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**Tackling intellectual and physical poverty**

Poverty is news again. As inflation reached new highs, number crunchers got busy trying to estimate how many people have fallen below the poverty line.

The government, as usual, has sprung into action taking recourse to the usual suspects: subsidies, prize freezes and ‘new’ plans and programs to help the poor. Unfortunately it represents another repetitive, reactionary cycle that follows a bout of inflation. And like the past, it will come to nothing. To clarify the point about the futility of such initiatives and what really afflicts poor and poverty in Pakistan, two contrasting scenarios are presented to the reader, followed by a few general observations on direction of the debate upon poverty.

The first scenario deals with transactions occurring due to a favourable opportunity, where some action of the government indirectly benefits the poor. I work in a private organization whose office is located in a government owned building. In the parking lot, an employee of the office provides the service of washing cars every day after he is done from office chores. There’s a fixed fee per month. Sometimes, he even asks a fraction of the amount in advance to meet his pressing needs (in econ lingo, we’d call it something akin to consumption smoothing).

The water pipeline, also laid through public expense, is located just at the doorstep of the office. In short, he provides a valuable service, gets remunerated as per a mutually agreed amount between both parties, and ably complements his income from office work. Thousands of such workers can be found all over Pakistan, who convert a favourable opportunity to their advantage without any need of public or private support.

The second scenario concerns the government and society’s direct intervention to help poor people. Pakistan’s government has been spending tons of money since the 1950s in the name of alleviating poverty, whether its rural uplift programmes, annual development spending, infrastructure building, or through zakat and usher, etc. The latest incarnations of that effort come in the form of the ‘social safety net’ (SSN), and expanding state largesse under the Ehsaas initiative. This is complemented by the private charitable giving to the tune of billions every year. Various estimates put the figure in Pakistan between Rs400 billion and Rs600 billion every year.

But, despite such massive financial largesse, poverty remains on the higher side. Like Pakistan’s economy, it tends to follow a cycle: it dips a few percentage points in some years on the back of higher public spending, before rising precipitously again, with the culprit almost always being higher inflation. The present bout of inflation, for example, has wiped out most ‘gains’ of the previous decade or so and I likely to push more people into poverty. Adnan Haider, for example, used HIES and CPI data to project that around 11.5 million will become poor by end June 2020.

Expectedly, the government came up with the usual set of ‘measures’ to provide relief. Prominent among them was the subsidy offered through the Utility Stores. We would do well to remember that these stores were on the verge of being closed down given their poor performance and inefficiencies. However, the same government that proposed to close them down has now taken recourse to them to reduce inflationary pressures.

As my colleague Sajid Amin aptly remarked, this measure is only good for self-satisfaction and ‘did-my-best’ illusion. How else would you describe a subsidy ranging between Rs45 and Rs73 per person (excluding the cost of accessing utility stores and other inefficiencies inherent in public procurement)?

Put simply, the workings of the economy in countries like Pakistan are such that expenditures will always gallop ahead of income for the larger part of society (especially the poor), making the notion of temporary handouts futile. Then why persist with them? The answer revolves around a mixture of pork-barrel politics, publically financed moolah, free riding and donor bombarded ideas that make us oblivious to our ground realities.

Two examples should suffice to support my assertion. The first is the chicken breeding programme. It is nothing but a copy of Bill Gates’ belief that chicken breeding can help alleviate property. In Pakistan, the numbers and the evidence for such an undertaking just don’t add up.

The second is Pakistan’s largest SSN programme. After more than a decade and Rs700 billion of taxpayer money spent, its major ‘achievement’ is the recent revelation that more than 800,000 of its beneficiaries were un-deserving. This is besides the startling mismanagement of financial resources that has been made clear by its audit reports. No family has managed to escape poverty through its handouts, but consultants, babus and a few entrenched groups have managed to laugh their way to riches. Yet the programme has the full backing of the donor community and the government.

So where does the problem lie? In terms of tackling poverty, Pakistan’s main problem is the intellectually poor choices made over the years. Take the recent example of demolitions being carried out all around Pakistan in the name of razing illegal structures. If there ever were a crass anti-poor policy, this one has to rank among the top ones. Razing illegal structures is fine, but the issue is that poor people have built their livelihoods around them. What about the real culprits, the ones who allowed them to set up their shops in the first place? Why isn’t the law applicable to them?

Further, if illegal structures in Bani Gala can be regularized, what’s wrong with regularizing the means of livelihood of the poor? Why not, for example, reserve a section of the main markets for the poor shopkeepers rather than depriving them of their means of livelihood?

Thus it’s not lack of money that is the major source of our economic troubles, but our intellectual poverty that is excruciatingly debilitating.

I’ll come to the close by penning a few suggestions in terms of tackling poverty. First, and foremost, look at how to incentivize mutually beneficial transactions without the need for government intervention. In this regard, please read ‘Kill transactions, kill economic growth’ by Dr Nadeem-ul-Haq, present VC PIDE. It’s hardly 1100 words and quite simple, but way better than the millions of poverty ‘strategy’ papers churned out so far in Pakistan. Second, let’s also talk about the elephant in the room: the large family size in the poorer population. Contrary to the entrenched beliefs about religion propelling large family sizes, the truth is that at least 35-40 percent of the yearly pregnancies in Pakistan are ‘unwanted’. Any serious strategy at tackling poverty should look at contraceptive prevalence, availability and quality.

Third, impart legal rights upon poor people to protect them against predatory policies (like taxation and legal decisions). And fourth, come up with such sustainable schemes that not only provide them an opportunity to work but are also beneficial for society at the same time. Urban forestry and reserving swathes of urban land for food farming are two examples. After all, if the government can dish out plots to generals, judges and babus, why not to poor families? This will help in not only alleviating urban pollution, but also smoothening the food supply disruptions within urban areas.

Let us hope that there is a course change in terms of thinking about this issue rather than coming up with more futile schemes.

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