

War and Local Economy: Imprints of Violent Conflict on Batkhela Bazaar¹

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Abstract:

The ongoing war against terrorism in various parts of Pakistan has been studied from different dimensions. Most of the studies investigate it from security or political perspective; however some study it from macro-economic perspective. There are limited attempts to investigate it from micro-economic perspective of how in smaller localities (such as Batkhela) the war has impacted socio-economic lives of the people. Bazaars being the sites of economic activities, in these localities, offer interesting case studies to investigate the impact of war on local economies. This study investigates the impacts of war on Batkhela bazaar, which is central to the socio-economic life of the Batkhela City. The study finds out that the war has incurred losses on different strata of the society. The study also reveals that businessmen with their innovativeness tried alternative means to deal with these crises. Moreover, the war has also influenced the relationship between the bazaar representatives and the state agencies. Particularly, the study discovered the growing role of security agencies in facilitating the solution of various problems of the bazaar.

Keywords:

War, Local, Economy, Imprints, Violent, Conflict, Batkhela.

Introduction:

Batkhela is the Tehsil headquarter of Swat Ranizai and the only officially recognized urban area of the Malakand district (Statistic Division, 2000). Batkhela is unique because it is the only place in Malakand district that has rapidly expanded its economic base to include trade, commerce, and business. This has not only created economic opportunities for its inhabitants but also significantly improved its status in the region. The above-discussed transformation has brought certain consequences for Batkhela. Its own status has changed from rural to urban, at least in official usage.² Batkhela has recently (since 1970) witnessed a huge influx of immigrants from diverse regions and backgrounds, which has transformed the demographic landscape of the town.

The most important feature of Batkhela's economic and social life is its thriving bazaar, locally known as Batkhela bazaar. This market stretches to both sides of the Nowshera-Mardan-Chitral road for almost two kilometers

¹ This study borrows some of its discussion from a working paper written by the first author. The working paper was a product of a research project funded by USAID, IFPRI and Planning Commission of Pakistan under The Pakistan Strategy Support Programme.

² It has the status of municipality and has its municipal committee (2000).

(Statistics Division, 2000), and has a range of businesses; mostly of consumer goods in retail and wholesale. It also includes hotels, restaurants, technical services (automobile workshops, etc.), financial institutions, etc. Batkhela bazaar not only serves the local population but the entire region from Malakand Pass to Chitral. It is due to this market that Batkhela has secured a reputation of trading center, or market town, of Malakand.

Recent (2007-2009) conflict and consequent military operations in district Swat, Lower Dir and Upper Dir affected the city of Batkhela for its proximity with these districts. Frequent curfews (May- October 2009) in the city also brought the life to stand still. There is a need to investigate the influence of such violent conflicts (wars) on local economies. By doing so the researchers would be identifying ways in which local economic activities and relations are influenced by violent conflicts. These activities and processes can be studied in chosen spaces or sites such as bazaars (marketplaces), which are central to local economies (cf. Jan, 2014).

Given the significance of bazaars (Geertz, 1978, 1979; Keshavarzian, 2007), there has not been a commensurate level of research interest. The classic work of Geertz (1978, 1979) in North Africa was followed by some interesting work by Fanselow (1990) in South Asia, and more recently by Keshavarzian (2007) in the Middle East (Iran) and Yarash and Mielke (2011) in Afghanistan. These studies are not only rich in empirical details but also embedded in the theoretical debate, but the number of such studies is limited. There are unfortunately few cogent studies on the socio-economic and political significance of bazaars in Pakistan. Studies on bazaars in the Federally Administered Tribal Areas (FATA) have also been limited.³ Akbar S. Ahmed's (1980: 297-302) study of the bazaar in Mohmand Agency of FATA only adds a brief introduction to the existence of bazaars or marketplaces in Pakhtun society. The bazaar in that locality was modest in the range of goods and services exchanged and in its socio-economic significance.

Bazaars usually involve the exchange of goods and services through small-scale individual enterprises (see e.g. Keshavarzian, 2007). Small-scale Individual Enterprises (SIE) refer to individually and privately run enterprises ranging from "petty traders to personal service workers like small street vendors, market traders, barbers, owner of small shops, etc" (Azmat and Samarantunge, 2009). The importance of small-scale enterprises for economic development is already established. Particularly their role in creating employment opportunities, increased growth, and poverty reduction in Africa is well documented (Rogerson, 2001, Daniels and Mead, 1998). These studies also suggest that small-scale enterprises need social networks for their

³ Federally Administered Tribal Areas (FATA) enjoy a special administrative and political status under the 1973 constitution of Pakistan. Currently there are seven Agencies (tribal areas) that constitute FATA. The government's writ in these areas has often been described as weak. Recently, the area has been marred by conflict between religious militants and the government of Pakistan.

success, particularly for informal finance and non-financial support services (Rogerson, 2001: 136).

