Multi-dimensional conflict and the resilient urban informal economy in Karachi, Pakistan

This paper explores the resilience of the urban informal economy through multi-dimensional conflict. Karachi constituted an ideal case study for the research given the intensity and paradigmatic nature of the multi-dimensional conflict experienced in the city between 2008 and 2013. The paper applies a comparative frame in three sites (Sadar, Orangi and Lyari) to illustrate resilience of the informal economy and its role in supporting the urban poor in Karachi to survive and sometimes thrive, whilst also contributing to peaceful recovery and adaptation, albeit persistent divisions mean violence remains possible. The paper argues for greater recognition of and support for informal economies in urban policy, marking a shift away from the predominant neoliberal forms of governance that diminish the role of the state and burden already vulnerable people with the greatest risks, particularly in fragile, conflict-affected situations where half the world’s poor are predicted to live by 2030.

Keywords: informal economy, civic conflict, urban violence, resilience, Karachi

Introduction and background

Following several decades of gradual decline in urban peace and security, by 2013 Karachi in Pakistan had become one of the world’s most dangerous cities (Verkaaik, 2016; Numbeo, 2019). Conflict in the city was driven primarily by a complex web of multi-dimensional violence that worsened until the abrupt intervention of paramilitary forces (Pakistan Rangers). The focus of research on Karachi’s conflict-affected history has largely been on unpicking the complex drivers of conflict and their impacts (Boivin, 2010; Yusuf, 2012; Gayer, 2014; Kaker, 2014; Brown and Ahmed, 2017; Khan, 2017; Viqar, 2018). Yet, this paper argues that in Karachi, and other conflict-affected cities, research has provided very few insights into the urban economy during periods of protracted violence and conflict. This paper aims to respond to this key research gap. Through a comparative frame, operationalised in three key sites, it offers new insights on the resilience of the informal economy in Karachi and adds to an emerging wider literature on the role of the informal economy in conflict-affected cities (Hasan,
We introduce a broad conceptualisation of resilience as an antidote to the conventional views of resilience that perceive it only as a self-help ‘bounce back’ mechanism. Inspired by ecological perspectives and promoted by international donor agencies, a resilient city is seen as one that can positively respond to, and recover from, crises. Urban resilience in this case becomes a market-based mechanism with a diminished role of nation states in which people are left managing their own risks (Walker and Cooper, 2011; Meriläinen, 2019). Such views also generally lack the capacity and capability aspects of people and places (Mehmood, 2016; Mehmood et al., 2020). Moreover, they often fail to recognise that cities are complex adaptive environments (Meerow et al., 2016) that require a more nuanced consideration of variation across urban social spaces, spatial patterns and socio-spatial interactions.

To understand resilience of the informal economy during conflict in Karachi it is necessary to first consider the recent history of civic conflict in the city. Ethnic violence in Karachi between Muhajirs (originally migrants from India following partition in 1947) and Pashtuns (migrants from north-west Pakistan) has been rife since the 1980s and is driven by attempts from each group to control land, housing, transport and other urban resources (Gayer, 2003). Significantly, this ethnic tension was politicised in 1987 when the political party Muttahida Qaumi Movement (MQM), representing the Muhajirs, took a landslide lead in the local elections, and by the establishment of the Pashtun-dominated Awami National Party (ANP) in 1986. The conditions for urban violence were then fuelled by the flow of firearms into Karachi following the Soviet–Afghan war. By the 1990s, armed youth affiliated to political parties (in particular MQM) had segregated areas of the city creating ethnic enclaves ruled by criminal elites (Yusuf, 2012). Conflict then increased as a result of the purging of MQM militias by the ruling Sindhi-dominated Pakistan People’s Party (PPP), popular in the province’s rural areas.

Demographic and economic changes in the early 2000s then precipitated a prolonged period of conflict between 2007–2013 which was more intense than former bouts of urban violence. The steady migration of Pashtuns to the city, their influence in the transportation sector, and the resulting increase in political representation and economic strength of the ANP allowed Pashtuns to better organise and confront the armed wings of the MQM. The migration of people from Balochistan, on the other hand, increased support for the PPP, who were locked in battle with MQM over electoral representation in Karachi. The increase in violence worsened the security situation which enabled the proliferation of armed gangs and militant groups in the city. Calls for strikes to stop transport and businesses became more frequent during the period and were often followed by violence, to protest killings of a political activist or gang member by Rangers or the opponents. Yusuf (2012, 7) succinctly summarises the scale and complexity of urban conflict in Karachi up to 2013:
The city has witnessed the emergence of more than two hundred well-armed and well-organised gangs, which operate independently and in conjunction with political parties. Their activities – including extortion, arms trafficking, smuggling, kidnapping, and robberies – have severely degraded the overall security situation in Karachi. The deterioration of law and order has also allowed militant groups with sectarian agendas to regroup and again contribute to urban violence.

The deterioration in security necessitated a robust response and the federal government endorsed a provincial government plea to install a paramilitary operation (Pakistan Rangers) against violence and criminality in Karachi. The Rangers operation began in September 2013 and since then the mandate has been extended several times. Although the operation brought about an overall decline in organised violence, target killings and extortion, the Rangers have been accused of political bias, human rights abuse and corruption (International Crisis Group, 2017).

