

# **Poverty, Corruption and Fatalism: A Case Study of Slum Areas of Karachi, Pakistan**

## **Abstract**

In this study we explore and document perceptions of slum dwellers about causes of poverty and petty corruption in slum areas of Karachi (Pakistan). Moreover, we examine the effects of fatalism on poverty, large family size, and child labor. We conduct a survey by interviewing 100 respondents covering all districts (Central, West, East, Malir, and South) to document slum dwellers' perceptions. We use Wilcoxon Z test and Chi-Square test to examine the impact of fatalism on poverty and child labor. Two thirds of the respondents perceive that corruption (Structural factor)) and fate (fatalistic factor) are important determinants of poverty. Only 4% of the respondents consider shirking (individualistic factor) as a cause of poverty in these areas. Most of the respondents believe that fate is one of the important determinants of their poverty. Our results also show that the majority of respondents, despite their poor living conditions, believe that large family size is a blessing. Consequently they favor child labor to support large family. They also think that corruption is another important determinant of poverty. Almost 80% of the respondents believe that corruption is bad even if it does not hurt others and they see low salary as the major cause of corruption. The Wilcoxon Z and Chi-Square tests suggest that fatalism is an important determinant of poverty, large family size, and child labor in the slum areas of Karachi. Our study implies that apart from various welfare programs, government should also change the mind set of poor people and their perceptions about poverty, large family size and child labor. The psychological

aspect of poverty in Pakistan has not been highlighted in the empirical literature. This paper attempts for the first time to examine poverty from psychological perspective in Pakistan.

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Key Words: Poverty Perceptions, Petty Corruption, Child Labor, Fate, Slum Areas, Karachi

## **I. Introduction:**

Poverty reduction has always been one of the top-most priorities expressed in Pakistan and the centrepiece of the UN's agenda adopted in 2000 as its Millennium Development Goals. Recently, Pakistan has initiated several programs to alleviate poverty. These programs include micro financing, Benazir Income Support Program, Sasti Roti (Cheap Bread) and Punjab food support program among others and are expected to increase the per capita income of the poorest people. Despite all these efforts, poverty is still very high in Pakistan as the UN seems likely to fall short of its goals as well.

Most of the empirical studies on causes of poverty in Pakistan have concluded that structural factors such as low level of investment, increased debt service requirements, high unemployment and inflation rates, non availability of health facilities, lack of education, and corruption cause poverty in Pakistan<sup>1</sup>. These studies directly or indirectly express support various welfare programs. The empirical literature on poverty in Pakistan has generally gives great importance to rural poverty which is abysmal; however, our study examines urban poverty existent in a Karachi slum.

Poverty is a multidimensional phenomenon and therefore we must examine its causes from a multidimensional perspective, considering its economic, political and psychological bases. The psychological aspect of poverty in Pakistan has not been highlighted in the empirical literature. Contrary to the existing literature on causes of poverty in Pakistan, Feagin (1975) first systematically analysed causes of poverty by

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<sup>1</sup> For detailed analysis of poverty in Pakistan see Asian Development Bank's Report (2002) on "Poverty in Pakistan: Issues, Causes, and Institutional Responses". The report is available on the website: ([http://www.adb.org/Documents/reports\\_PAK/poverty.pdf](http://www.adb.org/Documents/reports_PAK/poverty.pdf)). The relationship between corruption and poverty has also been examined in Ahmad (2003)

including its psychological aspect for the US economy. In his pioneering study Feagin introduced eleven factors, grouping them into three categories namely individual, structural, and fatalistic causes of poverty. Individual factors include attitude towards work such as work ethos, lack of motivation, and shirking. These factors suggest that poor people are poor because of their own deeds. Those who believe that poverty is due to individualistic factors do not support welfare programs; instead they see welfare programs as simply making poor people more lethargic. Structural factors are seen as societal obstacles which impede individuals' efforts to acquire a decent standard of living and provide for themselves. Fatalistic factors imply that poverty is ordained by a deity or its opposite. These fatalistic factors include bad luck, fate, God, other religious beliefs, kismet, and others. The last two categories, structural and fatalistic, are considered determinants of poverty that are from the individual's or household's perspectives external factors and as such not readily amenable to a person's control or elimination.