Besides some general studies looking into SIEs (Azmat and Samaratunge, 2009, Baruah, 2004, Kappel and Ishengoma, 2006), there is excellent literature available on the contribution of small-scale enterprises in Pakistan. Child and Kaneda (1975) show how the entrepreneurs in small-scale agriculture related industrial firms, benefiting from the agricultural growth of the 1950s and 1960s, contributed to the economic development of Pakistan. Burki and Terrell (1998) in their study of small-scale firms in Punjab found that efficiency is achieved through educated managers, specialization, and experience. Therefore, the government can foster economic growth and efficiency if it provides for these services. A variety of literature exists on the contribution and problems in small and medium enterprises in Pakistan (Khalique et al., 2011, Khattak et al., 2011). A good number of studies reflect on how small scale economic activity contributes to the informal economy in the developing world (Portes and Haller, 2005). Similarly some interesting studies (Burki and Ghayur, 1989) reflect on the role of the informal sector in the urban economies of Pakistan. These studies provide valuable insights into the income from such economic activity, motivation for work, skill formation, etc.

Despite the above-mentioned studies on bazaars and small-scale individual enterprises in Pakistan, there has been very little attempt made on the relationship between these bazaars and violent conflicts. Most importantly, what imprints wars leave on these sites of economic activities? This study attempts to cover such a niche available in the existing literature.

The primary questions investigated by this study are following. To what extent the conflict in the Malakand region has affected businessmen and laborers in Batkhela bazaar. What kind of innovative ways and means are adopted by these businessmen to deal with the crises (wars) or compensate for the loss they incur? What impact these conflicts have on the ways these bazaars are regulated. Moreover, how relations with different state and non-state organizations are configured and re-configured by conflict situations.

Methodology:

This study is primarily ethnographic in nature and therefore, relies on qualitative data collected during fieldwork in Batkhela. For data it relies mostly on 20 semi-structured in-depth interviews with economic actors of Batkhela bazaar. Economic actors included businessmen, laborers, representatives of bazaar association and local leaders. The principal author conducted these interviews during fieldwork in 2012-2013 in Batkhela city. The study also takes some insights from the earlier Ph.D fieldwork (2007-2008) of the first author and the later study on Batkhela bazaar (Jan, 2014).⁴

⁴ This study was conducted under The Pakistan Strategy Support Programme, organized and funded by USAID, IFPRI and Planning Commission of Pakistan.

The study also uses secondary data available in form of newspaper editorials and reports. The interviews with selected businessmen and laborers help answering the questions related to the impacts of war on economic activities in the bazaar. Similarly, interviews with representative of bazaar association and local leaders help answering questions related to how bazaars are regulated and how new relations are built during conflict.

The imprints of war on Batkhela bazaar can be studied from diverse historical trajectories. First, the historical period starting from 2007 when Tahrik Taliban Pakistan's Swat chapter under the leadership of Fazlullah started controlling various parts of Swat and directly challenged the writ of the government (Rome, 2013: 153-4). Secondly, to study bazaar in the specific year of 2009 when war between militants and the government intensified under a military operation, called *Rah-e-Rast*, against TTP Swat and led to sporadic curfews in Batkhela and surrounding areas. This study chooses the second historical period when the conflict escalated and felt directly by the people of Batkhela. Therefore, most of the analyses in this paper are restricted by this historical limitation. However, focusing on this particular period does not mean that earlier period is irrelevant. The earlier period provides historical context to the second period and therefore is relevant to understand the impacts of war on Batkhela bazaar.