Given the intensity and the paradigmatic nature of the multi-dimensional conflict witnessed in Karachi it constitutes an ideal case study for this examination of the potential resilience of the informal economy through multi-dimensional conflict and its role in supporting the urban poor to survive and in enabling the city to adapt. Responding to this aim, the paper is divided into four sections. The first sets the study in the context of three core literatures; urban violence and conflict, urban informal economies, and resilience. The second section provides a brief overview of the research methods. The third section is split into three parts; each discusses findings on the resilience of Karachi’s informal economy in one of the case-study districts. Fourth, we conclude the paper by looking across the three case-study districts, drawing out the main findings and advancing our understanding on the resilience of the urban informal economy through multi-dimensional conflict.

**Conflict, informal economies and resilience in urban contexts**

Conceptualising urban violence and conflict

Karachi has long been a centre for migration, and since the 1980s has seen fluctuating violence, driven by the attempts of different ethnic groups to gain political supremacy and to control land, housing, transport and other urban resources (Gayer, 2003; Hoor-ul-Ain, 2019). The city is not alone in witnessing violence and conflict. According to the World Bank, more than two billion people now live in countries where development outcomes are affected by fragility, conflict and violence, and if current trends persist, by 2030, around half the world’s poor will live in fragile and conflict-affected situations (United Nations and World Bank, 2018). In many urban areas, sectarian, ethnic and political violence is endemic, often associated with rapid migration and urbanisation, weak governance, and inadequate access to services, resources and jobs.
In this brief section we seek to situate the conflict challenges in Karachi within wider conceptualisations of urban violence and conflict.

Various typologies of conflict and violence are defined in literature, however two predominate. First, Beall et al. (2013) distinguish between: sovereign conflict involving international actors; civil conflict between organised groups, one of which claims to represent the state; and civic conflict covering a range of violent situations including gang warfare, terrorism, riots, rebellions and other violent protests. Civic conflict is seen as the violent expression of grievances against the state or other actors, which can take many forms, ranging from political struggles to gang coercion and petty theft. Civic conflict is also a reactive process, linked to state failures in security or welfare, rather than attempts to control the state, but where violence undermines opportunities for peaceful dialogue and accommodation. It is now acknowledged that ‘widespread, low-intensity political violence’ causes the biggest threat to human well-being and socio-economic development (Østby, 2013). Conflict in Karachi is situated within this violent civic form, a result of – and contributing to – the erosion of state institutions and undermining of civic rights.

Second, Moser (2004) defined political (e.g. armed conflict between political parties), institutional (e.g. violence of state institutions such as extra-judicial police killings), economic (e.g. armed robbery and drug trafficking), economic/social (e.g. territorial or identity-based turf violence) and social (e.g. physical and psychological abuse) forms of violence, but recognising the dynamic nature of urban violence, the categorisation was seen as an interrelated continuum with close links between its forms. Writing a decade later, Moser and McIlwaine (2014, 334) described how there has been an ‘expansion and multiplication’ of these categories. Yet, Moser’s (2004) categorisation continues to form the basis of most other typologies and conceptualisations (Lewis et al., 2020). The conflict witnessed in Karachi cannot be situated within a single type according to Moser’s typology. It can certainly be considered ‘economic/social’ violence given the identity-based turf violence that existed, and extra-judicial killings during Rangers operations would also situate Karachi’s conflict within ‘institutional’ violence. Finally, the distinct political affiliations of many armed youth would equally classify the conflict as political. The multi-dimensional nature of violence in Karachi makes it an excellent case study for this research.

Informal economies in conflict-affected cities

Informal work in Pakistan is endemic to the urban economy, and likely to be under-reported and increasing (Sherani, 2013). Globally, two billion people, more than 61 per cent of the world’s employed population, make their living in the informal economy (ILO, 2018). In South Asia proportions are higher, and the share of informal employ-
ment in total employment is 88 per cent (excluding agriculture), including 87 per cent of men and 78 per cent of women. For new entrants into the job market, most jobs are informal – in South Asia, 96 per cent of working youth aged fifteen to twenty-four work informally, and 91 per cent of those aged twenty-five to twenty-nine (ILO, 2018).

Informal work is often risky, hazardous and insecure, covering a wide range of activities from street selling, to small-scale manufacture, to property rental or home-based work. Although there is no universally accepted definition of the informal economy, the framework now widely used in many regions has three components: the informal sector, including employment and production in unincorporated, unregistered or small enterprises; informal employment, referring to employment without social protection, including own-account workers, family workers, and employees holding informal jobs; and the informal economy which includes all activities, units and workers defined above and their output. Although global integration and shifts in production are fostering new products and value chains and more flexible employment, and in many countries the contribution of informal enterprises to gross value added (GVA) is substantial – up to 50 per cent in sub-Saharan Africa (ILO, 2018) – the potential contribution of informal employment to the urban economy is rarely recognised in economic policy forums.