External factors require government to reform institutions and to introduce effective welfare programs if poverty is to be mitigated or eradicated. Feagin found that 53% of the respondents in his study believed that poverty is due to individualistic factors, 22% of the respondents think structural factors are important and 18% of the respondents think that fatalistic factors cause poverty.

Following Feagin (1975), a number of studies have examined poverty from a psychological perspective in other economies such as Croatia and Israel by augmenting these three categories. Ljubotina and Ljubotina (2007) have added another category which they called micro-environmental factors; in this factor they include single parenthood, large family size, and poor climate. They surveyed 365 students from Zagreb

University in Croatia and found that students give more importance to structural causes of poverty followed by environmental, individual, and fatalistic factors. These students gave least importance to fatalistic factors. Lahat and Menahem (2009) have examined the perception of local government officials in Israel about causes of poverty. Most of the local officials perceive structural factors as possible causes of poverty. Moreover, their study also concludes that government welfare programs make poor people lethargic. Only 16% of the respondents support the notion that large family size causes poverty. This study does not, however, specifically include fatalistic factors such as fate and luck as these factors lack policy implication. Oorschot and Halman (2000) explored four different factors as causes of poverty in European countries. These four factors are individual blame (laziness, shirking, etc), individual fate (fate, bad luck, kismet), social blame (injustice or corruption) and social fate (progress). This study identified social blame as the main cause of poverty. Moreover, respondents in Eastern European countries gave more importance to individual blame than Western European countries. These results do not, however, hold after 1970. Shek (2002) examines causes of poverty by including four factors, personal, lack of opportunities, exploitation and fate to examine causes of poverty. Hine, *et al.* (2005) has included five categories namely individualistic, domestic structural which included corruption, global structural, environmental, and fatalistic factors. Overall, the literature on causes of poverty suggests that in developed countries individual factors are important determinants of poverty, whereas in developing countries structural and fatalistic factors are important (Lever 2005).

This study has two principal objectives. First, we know that one of the today's biggest global development challenges is the presence of one billion slum dwellers in the developing world's cities. Empirical literature on the problems of slum dwellers in other part of the developing world strongly suggests such problems are similar to those faced by slum dwellers in Karachi. Common problems such as housing problems in urban China, high mortality rates in slums of Dhaka, Bangladesh, reproductive health problems in the slums of Nairobi, Kenya, the prevalence of reproductive tract infection and sexually transmitted diseases among women in the slums of Dhaka have been discussed in the literature. (Jiang Leiwen 2006; Caldwell et al 2002.; Zulu et al. 2002; Kamal Nashid and Rumana Rashid 2004). Like other slum areas across the developing world, the unprecedented growth of slum areas in Karachi has also increased the woes of poor people living in these areas. Slum dwellers more often than not have migrated to large urban centers because they believe that living in big cities will increase their chances of getting out of poverty. Following Feagin (1975), we examined the perception of poor people living in urban slums about the causes of their poverty. We approach this task by examining variables that represent structural, individual, and fatalistic factors. Structural factors include corruption, the level of education, and poor government policies. Shirking and large family size represent individualistic factors and fate is taken as fatalistic factor. These factors are interdependent among each other. For example, the erroneous perception that poverty is from the God can be rectified by providing effective education and training at the childhood level. Similarly, large family size can also be reduced through education. Moreover, petty corruption particularly petty in nature and poverty are also interdependent. .

Second, this study also examines the perception of causes of corruption. Poverty as reflected in terms of low salary is one important determinant of petty corruption. The slum dwellers face problems when they need public services but must first negotiate their way around barriers created by the ubiquitous and rampant corrupt petty officials. Although petty corruption involves small sums of money, it exacerbates poverty and discourages poor people from working efficiently and honestly. Moreover, empirical analysis of causes and effects of corruption in a cross country framework do not address the causality issue. Although, ideally it requires time series analysis, we have designed specific questions that will directly address the causality issue. We believe that corruption and poverty are interdependent and must be tackled simultaneously.

In the next section we present a brief profile of the slum areas (Katchi Abadi) of Karachi. Section III explains our research methodology and data. Section IV presents data analysis and empirical results and last section concludes.

## **II. Slum Areas in Karachi:**

Karachi city has a long history dated back to 1729 and is considered as a backbone of Pakistan<sup>2</sup>. Karachi is the largest megacity of Pakistan and among the top 15 megacities in the world. According to City District Government Karachi (CDGK), the total population of Karachi is approximately 18 million<sup>3</sup>. According to Karachi Strategic Development Plan 2020 (KSDP 2020), the total population of Karachi is expected to be

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<sup>2</sup> The history of Karachi and its developments can be read from the Urban Resource Centre website (<http://www.urckarachi.org>).

