittances from Pakistani workers abroad reached $150 million, with less than a third coming from those working in Arab oil-producing countries. Within two years, remittances climbed to $375 million with income from the Arab oil-producing countries accounting for $208 million of the total. The overwhelming majority of the remittances — placed at $1.76 billion in 1979-1980 and expected to reach $2.4 billion by 1984 — now comes from Pakistani immigrants in the Middle East.[21]

The significance of the remittances becomes most clear when contrasted with Pakistan's annual import and export figures. During 1979-1980, when remittances reached $1.76 billion, Pakistan's total exports were valued at $2.34

19. Tawfic Farah, Faisal Al-Salem, and Maria Kolman Al-Salem, *Alienation and Expatriate Labor in Kuwait* (Cambridge: Center for International Studies, Massachusetts Institute of Technology, 1979), p. 16.
20. Myron Weiner, *Indians in the Gulf: The Beginning or the End of a Diaspora?* (Washington, D.C.), paper presented at the Association of Asian Studies Annual Conference, 23 March 1980, p. 4. I am grateful to Myron Weiner, Professor of Political Science at the Massachusetts Institute of Technology, for other insights on migrant life in the Gulf which appear here.
21. Unless otherwise noted, statistics in this section come from the following three sources: The Economist's *Quarterly Economic Survey of Pakistan, Bangladesh and Afghanistan*; the Government of Pakistan's annual *Statistical Abstract*, Karachi: Statistics Division; and the Government of Pakistan's annual *Economic Survey*, Islamabad: Finance Division.

billion. The income from remittances overshadowed earnings from Pakistan's two traditional leading sources of foreign exchange, rice ($422 million) and raw cotton ($355 million). Viewed from another perspective, remittances represented more than 40 percent of Pakistan's import bill of $4.18 billion. The remittances have allowed the country to cover its large oil import bill, estimated at $1.2 billion for 1980-1981. Paying for the rapidly increasing costs of imported oil has been possible *only* because of foreign exchange earned by workers abroad. The remittances may, in fact, have also helped to defuse the potentially disruptive political effects of energy costs.[22] Balance of payments pressures have not disappeared, but Pakistan's shaky economy may have been dangerously damaged during the late 1970's without the short-term relief provided by the remittances.

This growing dependence on remittances, however, is beginning to cause concern. A sudden end to a source of foreign exchange which now represents about nine percent of Pakistan's GNP and more than 40 percent of its foreign exchange earnings would be disastrous. Even if remittances continue at the present rate, the manner in which they are spent creates a broad range of other concerns. As remittances have increased dramatically, the rate of imports has also increased. Imports are still growing faster than exports and the remittances are (almost certainly) one of the factors causing this growth. A simple illustration — the increase in television receivers from less than 150 thousand in 1973 to more than half a million today — is suggestive of this trend. Consumer goods have formed between 16 and 21 percent of Pakistan's import bill during recent years and, while such goods are usually heavily taxed, no steps have been taken to eliminate them. Even if such measures were introduced, the efficient Pakistani black market system would insure a continued flow of consumer goods to those with the money to purchase them.

The tendency to spend remittances on consumer goods, land, or housing construction benefits individuals but limits their long-range usefulness to the economy as a whole. Actual figures regarding remittance spending in Pakistan are not available, but observations and parallels provided by immigrant remittance spending studies elsewhere in the world suggest that this is so.[23] A study of an Indian village in an area bordering Pakistan found that "more than three-quarters of the households concerned spend their remittances on food and clothing and more than one-quarter on household items, the only other priority item being 'ceremonies, including weddings.' Only a small proportion of households use remittances for productive investment."[24] Pakistani publica-

22. David A. Deese, "Energy and Security in the Developing Countries," *The Fletcher Forum,* Vol. 5, No. 2 (Summer 1981), p. 333 *infra.*
23. *See,* for example, Suzanne Paine's, *Exporting Workers: The Turkish Case* (London: Cambridge University Press, 1974).
24. A.S. Oberai and H.K. Manmahon Singh, "Migration, Remittances, and Rural Development," *International Labor Review* (March/April 1980), p. 236.