In contexts of urban violence there is often a collapse in formal employment, and rapid growth in the informal economy, as economic turmoil leads to high inflation, loss of formal work and civil unrest, intensifying the vulnerability of informal workers and battles they have to fight (Mackie et al., 2014; 2017). For example, in Pakistan, the textile industry witnessed a massive decline, with shipments in 2016 at the lowest level since 2010, and a reported half a million jobs lost in the sector (Mangi and Kay, 2016). Karachi was particularly hard hit, as many smaller factories closed and production was shifted to Bangladesh, Vietnam or China. Critical problems included prolonged power outages, high electricity costs and ‘the country’s tarnished security image after many years of insurgency, bombings and violence’ (Mangi and Kay, 2016). During conflict, urban households often work informally in order to survive (Iyenda, 2005; Aysa-Lastra, 2011; Pantuliano et al., 2011). Access to petty trade and daily labour, often in construction, are common survival tactics. In Iraq, Looney (2006) found that the informal economy was the only realm to survive the post-2003 period of instability. However, survival economies are not always risk-free – in Somalia many women turned to rubbish collection and/or prostitution (Tyler, 2008).

Despite the prominence of the informal economy in many conflict-affected cities of the global South, including Karachi, its role in supporting the urban poor to survive and in enabling the city to recover and adapt is hardly considered by municipal and national governments, and humanitarian and development agencies (Mackie et al., 2017). Yet, scholarship on informality is unambiguous in recognising that ‘rarely is the “informal” a space marked by the absence of the state’ (Banks et al, 2020, 234). Infor-
mality is produced by the actions and inactions of the state, through decisions about what constitutes informal or illegal and what forms of employment and economic activity warrant protection, support and investment (Roy, 2005; 2009; 2011). Scholars argue that the role of the state, and non-state actors, must be considered in any analysis of the informal economy in order to avoid over-romanticising ‘heroic’ entrepreneurship (Banks et al, 2020; de Soto, 2000; Roy, 2005). In Karachi, non-state actors, such as kinship groups and parties organised around ethnic identities, are likely to be particularly important in the function of the informal economy (Gazdar and Mallah, 2013). This call to pay attention to the role of state and non-state actors in informality echoes calls within resilience research which are discussed below.

Resilience in conflict-affected settings

Conceptualisations and practices of urban resilience are multifarious. In development studies, resilience has primarily been framed by the neoliberal agenda of international donor agencies (Kull et al., 2016), whereby the predominant ahistorical discourse fails to consider the social, political and spatial vulnerabilities of people and communities, leaving resilience as an extension of the informal model of governance (Chandler and Reid, 2016). This has resulted in resilience seen as a way of managing disasters rather than addressing the structural causes of socio-spatial inequalities that worsen the impacts of such disasters. More broadly, two major frames can be identified in urban resilience. In the first instance are the approaches that look at responsiveness to hazards (Godschalk, 2003), socio-economic shocks (Briguglio et al., 2009), situations of violence (Samper, 2012) and pandemics as in the recent case of Covid-19 (Djalante et al., 2020). Resilience here is seen as a reactive or adaptive measure in compliance with or against the change. In the second frame are the approaches that view resilience as a proactive measure to make cities less vulnerable to the impending or unexpected shocks or crises. Primarily concerned with the vulnerability (Pelling, 2012) or fragility of a city (de Boer, 2015), or to improve prospects of disadvantaged groups (Vale, 2014), such approaches focus on the features and tendencies that make a city vulnerable or fragile.

The scope of our empirical work is on violence, crises and post-conflict experiences of the informal economy in Karachi. Our conceptualisation of resilience in this respect is based on the framework proposed by Davoudi et al. (2013) with four integrated dimensions of: Preparedness, Persistence, Adaptability and Transformability of the urban informal economy. Within this framework, we can relate preparedness to the ability and readiness of informal economic actors to cope with emergent circumstances of crises, violence or conflict; persistence to the robustness and ability to resist the impacts of instability inflicted by such conflicts, adaptability to the capacity to adjust to the demands of the changing socio-economic and political conditions.
dictated by protracted or incidental urban violence and civic conflicts; and finally, transformability to the changing nature of informal work in the built environment towards a more desirable trajectory once the situations of violence and conflicts have settled. This framework provides a useful heuristic tool that, when combined with wider scholarship on informality and resilience, enables new insights to be gleaned from the Karachi case study.

Within the scope of our resilience analysis, we argue that caution should be exercised when considering urban resilience in a general sense. A city is much more than the sum of its parts. Composed of many microcosms, it can be regarded as a complex adaptive environment (Meerow et al., 2016), comprising of interactive localities and neighbourhoods, each with different sets of strengths, capacities, vulnerabilities, fragilities and resiliences that could be associated with the communities, economies and the places within (Schilling et al., 2013; Gioli et al., 2013). The local context, such as history, location, land-use practices, policies and plans may discern the capacity of the communities to respond to situations of conflict (Cumming, 2011; Gotttdiener et al., 2015). In practice this means that any analysis of the resilience of the informal economy in a violence and conflict-affected city must consider how this might vary across the urban social spaces, spatial patterns and socio-spatial interactions. In response, our paper focuses on, and draws comparisons across three key urban sites in Karachi.

