**Jobs and Urbanization [[1]](#footnote-1)**

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A recent World Bank study has surprised us by showing that Pakistan was among the World’s largest job creators in the 2000s .The quality of jobs was, however, poor i.e. low skilled low productivity. Of the 15 million jobs created over 2000-2009, more than a third were in agriculture, and the remaining in services and manufacturing. The share of agriculture in total employment was 45 percent, services 35 percent and 20 percent in manufacturing. Only 21 percent of women compared with 82 percent of men participate in the labor force..

The above results are not reassuring for the future on several counts. Demographic changes have produced a bulge in youth seeking employment . Most of the youth would have acquired some formal education spurring demand for better quality jobs . They are ,however, ill equipped to meet the requirements of the economy. The other disturbing news is that the country’s female population is not participating in the national income generation activities after having acquired professional degrees . Although the numbers coming out of our educational institutions has certainly gone up there is a failure to allocate and utilize them properly. It is not rare to see Master’s degree holders stuck in low paid and low productivity jobs because they do not have connections, influence, or ability to bribe. The children coming from the elite and influential family, on the other hand, may not be suitably qualified but are able to capture high placed jobs.

Studies have shown that the largest single factor that contributes to poverty reduction is the growth in non-farm incomes, migration from farm to non-farm sectors and from unpaid family workers to salaried workers. This implies that most of the jobs have to be created in the urban areas where Services and Manufacturing should be able to absorb the surplus labor from the rural areas. This reallocation of labor from low productivity to high productivity activities forms the crux of economic growth.

If Job creation in the urban areas is the main driver of growth,, Urban management, planning and provision of services including housing, education, health care, and transport assume greater importance. Devolution of powers under the Local Government ordinance of 2001 had made considerable difference in the availability and access of public services in Karachi, Lahore Rawalpindi, Peshawar and other big cities. Accountability by the vocal and growing middle class kept the elected Mayors and town Nazims constantly on their toes. Growth in infrastructure facilities, better management of public services and improved access were beginning to sink in.

A natural experiment has taken place since the abolition of the City Governments in 2008. Lahore has been exception because a dynamic Chief Minister personally steered the development of Lahore and oversaw its management .But other cities particularly Karachi, Peshawar and Quetta have suffered because of the absence of local governments. The popular notion of zero sum game between the urban and rural areas is highly flawed. Had the City Governments been allowed to function with adequate powers, and authority they would have mobilized additional resources from their areas. People are willing to pay taxes and user fees if the benefits are visible to them. This effort would have relieved the Provincial Governments of the pressures from urban populations and allowed them to concentrate on the uplift of the rural districts . Public Investment in greater education opportunities, better health care facilities, potable drinking water supply and rural infrastructure would have upgraded the quality of life and living standards of our rural population.. Surplus farm labour would have been absorbed either in non-farm activities or migrated to cities to work in high productivity sectors.. What are the institutions that can enable this transformation and reallocation?

In the urban areas, City Governments have to be given legislative, administrative and financial powers to run the affairs in an autonomous manner with full accountability for results and auditing of accounts . Institutions such as KDA, LDA, RDA, PDA , have to be strengthened with adequate powers and authority to prepare and implement Master plans , acquire land, plan and develop new housing facilities for the growing urban population. Multiple independent jurisdictions within the City boundaries such as the Cantonment Boards, DHAs, Cooperative Housing societies , Industrial Estates etc have to be brought under the planning and regulatory control of the elected City Governments with subsidiary authority delegated to manage and provide services within their respective jurisdictions. An independent review should take place about the continued justification of Cantonment Boards existing in the areas that have largely become populated and inhabited by the civilians . The remaining military installations should be provided alternate land and moved to more secure places. The density, zoning and land use conversion restrictions in each city should be reviewed and aligned keeping the future population projections in mind. Water supply, sewerage and sanitation should be contracted out to private companies under transparent concession agreements with adequate monitoring and strong enforcement with heavy penalties for violations. Public transport systems connecting the residential areas where low income population lives with the main employment centres have to be developed and subsidized by the City Governments. The present system of obtaining multiple clearances and no-objection certificates for obtaining building permits for commercial and industrial projects is adding costs for doing and expanding business. Land tittles, registration and transfer procedures should be simplified and automated. Industrial estates with all the facilities and utilities should be developed. Parks, playgrounds and other public amenities should no longer be restricted to posh areas but made available to all segments of the population.

These institutional reforms hardly appear on the radar screen of any government===past or present. The reasons are obvious. The greater is the opacity and hoarding of information the larger is the scope for rent extraction by the officials. A more automated and transparent system of governance with disclosure of information and availability of records in public domain reduces the incomes of these individuals substantially and hence resistance to reforms. As a result, ad hoc and unplanned development has given rise to the ascendancy of land, water , transport and , extortion mafias with the backing of some political elements. This urban sprawl instead of creating high productivity jobs and positive externalities has created incentives for informalization of urban economy with all its attendant set backs and disadvantages. This correlation between the rise in acts of violence and poor governance in urban areas is quite high as proved by the recent events in Karachi. High productivity Job creation will take place only if a system of responsive City Governments, transparent land and water markets and amenities and facilities for manufacturing, industrial an d services sector growth are put in place.

1. Published in The News Money Matters dated October 21, 2013 [↑](#footnote-ref-1)