<sup>3</sup> The official website of CDGK is <http://www.karachicity.gov.pk>

27.5 million by 2020. The importance of the city in the social and economic development of Pakistan is unequivocal and well documented in KSDP 2020<sup>4</sup>.

Migration from less developed areas of Pakistan to Karachi has resulted in the establishment of slum areas in Karachi with high concentrations urbanized poor. There are 539 Katchi Abadies or designated slum areas in Karachi comprising about 60% of the total city's population and therefore their residents are the dominant population of the city. The following table provides the distribution of these areas in different districts of Karachi:

Table 1

District	No. of Slum Areas
Central	119
West	191
East	105
Malir	63
South	61
Total	539

Source: Sindh Katchi Abadis Authority, Government of Sindh: Master List of Identified Katchi Abadis in Sindh, 30<sup>th</sup> April, 1998.

These slum dwellers face serious shortage of housing facilities that force them to live as squatters in essentially un-regulated and under-served districts of the city. Residents do not have access to clean water, basic education, and primary health services.

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<sup>4</sup> The Karachi Strategic Development Plan: Master Plan Group of Offices, City District Government Karachi, August 2007. The draft report is available on the website (<http://www.scribd.com/doc/678805/Karachi-Master-Plan-2020>)



Consequently, slum areas in Karachi are big threat to the environment. On top of all these people are often required to pay bribes for seeking public services.

### **III. Materials and Methods:**

We conduct a survey to document the perceptions of slum dwellers about causes of poverty and petty corruption and examine how fate affects poverty and other related variables. Since no one has funded this research, it was not possible for us financially to visit all these slum areas. Moreover, almost all of these slum areas have very similar structure. Once you are inside the area you cannot recognize in which slum area you are in. We have selected areas from each districts (Central, West, East, Malir, and South) so that we have representation of each district in our sample. Dr. Naved and Mr. Shahid have visited these areas<sup>5</sup> along with different people who somehow know someone in these areas and interviewed 100 respondents including heads of the households<sup>6</sup>.

Ideally the sample size should be more than 100. Nevertheless, we believe that a sample size of 100 would serve the purpose and enable us to determine slum dwellers perceptions. As mentioned earlier, all these areas have similar structure; long and narrow (three to four feet wide) lanes. Most of the houses are well below the sewerage line. The total area of these houses varies from house to house. A typical house is less than 40 square yards. Most of the houses have roof less kitchen. We have seen extreme poverty there. The average salary of a household is only Rs. 7000 (less than \$100) per month. The average size of the family is 7. We have seen 20 persons living in a small house in Layari area (West district). Gambling, prostitution, and drugs are common in these areas. The

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<sup>5</sup> List of areas is attached in Appendix A.

<sup>6</sup> List of their profession is attached in Appendix B.

average salary of a child is approximately Rs. 3000 or less than \$50 (US) per month. It took us six months (September 2009 to March 2010) to complete this survey.

We use Wilcoxon (1945) signed-rank test to examine the mean of two different samples of respondents. First sample of respondents strongly believe in faith while other does not strongly believe in faith. This test is preferable over paired t test when the assumption of normality is violated or when the data is on the ordinal scale. Moreover, to check the robustness of our results, this study also uses chi-square ( $\chi^2$ ) statistic, a non-parametric test, proposed by Karl Pearson. The null hypothesis under the chi square distribution is that the mean of the income level, education level and perceptions of the sample respondents are similar for those who believe in fate and those who do not strongly believe in faith. If the calculated  $\chi^2$  does not fall in the critical region, the null hypothesis will be rejected implies that fatalistic factors have important effect on the income, education and perceptions of the sample respondents.

#### **IV. Results and Discussion:**

##### **Respondents' Profile:**

The monthly income of the respondents is in the range of Rs. 4000 to 10,000 which manifests the level of poverty among these people. 66% of the respondents are literate. Our data shows that majority of the respondents are married, i.e., 70 out of 100 (70%), with 73.6% of the respondents' wives are housewives. 71 out of 100 (71%) respondents are living in joint family system. Out of 100 respondents, 43 say that there are two working heads in their families. 44% of the respondents say that the average level of education of the head of household in their families is such that they have primary education, whereas 18.57%, 12.86% and 5.71% respectively of the respondents hold

Intermediate, Graduate and Post Graduate degrees respectively. Table 2 succinctly summarizes the above information.