**Methodology**

The research adopts a case-study approach. Whilst we recognise the widely perceived limits of case studies, such as the challenges of generalisability, we place greater weight on the value of the case-study approach to unveil experiences (people’s experiences in relation to their informal economic activities) within the specific context of the case-study location (impacted by protracted multi-dimensional conflict). As Flyvbjerg (2006, 241) states: the case study ‘is a necessary and sufficient method for certain important research tasks in the social sciences’.

Given the intensity and the paradigmatic nature of the multi-dimensional conflict witnessed in Karachi it constitutes an ideal case study for this research. However, the city is not a homogenous entity. The paper therefore recounts the experiences of urban informal economy workers across the urban geography in three districts of Karachi, namely, Sadar, Lyari and Orangi – each selected based on their own distinctive identities and characters in terms of ethnic, geopolitical and conflict dynamics. A brief overview of each district is included in the empirical findings section below.

Fieldwork was conducted between February and March 2017. The study included a conflict-mapping workshop with twenty-three current informal economy workers and semi-structured interviews with 218 informal economy workers, including 187 people.
who had been working during the conflict prior to the intervention of paramilitary forces in 2013. Interviews traced people’s livelihoods and the corresponding changes and challenges that people faced during and after the situations of violence and conflict and the potential, perceived and actual impacts of/on the informal economy. Additionally, forty-three in-depth interviews were undertaken with key informants from federal, provincial and local government as well as those working for international and local NGOs, and local academics. Notably, this study was part of a broader international comparison of the response of the informal economy in post-conflict cities.

Informal economies in Karachi in the wake of multi-dimensional conflict

This section of the paper presents the empirical findings of the research in Karachi. The findings are discussed in relation to each of the urban sites in turn: Sadar, Orangi and Lyari. In each district we provide a brief history and background to the ethnic, geopolitical and conflict dynamics in the area, discuss the experiences of different informal economy actors in relation to the period of conflict up to 2013, reflect on the post-conflict situations after the Rangers operation of 2013, and then situate these findings within our comparative frame.

Sadar: an ethnically diverse historical commercial city centre

With its central location as a commercial focus in the city, Sadar maintains a diverse range of informal trading markets and business activities (Hasan et al., 2002). Established in the 1880s as a place to ‘hang out’ for the city’s elite, the area is one of the oldest neighbourhoods of the city and boasts a multi-ethnic composition with colonial economic legacies and infrastructure. Prominent colonial structures include St Patrick’s Cathedral and Empress Market, alongside other buildings, shops and a park, albeit many of these buildings have fallen into disrepair. The post-Independence transformation (after 1947) saw the influx of a larger concentration of informal businesses on to the streets and in various markets across the area. The area remains a key transit route between the wholesale markets, industrial estates and the port and it is highly accessible to people living in all parts of the city. With a diversity of ethnicities involved in the informal economy, the ethno-political boundaries and territorial distribution of commercial space in Sadar is often visible (Gayer, 2014). And, with a high volume and value of commercial transactions taking place in Sadar each day, the area is an epicentre of informal, formal, ethnic, political, business and communal power struggles.

Despite its complex socio-economic and ethno-political composition, Sadar – as confirmed by many interviewees – has experienced relatively lower levels of violence as
compared with Orangi and Lyari. Given the ethno-political diversity and clear spatial divisions in the district it might have been anticipated that violence and conflict would be more prevalent. According to a number of key informants interviewed, despite the prevailing unrest and violence in the city, the conflicts largely remained confined to specific targeted areas and according to interviewees there would always be some commercial and social activity in the Sadar area. Hence, Sadar’s informal economy was able to persist throughout the volatile economic and political situations, with many interviewees describing its continuing role in providing ‘the formal sector with cheap goods’ (female, fruit and vegetable vendor), and offering ‘people stuff that they cannot afford in the formal economy’ (male, fruit and vegetable vendor). In general the informal economy was seen as giving ‘oxygen to poor people’ (male, fruit and vegetable vendor) during the challenging period of conflict and violence in the city. Yet, demands for bribery and extortion money proliferated across the city, including in Sadar. Echoing Gazdar and Mallah’s (2013) study of informal land-use, non-state enforcement was widespread within Karachi’s informal economy, initiated by a range of different actors, including local gang leaders and political activists, as well as state actors such as civic authorities and the police. Informal economy interviewees in Sadar reported highest levels of bribery and extortion (44 per cent) as compared with Orangi (27 per cent) and Lyari (30 per cent). Street vendors and transport workers were the most likely victims of such fees. Informal economy workers also complained about harassment and intimidation by the shopkeepers and formal economy operators who would not allow informal trading activity near their own businesses.

Whilst conflict may not frequently have originated in Sadar, interviewees explained that conflict in other parts of the city prior to 2013 had indirect impacts on the commercial activities of Sadar. Many of the interviewees observed that unlike Orangi and Lyari, where most of the informal economy workers are local residents, Sadar businesses particularly suffered during transport strikes as both the informal economy workers and their customers had to travel from elsewhere – many of the informal economy workers interviewed in Sadar were living on the outskirts of Karachi. The situation would become even worse when political parties called for strike days and made all attempts to shut down markets and public transport (male, fabric trader). Some businesses however would respond by re-opening after 5 pm at the end of the working day (male, mechanic).