tions frequently display advertisements for housing aimed directly at Middle East immigrants. Burki, in an informal survey, reports a doubling in the price of agricultural land outside Rawalpindi, and suggests that 90 percent of the new construction or remodelling in villages in the area is being done by families with relatives in the Middle East.[25] One critic states quite bluntly, "most of the cash remittances are thus being frittered away on personal consumption, social ceremonies, real estate, and price escalating trading . . . a momentous buying spree is in evidence."[26] Remittances then, while increasing spending by some individuals quite dramatically, have increased investment in only a limited way and, in macroeconomic terms, the Pakistani economy has not benefitted greatly.

Government efforts to increase remittances or enhance their utility have taken a number of forms.[27] Money remitted from workers abroad is not taxed and, for limited periods of time, foreign currency accounts may be opened within the country. Government investment schemes such as the Overseas Workers Foundation, although not notably successful, have been created to encourage overseas workers to send more money home. Liberal import policies also encourage immigrants to bring back "hidden remittances" in the form of merchandise which does not figure in the country's import or balance of payment accounts. Items allowed to be brought in with little or no duty under a "Personal Baggage/Gift Scheme" range from luxury items such as refrigerators or air conditioners to more clearly productive items such as tractors and sewing machines.[28] Remittances brought through these channels have been estimated at between $400 million and $1 billion annually.

Employment is a second important area affected by migration to the Gulf. The increased employment opportunities have generally been welcomed, giving workers faced with high unemployment rates and higher underemployment rates better job prospects. In this sense, emigration in certain occupations may serve as a safety valve. At the same time, the overall benefits of increased employment opportunities should not be exaggerated. Even the most optimistic figures suggest no more than 8 percent of the Pakistani labor force works abroad. In the case of Pakistan, with a total population approaching 80 million, the numbers are simply too large for migration to even begin to solve the problems of unemployment and underemployment.

With respect to employment, the more critical question revolves around the type of worker going abroad. The skill breakdown noted earlier shows that a

25. Burki, "What Migration to the Middle East May Mean for Pakistan," p. 63.
26. Perwaiz, "Special Report: Home Remittances," p. 31.
27. *See,* for example, the Government of Pakistan's, *Investment Opportunities in Pakistan: A Guide to Investment at Home by Pakistanis Living Abroad* (Karachi: Investment Corporation of Pakistan, 1979).
28. Perwaiz discusses these regulations in greater detail in "Special Report: Home Remittances," pp. 28-30.

broad range of Pakistanis have migrated, with some highly-skilled professionals and much large numbers of either skilled or unskilled manual workers. Although Pakistan trained 6,000 doctors between 1972 and 1977, the total number of doctors in the country actually declined from 13 thousand in 1970 to 11 thousand in 1977. Much of the decline has been attributed to migration to the Middle East.[29] The net decline in doctors may be contrasted with the situation in the construction industry. Thousands of construction workers migrated to the Middle East between 1973 and 1978, but the size of the domestic construction industry also increased during this time. In 1973, 800 thousand Pakistanis were employed in the industry with more than one-fourth of the total working only part time. By 1978, the size of the industry had expanded to one million and underemployment was insignificant.[30] The growth in remittances, which were often spent in housing construction, partially explains the industry's growth. At the same time, it is significant that major labor shortages did not develop, suggesting that in industries like construction the labor force will expand as work opportunities increase.

The impact which migration has had on wages in Pakistan is not completely clear. However, the evidence does suggest that migration has helped to raise wages substantially in some sectors. The wages of masons and carpenters, for example, more than doubled between 1974 and 1978, from about $1.80 a day to about $4.00 a day. The wages of laborers also increased during the same period, from about $.80 a day to about $1.80 a day.[31] The overall consumer price index increased approximately 25 percent during the same period, indicating an overall gain for those who have traditionally been some of the lowest-paid workers in the country.