Table 2  
Profile of respondents

Percentage of respondents who attend school	66.0
Percentage of respondents who have primary education	67.0
Percentage of respondents' spouses who do not work	73.6
Percentage of respondents who live in Joint Family System	71.0
Percentage of respondents with two working hands in their families	63.0
Head of the household who have primary education	44.0

Source: Primary Survey

#### **Perception about causes of poverty:**

From table 3 it is clear that out of 75 respondents who have considered their families poor perceive corruption (33.34%), Fate (29.33%) and lack of education (22.66%) as the main causes of their poverty. Only 8% of the respondents consider incorrect government policies, and only 2.67% of the respondents consider large family size responsible for poverty. Notice, more than 60% of the respondents consider corruption (a structural factor) and Fate (a fatalistic factor) are two important determinants of poverty. Only 4% of the respondents consider shirking (an individualistic factor) as a cause of poverty in these areas. The Majority of the respondents, despite their poor living conditions believe that a large family size is a blessing. To support their large families, they support child labor. When their children grow up they will typically be less

productive and also poor because of illiteracy. Furthermore, because of their poverty, they cannot avoid further losses due to corruption and the subsequent generation will generally have large families and thereby perpetuate a continuing cycle of poverty for themselves and their children. A small number of slum dwellers think that large family size is responsible for their poverty.

Table 3  
Causes of Poverty

Corruption	33.34%
Fate	29.33%
Lack of education	22.66%
Wrong Govt. Policies	8.0%
Shirking	4.0%
Large family size	2.67%
Total	100%

Source: Primary Survey

#### **Perception about petty corruption:**

In the above section we argue that corruption and fate are two major determinants of poverty in slum areas of Karachi. In this section, we assess slum dwellers' perception about petty corruption. 55% of the respondents perceive that both payment and acceptance of bribe are great evils. Surprisingly, majority of the respondents (85%) do not accuse themselves as corrupt. We are expecting this result. Unfortunately, people generally justify their wrong acts. We, as a nation, have reached to a situation where we do not consider petty corruption illegal or even immoral. Majority of the respondents

(87%) do not, however, agree with the notion that “corruption is not bad if it does not hurt others. It suggests that slum dwellers do consider corruption as harmful for the society but do not think that they are corrupt. 94% of the respondents were not satisfied with the government efforts to control petty corruption. Alas, the trustworthiness of the government is not reflected from their response. 51% of the respondents are very pessimistic and expect that petty corruption will be more in the future. People often know about how much to pay as bribe and whom it should be paid to beforehand. 48% of the respondents confirm this view. One of the important obstacles to controlling corruption is the perception of people that nothing will happen if they take actions against corrupt officials. 35% of the respondents say that they know nothing would happen. Most of the respondents are in the state of despair because of their erroneous beliefs.

Most slum dwellers think that low salary and greed are the main causes of petty corruption. This response suggests that the poverty is the main cause of petty corruption. Table 4 shows other causes of petty corruption.

Table 5  
Causes of Petty Corruption

Low Salary (Poverty)	45.0%
Greed	29.0%
Government Regulations	8.0%
Political Parties	5.0%
Past Corruption	8.0%
People Offer Bribes	1.0%
Others	4.0%

Source: Primary Survey

**Results:**

The monthly income of most of the respondents who strongly believe in fate (fatalistic respondents) is less than Rs. 10,000 per month (i.e., 29 out of 55). Our results show that majority of these fatalistic respondents support child labor (i.e., 41 out of 55). Out of 55 fatalistic respondents, only 23 consider themselves as poor. Moreover, most of these fatalistic respondents are less educated (i.e., 50 out of 55). 41 fatalistic respondents out of 55 do not send their spouses for work. Table 6 reviews the above information for fatalistic and non-fatalistic respondents.