Despite the aforementioned persistence of much of the urban informal economy in Sadar during the period between 2008 and 2013, many informal economic activities declined with supplies from/to other parts of the city affected, public transport disturbed and less policing visible. Many traders claimed that they had to rely on borrowed cash and food from neighbours, friends, relatives or communal organisations during this period. This collective response to crisis has similarly been documented elsewhere (Mackie et al., 2017). However, not all informal economy workers were in
loss and there were signs of positive externalities resulting from the conflict. Increasing incidences of snatching of gold and silver jewellery meant that people opted for artificial jewellery even for weddings and family functions, which boosted the sale of artificial jewellery in the small informal businesses in Sadar and elsewhere. Smaller public transport providers such as rickshaws and taxis also gained from the conflict due to their ability to travel through narrow alleys, avoiding major roadblocks. However, this business opportunity came at a cost since these vehicles were requisitioned by political party activists to shuttle their workers to political gatherings, often for free. In this sense, the proliferation of small-scale transport was enabled, and to some degree governed, by informal non-state actors (Gazdar and Mallah, 2013). Notably, those who violated the strike days would risk their shops, stalls, carts and vehicles being set ablaze. Conducting everyday business therefore became risky for many informal economy workers, particularly because strikes and riots would take place randomly.

The post-conflict revival in Sadar witnessed bustling informal economic activity. Much of this activity is attributed to the rise in imports of consumer goods, many of which originate from China; ‘imports have increased so lots of imported consumer goods are common’ (male, grocery vendor). Whereas most of the street sellers would sell Chinese goods, the established shopkeepers and the burgeoning number of large supermarkets offer expensive brands of consumer items imported from the West. However, not all sectors prospered post-conflict. Some informal economy traders witnessed a relative decline in customer numbers as ‘customers now prefer to go to supermarkets’ (male, spice vendor). Many of the bookstalls in Sadar are known for offering cheaper books and magazines for sale. However, they have experienced declines in sales as ‘people are more into mobile phones and televisions. Book reading habits are decreasing. The new generations are less aware of the Urdu language’ (male, bookseller). It is also significant that city authorities opted to clear the informal traders from the area surrounding the historical Empress Market in 2018 which used to be a focal point of informal economic activity (Naeem and Ahmed, 2019). Whereas this is touted by policymakers as the revival of the glory of a Mughal-Gothic building, it also resulted in displacement of about 4,000 informal economy workers with insufficient support. Worldwide, displacement is too often the primary interaction between city authorities and informal traders (Bromley and Mackie, 2009).

The case of Sadar provides significant new insights into the resilience of the informal economy through multi-dimensional conflict. Research revealed signs of preparedness and persistence, with the informal economy continuing to perform, and strengthening Sadar’s central role in providing for the city’s population. Above all, the findings in Sadar paint a picture of the informal economy as incredibly adaptable in times of violence and conflict, with businesses adjusting operating times and, in examples of positive externalities, filling emergent gaps in consumer demands and transport markets. The informal economy in Sadar also demonstrated an ability to
transform in the post-conflict era, growing and moving into sales of imported Chinese goods. Yet, whilst the discussion focuses primarily on examples of resilience, it is important not to romanticise the informal economy. Many informal economy actors faced difficulties during and after the protracted period of conflict. Moreover, it is clear that even where the informal economy is resilient to crisis and conflict, it is often in the face of considerable risk, including acts of violence against the business, bribery, extortion and displacement, initiated by a range of state and non-state actors. Thus, resilience in Sadar appears typical of the neoliberal vision of resilience, whereby workers in the informal economy own the risks, and the structural challenges of safe working spaces and social and economic protections remain unaddressed.

Orangi: a contested informal settlement in the industrial heartland

The Orangi district neighbours a large expanse of Sindh Industrial Trading Estate (SITE), an industrial area planned in 1947 to lead the post-Independence economic and industrial development of Pakistan. Orangi became rapidly populated in the 1960s due to population displacement from India and internal migration from other parts of the country. The expansion of different industries such as fabrics and automotives in SITE became a magnet for informal employment and trade. With a population exceeding 2.5 million, Orangi remained the largest informal settlement in the world until it was classified as a town council under the 2001 local government reforms. This administrative designation, however, has hardly changed the situation of residents and the local informal economy actors. With the majority of Muhajirs and Pashtuns competing for urban resources, the area has become a constant battleground of ethno-political and vested economic interests since the 1980s. Ethnic enclaves have emerged over time with informal residential and trading areas demarcated based on a mix of ethnic, religious, tribal and political affiliations.

Orangi has traditionally hosted a large cottage- and home-based industry in carpet weaving, carpentry, embroidery and small-scale manufacturing in textiles and marble works – all within the informal economy. The lack of civic infrastructure and local utilities (gas, electricity, water, sewerage) and government support have been partially compensated for by the efforts of Orangi Pilot Project (OPP), the Urban Resource Centre (URC) and other local and international NGOs (Hasan, 2006). However, these efforts have been unable to fully address the infrastructure challenges and the decline in manufacturing and industry associated with the arrival of cheaper foreign products – mainly from China (key informant interview, academic). These economic challenges are the backdrop to the alienation of unemployed youth, religious fanaticism, ethnic tensions and socio-political contestations in the area.