War in the region and Batkhela Bazaar:

Although the Tahrik-Nifaz-e- Shariat-e- Muhammadi (TNSM) since 1989 and Tahrik Taliban Pakistan since 2007 were actively involved in violence in the Malakand division (Rome, 2013; 152-153), a decisive response against these militants on the part of the government came much later. A decisive military operation with the name *Rah-e-Rast* was launched by the military in May 2009 (Rome, 2013: 158). The center of this military operation was district Swat of Malakand division, but it also penetrated into other districts of Malakand division. Batkhela (Malakand district) being strategically located on the road leading from Malakand pass to Swat and Dir came under the sway of this operation. Curfews were imposed from May to October 2009 in various parts of Malakand District including Batkhela (Mahmood, 2009; Jan, 2009; The News, 06 October 2009) in order to allow safe passage to military conveys engaged in operation *Rah-e-Rast*. These curfews brought the life in Batkhela to standstill. Economic activities in Batkhela were halted significantly. The bazaar in Batkhela and in other Malakand district towns remained closed during curfews (Khattak, 2009; Dawn, 11 June 2009). Often even when curfews were relaxed the fear of violent clash between security agencies and militants compelled the businessmen to close their shops (Dawn, 11 June 2009).

The media reported the effects of ongoing war in general and curfews in particular. It is reported that although the conflict has hit the general population, it particularly affected businessmen, laborers, students and the

farmers associated with local economy (Khattak, 2009; Dawn, 11 June 2009; Jan, 2009; Mahmood, 2009). The laborers were worst hit because their daily wages stopped due to the closure of the bazaar. In order to meet their subsistence needs, these laborers had to opt for unconventional means of allowing their women to work in houses as maids. One laborer told the correspondent of a newspaper *"The situation forced me to allow my wife to work in the houses of other people to earn two times meal for my children"* (Dawn, 11 June 2009). Similarly, the farmers could not harvest their wheat crops and the businessmen could not open their shops, which resulted in the loss of millions of rupees (Dawn, 11 June 2009). During and after the curfews in Malakand district, there were local protests against the governments oblivion to losses incurred by local population. The protesters demanded compensation from the government (The News, 21 July 2009).

Imprints of War: Perspectives of Economic Actors of Batkhela Bazaar:

The war incurred huge losses on businesses in Batkhela bazaar. One businessmen in wholesale food (items) business disclosed that he alone suffered the loss of 4 to 5 million rupees during 5-6 months of curfew (Rahman, interview, 2013). He disclosed that many of the food items in his shop expired because of the long duration of curfews. He still has to recover from this loss. Another wholesale businessman reported loss of 2-3 million rupees (Amjid, interview, 2013). Similarly, other wholesale and retail shop owners in shoes selling, electronics, groceries, and garments selling reported losses with variation in amount. However, all of the interview respondents disclosed that they had incurred losses during curfews. For the wholesale businessmen this loss was running in millions and for retail businesses it was in hundreds of thousands.

In order to avoid such losses some businessmen very innovatively used alternative means of doing business. One businessman in computers and IT related sale shared that he had to use his friendship networks to sell items through home delivery in the outskirts of the Batkhela town (Siraj, interview, 2013). He had to sneak out of Batkhela to deliver these items to his acquaintances who could not come to bazaar due to curfews. Moreover, he was able to explore alternative routes to go to Lahore to purchase items and replenish his depleting stocks. He was therefore able to survive during those tough times. Similarly, as mentioned above laborers also opted for different means of survival in these crises times (Dawn, 11 June 2009).

The labor class in the Batkhela bazaar is already disadvantageous. They work on daily wages that are often insufficient to meet their basic needs. With such conditions, they were hit further by the closure of the bazaar during 2009 curfews. They were deprived of their daily wages and therefore, had to fight a war of their own survival. Many would become completely dependent on the charities provided by local businessmen on humanitarian bassets or NGOs working in the area.

There has been general despondency related to government's role in Batkhela bazaar. There has been almost consensus that government failed to compensate the losses incurred by various economic actors of the bazaar. Although, the local people and their representatives used various channels to apprise the government of their plight, but all such efforts went wasted because of the poor response of the government. The head of the bazaar association revealed that he, along with other local leaders, went to see MNAs elected from this region in Islamabad to convince the government to compensate the losses of local people. The government promised to look into the matter but soon forgot to fulfill its promise. They were highly disappointed from the government on the issue of providing compensation. Such disappointments often feed into mistrust in state institutions and capacity to solve public problems and consequently, create legitimacy problem for states.

Like many other parts of the country violent attacks on bazaars has created fear in the businessmen. The businessmen dealing in IT and computer selling business shared his ordeal when a bomb blast damaged his shop in the bazaar. The blast took place in CD/DVD shop in the bazaar which was in close vicinity to his shop. DVD shops and net cafes (internet providers) are often targeted by militants for selling movies (including porn) that are considered un-Islamic by the militants. In post curfew period the fear of violence has not dissipated. Occasionally, the rumors of the expected explosive attacks on bazaar and the military conveys passing through the bazaar, has been contributing to creating an environment of fear in Batkhela bazaar. The businessmen of Batkhela bazaar responded that such an environment is not very conducive for businesses. It is difficult to get customers in such situations, as they are reluctant to come out of their houses and buy things in the bazaar. Moreover, the customers from surrounding areas are also discouraged from visiting Batkhela bazaar by the presence of greater number of security check posts in the region.