Table 6

## Profile of fatalistic and non-fatalistic respondents

Variables	Fatalistic Respondents (55)	Non-fatalistic Respondents (45)
Low Income Level (Income level less than 10,000)	29	16
Supporters of Child Labor	41	27
Consider themselves as Poor	23	43
Education Level (Sample whose education level less than Graduates)	50	37
Spouses who do not work	41	40

To analytically examine the impact of fatalism on income level, education level, spouse work, perception about poverty, and child labor, this study employs Wilcoxon Z test and Chi square ( $\chi^2$ ) test for fatalistic differences. The significant values of Wilcoxon Z test and Chi-Square ( $\chi^2$ ) test for income level, education level, perception about poverty, and child labor imply that there are significant differences in aforementioned variables between fatalistic (who believe in fate and reluctant to do hard work) and non-fatalistic respondents (who do not strongly believe in fate and try hard to come out of vicious circle of poverty). However, the Wilcoxon Z value for the variable spouse work is insignificant indicates that there is

statistically no difference in spouse work for fatalistic and non fatalistic respondents. The results are reported in Table 7.

Table 7  
Test for comparing the variables for Fatalistic Differences

Variables	Wilcoxon Z statistic	Chi Square ( $\chi^2$ ) statistic
Income Level	-1.63***	74.50*
Consider themselves as poor	-5.61*	10.24**
Education Level	-1.72***	43.36*
Spouse Work	-0.57	18.62*
Child labor	-1.64***	12.96*

Note: \*, \*\* and \*\*\* show significance level at 1%, 5% and 10% respectively.

## V. Conclusions:

In this study we explore and document perceptions of slum dwellers about poverty, petty corruption and other related factors by amassing information from the poor living in slum areas of Karachi. For this purpose a sample of 100 respondents were selected from 539 slum areas of Karachi by utilizing stratified simple random sampling technique.

The study finds that structural and fatalistic factors are perceived as the more important causes of poverty. The study does not find support for individualistic factor (Shirking) as possible cause of poverty. Our results are consistent with the empirical



literature for other developing countries. Almost one third of the respondents think that their poor living conditions are an outcome of their fate and therefore they consider this situation as a difficult test of God. Holding this view means such persons will appear to be pretty satisfied with or at least resigned to their current living conditions which are unequivocally appalling. The slum dwellers also perceive that low salary is the major cause of corruption. Thus, slum dwellers beliefs lead one to conclude that poverty and corruption are interdependent. Moreover, they believe in large family size and consequently favor child labor to support their families. They consider their children as wealth from their God. To further support our argument, we employ Wilcoxon Z and Chi-Square test to examine the impact of fatalism on poverty, education level, spouse work, and child labor. Our results confirm our argument.

Since the individualistic factor is not identified as causing poverty in these areas, various welfare programs can be justified. These programs have, however, not produced the required results in the past in Pakistan. Our study implies that apart from these welfare programs, government should also change the mind set of poor people and their perceptions about poverty, large family size and child labor, although it takes long time for people to change their perceptions and wrong beliefs. Change in perceptions is only possible, we surmise, through education and training. Problems such as large family size and child labor can only be reduced by changing their dogmatic beliefs about these real problems. The policy of providing education and mentoring along with other welfare programs will not be effective unless government controls corruption, particularly petty corruption by enforcing the rule of law.

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## **Appendix B**

### **List of Slum Areas in Karachi, Pakistan**

**CENTRAL:** Khybar Colony, Muhammadi Colony, Wahid Colony, Kousar Nayazi Colony, Chamman Iqbal Colony and Roadad Nagar

**WEST:** Macca Colony, Shah Baig Lane, Bacha Khan Chowk, Yousaf Sahib Khan Goth, Board Office Banaras

**EAST:** Zia Ul Haq Colony, Noordin Goth, Muhammad Khan Goth, Ayub Goth, Sohrab Goth, Nizam-e-Mustafa colony, Al Asif, Yousaf Goth, Mustafa Colony, Madina Colony

**SOUTH:** Machar Colony, Muhammad Ali Colony, Majeed Colony, Sultanabad, Isa Nagri, Hijrat Colony

**MALIR:** Musrat Colony, Muhammdi colony, Gulshan-e-Jauhar

## **Appendix C**

### **List of Respondents' Occupations**

Sweeper, Private Servant, Painter, Carpenter, Cook, Driver, Scrap Merchant, Shopkeeper, Cycle Shop, Raksha Driver, School Teacher, Security Guard, Salesman, Foundry Worker, Constable., Labor, Watchman, Vender, Retired, Cleaner, Lab In-Charge, Sanitary Worker, Contractor, Advocate Assistant and Clerk.