Within this context, the informal economy has been the primary source of business and trading in Orangi, especially during 2008–2013. Respondents in Orangi were of
the opinion that ‘if it weren’t for the informal economy millions would have remained jobless’ (male, porter). The informal economy is generally characterised by frequent and low levels of investment. This enabled the activities to persist during potentially disruptive cycles of riots and conflict. However, there are also place-specific issues peculiar to Orangi. Unlike Sadar with its central location in the city, the peripheral position of Orangi caused major concerns around logistics, especially for the movement of perishable goods, such as milk, seasonal fruits and vegetables, into and out of Orangi via the often inaccessible wholesale markets. One consequence was a rise in food prices due to the shortage of supply.

Levels of resilience of informal economy actors varied with the nature of goods and services they offered and the level of their mobility and accessibility. The most vulnerable informal economy actors were those who would normally conduct their sales on carts by either staying on a street corner, crowded marketplace or selling door-to-door in the inner neighbourhoods. For such workers, getting access to commodities from the wholesalers and delivering these to consumers in fresh and edible condition was a challenge which would worsen during violence. The limited life of the commodities and shortage of street-based buyers was especially disconcerting as people would prefer to stay home during the episodic violence. A dairy trader explained ‘[fresh and untreated] milk is a very sensitive product. I have to sell milk on a daily basis because after a day milk goes bad [also due to hot weather and other factors] and we are not able to sell it. In violence days I was affected economically because of the closure of my business’ (male, dairy trader [Parenthesis are authors’ additions]).

However, not all businesses in Orangi suffered during the conflict; some experienced positive externalities. Informal economy workers involved in businesses such as metal recycling saw their businesses thriving as people would tend to trade their belongings to get instant cash (male, recycler). As in Sadar, informal public transport such as taxis and rickshaws (operating on both a shared and an individual rental basis) were in high demand, since with no or limited access to buses and minibuses, people opted for those modes of transport as a necessary means of getting to their destinations. But again, these opportunities for the drivers came with risks of getting caught in the crossfire during riots – a trade-off they had to contend with.

In the post-conflict period, informal economic activity increased substantially in Orangi (key informant interview, NGO). Widespread economic opportunities and ease of entry into the informal economy reportedly improved youth employment and, according to many interviewees, this has aided in ‘keeping crime at low levels’ (male, construction worker). Others argue that more informal economic activity also meant higher tensions between different ethno-political groups as they try to take or keep spatial control of key trading sites and market locations. This has meant paying extortion money to operate in commercial spaces and subsequently higher costs of conducting business for the informal economy workers. This finding echoes the
conclusions of Banks et al. (2020, 230) who warn of groups with ‘vested interest(s) in protecting their informal strategies of extraction and accumulation, often prevent(ing) more disadvantaged populations from addressing their needs and interests’. Despite the apparent calm in Orangi, and reductions in violence since 2013, the area has a number of potentially volatile neighbourhoods with undercurrents of ethno-political tensions and violence persisting.

Notwithstanding the growth of the informal economy since 2013, some key informants were of the opinion that the influx of Chinese goods in post-conflict Orangi has led to the closure of much of the light engineering industry. In Orangi, ‘manufacturing of spare parts declined and the leather industry could not compete with the Chinese goods’ (key informant interview, academic). Many key informants referred to the consequences of large investments in the China–Pakistan Economic Corridor (CPEC), a $62 billion investment which forms part of China’s larger Belt and Road Initiative (BRI). BRI is a state-funded package to stimulate the Chinese economy through construction, investment and development programmes along old silk routes, build new land links and establish maritime networks in Asia, Africa and Europe (Cheng, 2016). The large infrastructure projects primarily led by big Chinese corporations have made way for various Chinese products into Pakistani markets which are affecting local informal economies. These effects are particularly prominent in Orangi’s domestic commercial production and artisanal activities as informal economy actors find more profits in selling cheaper imported goods rather than producing on their own or reselling local products.

Experiences in Orangi reveal some significant similarities with those in Sadar, yet the contrasting urban spatial contexts also lead to notable differences. Returning to our resilience framework, in Orangi the informal economy persisted where the formal economy did not – enabling poorer households to survive the protracted conflict. Yet, the location of Orangi meant that many informal economy workers were not prepared nor able to persist during conflict due to disrupted access to wholesale markets and the location of Orangi on the outskirts of the city. In terms of adaptability, the findings are very similar to Sadar – businesses largely adapted to the new normal, thriving on the growing recycling markets and private informal transport. However, this was also accompanied by considerable risk of getting caught in crossfire and calls for day-long strikes. Finally, the accounts of transformability are more mixed in Orangi. Whilst there are signs of informal economy expansion in sectors such as trading, drawing youth into work instead of violent activities, there are simultaneous concerns that this growth has increased bribery, extortion and spatial divisions that may perpetuate a violent undercurrent. Moreover, whilst the opportunities of Chinese imports are being realised, in Orangi the detrimental effects on production are also being felt. Again, we argue the resilience of the informal economy proved crucial to survival during conflict and to the post-conflict recovery and adaptation in Orangi.
Yet, in a manner that is typical of neoliberal forms of resilience, the risks were laid upon informal economy workers. Furthermore, in the post-conflict period, structural conditions remain precarious and unaddressed, even worsened, for informal economy actors due to government-led actions to open the market to Chinese imports.