There is a cost involved both in training workers and in possible production lost because of migration overseas. If equally skilled workers fill the vacant jobs, or if the migrants who left had been marginally employed or not employed at all, production losses would be minimal. However, this has not always been the case, and the departure of highly skilled professionals in particular does involve a loss. The departure of doctors, for example, is especially costly for Pakistan, not only because of the large investments in medical schools, but also because they tend to remit only limited portions of their income. Professional workers usually take their families with them and, when they do invest, they direct their money more often toward the West than toward Pakistan. The migration of less affluent workers, although they tend to remit much larger proportions of their income, also involves a cost. In 1976, when enthusiasm for migration to the Middle East was at its height, the government organized ten technical schools

29. Burki, *Pakistan Under Bhutto, 1971-1977*, p. 133.
30. Perwaiz, "Special Report: Home Remittances," p. 23.
31. *Ibid.*, p. 60.

to train 10 thousand people a year for work in the Gulf.[32] It is not yet clear whether this investment is a profitable one: the cost of such a program is substantial, and the mixed blessing of remittances may not completely cover it.

The disappointing impact of migration on the long-term development of Pakistan's economy as a whole does not necessarily hold true at the regional level. Some areas — particularly districts in northern Punjab and much of the North West Frontier Province (NWFP) — have played an especially important role. in the migration process and have benefitted from it. Families with relatives in the Gulf improve their financial situations immediately; when many individuals from a single region migrate, this improvement is shared by a larger percentage of the local population. Burki, in a random survey of passengers going to the Middle East by air in March 1979, found that nearly half had listed home addresses in the NWFP.[33] This region, consisting largely of barren mountains and unirrigated farm land, is one of the poorest regions of the country. During the last 30 years, many Pathans migrated to the urban areas of Pakistan and played an important role in the country's trucking and construction industries. Construction workers were in great demand in the Gulf countries and migration there tended to draw members of the same family. Pathan laborers, already mobile and prepared for physically demanding work, were especially attracted. "It was primarily the very poorest, the bottom 20 percent, that contributed to the steady steam of migration . . . one out of every two poor households in this region has workers in the Middle East."[34]

Indirectly, migration has also affected Pakistan's trade and aid relationship with the Arab Gulf countries. Exports to the Middle East, of minimal importance during the 1950s and 1960s, now account for more than one fourth of Pakistan's total exports. Involvement in a number of Arab construction projects, a development more directly related to migration, has also brought the two regions closer together. By the spring of 1978, Pakistan's National Construction Company was working on projects in Abu Dhabi, Jordan, Kuwait, and Saudi Arabia worth $430 million and negotiating for contracts worth $500 million more. Projects awarded to Pakistan included the construction of a water reservoir and trade center in the UAE, an airport and electrification project in Saudi Arabia, a $121 million housing project in Kuwait, and a $140 million irrigation project near Baghdad in Iraq. In every case, participation by Pakistani manpower played an important role. Development assistance from OPEC states — primarily Libya, Iran, and the Arab Gulf states — has also increased substantially and accounted for about 30 percent of the $4.5 billion in aid pledged to Pakistan between 1973 and 1978.

32. *Dawn* (Karachi 1976). 31 August 1976.
33. Burki, "What Migration to the Middle East May Mean for Pakistan," p. 58.
34. *Ibid.*, p. 60.