The overall security situation after the curfews has not improved much. This is important particularly when security is the second most important problem identified by economic actors of Batkhela bazaar (Jan, 2014). All of our respondents during interviews referred to lack of security as huge concern for the local businessmen. They would refer to a variety of security related crimes ranging from murders to thefts in Batkhela bazaar. The presence of security forces in the region and government actions against the militants has not reduced the intensity of these crimes. Therefore, there is general fear within which these businessmen carry out their activities. The weak state writ has been the primary factor in poor security situation in the city of Batkhela.

Besides the above tendencies there are some indirect influences of the war on Batkhela bazaar. These indirect influences are less about business as such but more about the organization and administration of Batkhela bazaar.

The increased presence of military in the region, growing involvement of Non Governmental Organizations and less responsive state institutions has influenced the way the bazaar is organized and the way its leadership is dealing with problems associated with the bazaar. Traditionally the state writ and presence has been weak in Malakand. Consequently, trust and conviction in government is very low. Law enforcement and judicial institutions were particularly criticized by the respondents for their inefficiency. Therefore, economic actors in Batkhela bazaar often look toward other means of redressal. One way is to use their own social networks (family and friends) to deal with their problems. The other less popular way is look to NGOs for help. This option is more important for non-business economic actors. However, that does not mean that the respondents consider NGOs as highly efficient. NGOs are appreciated for their relief work and support in post conflict situation; however, they are generally not received well. The interview respondents doubted the methods and means of these organizations. However, such doubts come with admitting that they have little interaction with them and therefore, do not know them well.

One very substantial development during and after the war is the increased involvement of security agencies (military) in Batkhela bazaar. The respondents referred to the efficiency and diligence of military in solving some of the bazaar problems. The representatives of bazaar association (President Bazaar Association, interview, 2013) disclosed that these military officials are in constant touch with us and that they take keen interest in the bazaar affairs. These military officials were praised for giving due weightage to the requests and demands of bazaar representatives. Some of the crucial problems such as traffic, electricity provision, and minor repairs of the road were dealt with by military on an emergency basis. The military officers would also take into confidence the bazaar representatives in arresting people from the bazaar vicinity. They would also set free those arrested without the knowledge of bazaar representatives after getting assurance and guarantees from the bazaar representatives. Therefore, in comparison with civil administration the military officials were found more efficient, by the bazaar representatives, in solving bazaar problems. In these newly established connections, the traditional relationship between the local administration and bazaar representatives is affected. Such reconfiguration of relationship affects the context for bazaar's economic activities. Businessmen and their representatives are not functional in isolation from a range of relational networks constituting local administrators, security agencies and political representatives. The change in such relations affects the way businesses are carried out in Batkhela Bazaar. Businessmen in the bazaar have now to deal with a range of new actors (such as security agencies) to do businesses. Such a consequence of war on the bazaar is instructive and has potential for future research.

Conclusion:

Wars and violent conflicts affect societies in diverse ways. One way is its impact on the local economies in form of losses in income for different economic actors (businessmen, laborer, etc.) through reduced business activities, reorganized economic relations and institutional reconfiguration. By looking into the case of a bazaar in the town of Batkhela (Malakand) this paper concludes that war leaves diverse imprints on the actors engaged in economic activities and their socio-economic organization within these bounded spaces. It is concluded that Batkhela bazaar had incurred severe losses which simultaneously affected the businessmen and laborers associated with the bazaar. However, within these crises time the economic actors responded with innovativeness by finding alternative means to survive. Moreover, one of the striking impacts of this war is on the relationship between state institutions and the local bazaar representatives. A discernable change in this regard is that of growing interest and involvement of military officials in bazaar problems. They not only facilitated the bazaar representatives but also recognized them as legitimate stakeholders who should be taken in confidence even in matters related to security. This change has repercussions, particularly, the decline in trust on civilian officials and increasing confidence on military officials to deal with administrative problems of the bazaar. Such developments in the region where state institutions (civilian) are already distrusted by the masses are consequential. Moreover, the reconfiguration of such relationships changes the context within which economic activities are carried out.

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