Lyari: a divided historical ‘off-grid’ neighbourhood

With its location close to Karachi Port, Lyari comprises some of the oldest neighbourhoods in the city along with several emblematic colonial era buildings. Historically, the area has seen little public investment in infrastructure or employment provision (Kirmani, 2017; Viqar, 2014) and the majority Makrani and Balochi population has continued to suffer from a lack of youth employment. Their affiliation with the PPP makes it a political powerhouse in Karachi. By contrast, the minority Kutchis affiliated themselves with the MQM. Inter-communal and ethnic tensions continued as the city government was held in majority by MQM and provincial government largely belonged to PPP. This segregation also resulted in territorial lines in Lyari both in social and spatial terms. These boundaries transformed into hard ethno-political borders during the pronounced violence of 2008–2013. During fieldwork, the researchers observed the manifestation of this divide, with one street characterised by bullet holes covering the walls either side of the street.

Proximity to the port made the area a hotspot for the smuggling of arms, drugs and other contraband in the 1990s. The gang-based street culture of Lyari evolved into gang violence in 2008–2013 and homicides exponentially increased (Khan, 2018). As a result, the economy of Lyari suffered in a manner quite different to the types of ethno-political tensions found in Sadar and Orangi. The gang wars divided many neighbourhoods into ‘turfs’, with conflicts focusing on the lucrative trading hotspots due to their potential for extortion and protection money. Informal economic activities such as street vending, plumbing, construction, drivers and watchmen suffered deeply during the period. Many informal economy workers survived on their daily incomes, which meant the closure of businesses on any given day or time of the day had serious consequences, not only on the business but also for family expenses, food costs and school fees (male, shoe trader). The prevalence of violence meant that for informal economy workers ‘the number of business days were reduced, and some people could only work two or three days in a week’ (male, construction worker). Worst affected were the employees of informal businesses who received wages on a daily basis. With shops shut on strike days or due to violence there were few alternative income sources for the workers.

In Lyari there appears to have been a particularly gendered adaptability to the economic challenges during the violence. Several key informant interviewees from NGOs explained that women played an important role in securing household income,
predominantly through home-based work (e.g. sewing, knitting, stitching and embroidery) in safety from street violence that was affecting the local economies in general. Whilst home-based work was not unique to Lyari, it emerged as a particularly important sector, and a positive externality, during the period of protracted violence. Yet, this adaptability was once again accompanied by risk – women faced exploitation in these roles as the law did not permit commercial work in the home and so women often worked through ‘middle-men’ (and they were almost always men) who took significant proportions of all sales and women also sometimes had to pay bribes to police in order to be ‘permitted’ to operate (key informant interview, NGO).

During the Rangers’ Operation in Lyari, many of the gang leaders were either vacated or killed and this led to more favourable working conditions, including reductions in bribery and extortion (male, rickshaw driver). In the aftermath of the Rangers’ Operation, the informal economy witnessed transformation and growth in all sectors (male, bus conductor). Although the ethno-political divides and tensions in the area remain, many interviewees were of the opinion that informal economic activities had provided the means for a quick recovery, ‘to kick-start business, especially for the unemployed and low income’ (male, shoe trader). One reason why the informal economy played a key role in economic recovery is the ease of access, particularly the need for minimum documentation (male, fruit and vegetable trader). Importantly, as in Orangi – and arguably more so, the informal economy was seen as having ‘enabled people to earn a livelihood instead of getting into crimes’ (male, porter). Whilst the resurgent presence of the informal economy appears to have played a role in bringing a general sense of security to the streets of Lyari (male, labourer) – contradicting global normative assumptions that link informality with crime (Mackie et al., 2017) – concerns remain, as they did in Orangi, that socio-political divisions persist and further violence remains a possibility (female, home-based worker).

Finally, interviewees once again drew attention to the transformative trend of informal economy traders sourcing cheaper goods from China, although this was generally seen in a positive light in Lyari as a response to rising inflation and the need for consumers to access cheaper goods (male, rickshaw driver).

The experiences of informal economy workers in Lyari contrasted markedly with those documented elsewhere in Karachi and this reflects the very different and more disruptive, armed gang-related nature of the violence witnessed in the area. Within the urban informal economy of Lyari there was little sign of what we refer to as preparedness or persistence since workers were frequently restricted to working only two to three days per week. Moreover, we encountered a gendered and different form of adaptability, whereby women played a prominent economic role through home-based work where they also faced exploitation by non-state (middle-men) and state (police) actors (Hirani et al., 2018). In Lyari, transformation seems to have followed a fairly similar process to the experiences in Sadar and Orangi. A burgeoning informal
economy emerged that provided the means for a quick recovery and appeared to have contributed to relatively peaceful development by providing employment opportunities for those who might otherwise have engaged in criminal activities and by bringing life to the streets. The influence of Chinese imports has also reached Lyari in the post-conflict period, and unlike Orangi, where this state-led change has undermined local industry, the actions of government to open up the market have had predominantly positive impacts on this port location.