The political impact of a primarily economic migration will take time to gauge, but it could have serious implications. Migration to the Gulf could lead to at least two possible kinds of conflict in Pakistan: one over the increased expectations which higher incomes have brought, and the other involving friction between those sections of society which have benefitted from migration and those which have fallen behind because of it. A migrant may return with more money than he had ever hoped to earn in a lifetime, but he may also return with much higher expectations about what the future ought to be: "The upwardly mobile do not necessarily turn into pillars of society all at once, but may on the contrary be disaffected and subversive for a considerable time."[35] The second possible source of conflict, between those who have gained from migration and those who have not, may already be developing. For a number of reasons, including a lack of job skills and a reluctance to engage in manual labor, the small but politically important Pakistani middle class did not share as widely as other groups in the movement to the Gulf — "The large-scale immigration of unskilled workers from Pakistan to the countries in the Middle East and a dramatic increase in their remittances to their families back in Pakistan added to the incomes of the low-income groups but also indirectly affected the incomes of the middle class. Migration no doubt contributed to increasing the wages of unskilled workers in both rural and urban sectors and affected adversely the incomes of the middle-class and entrepreneurs."[36] An eroded and resentful middle class, which played an important role in the removal of Zulfikar Ali Bhutto in 1977, could play a prominent role in the political movements developing in Pakistan today.

Conclusion

The short-term impact of migration to the Gulf on Pakistan's economic development may be summarized as follows: remittances have emerged as a critical element in Pakistan's balance of payments accounts. Government policy, through such programs as liberal import controls and increased investment opportunities, has attempted with marginal success to increase the size and usefulness of the remittances. Unemployment and underemployment pressures have been relieved to some extent but hardly solved. Some unskilled workers and skilled tradesmen have played an especially important role in the migration. These individuals and their families have gained enormously from the remittances. However, most of the earnings have gone toward consumption rather than toward agricultural or industrial investment. Regions of the country

35. *See* Albert Hirschman, "The Changing Tolerance for Income Inequality in the Course of Economic Development," *Quarterly Journal of Economics* (November 1973).
36. Burki, *Pakistan Under Bhutto, 1971-1977,* p. 167.

which have contributed an especially large number of workers have also benefitted, but the overall impact has not been especially favorable. Increased spending, while giving an aura of prosperity, merely hides fundamental economic weaknesses which still remain, and the migration has potentially adverse implications for Pakistan's already tenuous political stability.

A continued Pakistani presence in the Gulf for at least the rest of this century appears certain, although the size of the Pakistani community may already be peaking. Some reports speak gloomily about the prospects for the future, when Gulf societies become so developed that they "should no more need the manpower in which Pakistan specializes — the unskilled and semi-skilled laborer."[37] Moreover, the completion of large-scale construction projects does point to a lessening in demand for labor. Yet the infrastructure created by foreign workers in the Gulf will require these same workers to maintain it, and future generations of Gulf Arabs are not likely to accept many of the manual jobs which foreigners now fill. A "rolling migration," whereby Pakistanis whose labor contracts have expired will be replaced by new ones, may allow the benefits of increased earnings to be spread more widely. At first, such a development appears unrealistic. Workers do manage to stay beyond their labor contracts and the presence of affluent professionals who bring their families does seem to be more permanent. Yet the Gulf societies are smaller than those in the West, and less willing and less able to absorb the large number of foreigners on a permanent citizenship basis. Short-term migrants, in addition to being less of a threat to Gulf governments, also tend to save and remit more earnings to their home countries.

Pakistan's dependency on remittances shows no sign of decreasing. A sudden cut-off — in the unlikely event of an economic recession or, more probably, through some kind of political upheaval in the region — would cause great distress in Pakistan. Such a situation would be especially critical because earlier remittances, so far, have not resulted in increased savings or capital formation. On a less pessimistic note, two steps which have been suggested with respect to migration from developing countries — that workers be required to remit a certain percentage of their incomes, and that receiving countries be required to increase aid commitments to the sending country[38] — have already been informally met in the case of Pakistan. Pakistani workers do remit large portions of their incomes, and Arab Gulf governments are playing an increasingly important role in foreign aid commitments to Pakistan. A prudent use of

37. *Dawn Overseas Weekly* (Karachi, 28 June-4 July 1980).

38. *See* Lawrence H. Hadley, "The Migration of Egyptian Human Capital to the Arab Oil-Producing States: A Cost-Benefit Analysis," *International Migration Review* (Spring 1977); and Nazli Choucri, "The New Migration in the Middle East: A Problem for Whom?," *International Migration Review* (Fall 1977).