Conclusions

This paper set out to explore the potential resilience of the urban informal economy through multi-dimensional conflict and its role in supporting the urban poor to survive and in enabling the city to recover and adapt. We applied a comparative frame, based on four integrated dimensions of preparedness, persistence, adaptability and transformability, and combined this with wider scholarship on informality and resilience, to illuminate the potential resilience of the informal economy in three districts of Karachi (Sadar, Orangi and Lyari).

In relation to preparedness and persistence, the research found significant differences in the experiences of informal economy workers across the three study sites. In the central district of Sadar the informal economy persisted and played a heightened role in providing for the city’s population – described as giving ‘oxygen to poor people’. And whilst this was also true in the more peripheral district of Orangi, its location and distance from wholesale markets meant that the ability of the informal economy to persist was hampered, though it was in Lyari that the ability of the informal economy to persist was most affected due to the nature and ferocity of the gang-related violence.

The most conspicuous finding of the research relates to the adaptability of the informal economy through conflict. There is existing evidence that during conflict urban households often work informally in order to survive (Iyenda, 2005; Looney, 2006; Aysa-Lastra, 2011; Pantuliano et al., 2011) but examining this informal economic activity through a resilience lens reveals a sector that has substantial capacity to adjust to the demands of the changing socio-economic and political conditions during conflict. In Sadar and Orangi businesses adjusted their opening times and, in examples of positive externalities, identified and filled gaps in the market, most notably in the private informal transport market. The experience in Lyari differed due to the necessity of avoiding street-based work, which led to a gendered and different form of adaptability, whereby women played a more prominent economic role through home-based work (Chaudhry and Bertram, 2009). These spatial differences reveal the importance of moving beyond analyses of ‘the resilient city’ and towards more nuanced urban analysis. Yet, across all three districts this adaptability came with risks such as acts of violence against the business, bribery, extortion and accidentally
getting caught in crossfire. In seeking to avoid a romanticisation of informality and a neoliberal self-help framing of resilience, it is imperative to reiterate the important role played by multiple state (city authorities, police) and non-state actors (local gang leaders, political activists, middle-men) in the emergence of these risks.

Transformability refers to the changing nature of informal work and business towards a more desirable trajectory once situations of violence and conflicts have settled. Across all three districts the findings suggest a process of post-conflict transformation after 2013, with a burgeoning informal economy operating across different sectors. This transformation is accredited with playing a key role in drawing youth into employment, bringing life to the streets, and consequently reducing risk of violence. Yet, there are simultaneously concerns that the growth in the informal economy is, in some instances, accompanied by bribery, extortion and spatial divisions with undercurrents of violence. As Banks et al (2020) warn, groups with vested interests (state and non-state) in extracting and accumulating value from more disadvantaged populations, such as informal economy workers, will frequently prevent them from addressing their needs and interests. Moreover, whilst the opportunities of cheaper imports are being realised, in Orangi the detrimental effects on production are also being felt. Crucially, the structural conditions that might safeguard and enable the informal economy, such as social and economic protections, or permissions to trade, have not improved and informal modes of governance persist.

The broad conclusion of this paper is that the resilience of the informal economy, during and after conflict, supported the urban poor to survive and sometimes thrive and enabled the city to recover and adapt, albeit persistent social and spatial divisions means that further violence remains possible. Importantly, the resilience framework employed in this paper enables the research to move beyond a binary categorisation that sees resilience as reactive (Godschalk, 2003; Briguglio et al., 2009; Samper, 2012) or proactive (Pelling, 2012; de Boer, 2015; Vale, 2014) and sheds new light on key dimensions of resilience to understand the preparedness, persistence, adaptability and transformability of the informal economy in post-conflict settings. Moreover, by applying the comparative frame in three key sites, the research unearthed how different forms of violence and different geographical locations proved to be a significant influence on experiences of informal economy actors through conflict. This has important implications for wider resilience research, which must move beyond ‘the resilient city’ analysis – the city is more than the sum of its parts.

Finally, despite the prominence of the informal economy in many conflict-affected cities of the global South, its role in supporting the urban poor to survive and in enabling the city to recover and adapt is hardly considered by municipal authorities nor humanitarian and development agencies (Mackie et al., 2017). This is not to suggest that the state is absent (Banks et al., 2020); informality is produced by the actions and inactions of the state. This paper adds to a growing weight of evidence
which suggests the informal economy warrants greater recognition and inclusion, and the conditions for urban informal economy workers must be improved, particularly in cities affected by conflict. Doing so is likely to have considerable positive impacts for some of the most vulnerable populations and will impact positively on urban resilience. By 2030 around half the world’s poor are predicted to live in fragile and conflict-affected situations (United Nations and World Bank, 2018); these issues will be of deep importance for many decades to come.

References


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