

A struggle to achieve economic

By Sarah Karim
and Kalim Hyder

Poverty reduction is the new phrase on the street, and is increasingly being recognized as an important factor in the struggle to achieve economic and social rights for the process of development. This recognition by government and civil society alike has identified poverty as a problem to be addressed on an urgent basis, especially if a large-scale social breakdown is to be averted. As a result, the military government of Pakistan has continued its efforts to address this problem, and recently in its 2001-2002 budget speech identified poverty reduction to be "the supreme objective of [Pakistan's] economic strategy." Thus, there has been a focus on employment generation via a public works program entitled Khushaal Pakistan, expanded micro-credit through systems such as the Khushali Bank, an attempt to reach the chronically poor through a food stamp scheme and larger Zakat subventions, and the creation of a poverty alleviation fund in an attempt to provide additional micro financing.

However, one does need to note that social safety nets in their poverty-mitigating role can only just begin to address the worst manifestations of poverty, and the overall poverty outcome in the country hinges crucially on broader macroeconomic developments relating to key determinants of poverty such as growth in real capita income and generation of employment. Only in pursuing growth with social justice with an aim of economic revival, through a focus on employment generation and reduction in income inequality, will directly targeted efforts through social nets be successful.

Past trends

The latest Economic Survey, as

published by the Ministry of Finance, indicates that while poverty has been substantially contained during the decade of the 80s, it has risen sharply in the 90s. Poverty increased from 17.36 per cent in the 1987-88 to 22.4 per cent in the 1992-93 and further to 31 per cent in 1996-97. The recent estimates suggest that poverty has further increased from 32.6 per cent in 1998-99 to 33.5 per cent in 1999-2000. Much of the increase can be attributed to adverse macroeconomic developments during the decade of the 90s, as there has been a visible decline in the growth of momentum of the economy during this time period. The steady

as 25 per cent of income, 60 per cent of exports and 70 per cent of employment are dependent on agriculture. This is a reflection of the interdependence of different sectors and effect on growth factors that have been negatively affected due to drought. In addition, fixed investment has decreased as well, from the level of 16 per cent of GDP in the 1999-2000, to 13.4 per cent of GDP by 2000-2001. This is an indication of the declining level of national savings and difficulties in access to foreign savings.

(2) The rate of inflation had remained a single digit throughout the 80s. It rose sharply to over 11 per cent in the first half of the

MACRO-DETERMINANTS OF POVERTY

Variables	Per centage points	Million poor
Level of real per capita income	-3.3	-4.6
Human capital endowments of the labor force	-4.9	-6.8
Level of food prices	9.5	13
Level of real per capita home remittances	-0.1	-0.15
Extent of unemployment	2.4	3.3
Total	3.6	4.8

growth rate of 6 per cent in the 80s dropped to 5 per cent in the first half of the 90s, further declined to 4 per cent in the second half of the 90s and was 2.6 this past year of 2000-2001. Consequently, the rise in real per capita income has tapered off. It increased annually by almost 3 per cent during the decade of the 80s, but during the last five years, there has cumulatively been an increase of only 1 per cent.

(3) The primary reason for the falling growth rate, apart from the continuous reason of the declining level of investment and savings in the economy, is this year due principally to the drought, which has affected the agriculture sector immensely. This impact on the agriculture sector has a great bearing on the economy of the country,

decade of the 90s but has moderated somewhat in the second half. Inflation in 1999-2000 and 2000-01 were at 3.5 per cent and 4.7 per cent respectively. More depreciation in the rupee has occurred, as has higher imported inflation accompanied with restricted monetary expansion (due to domestic debt retirement facilitated by the external debt relief). It is significant to note that food prices have generally risen from 2.89% in 1999-00 to 4.14% in the 2000-01.

(4) Unemployment has increased in the 90s in relation to the 80s by about two per centage points. This is a reflection not only of continuing rapid growth in the labor force due to the high underlying rate of population growth and resulting concentration of the population in the younger age brackets but also

omic, social rights

as a consequence of the fall in the growth rate of the economy. Given all these negative macroeconomic trends, it is not surprising that while poverty fell in the 80s it has started rising rapidly in the 90s. This trend in poverty can be especially noted in 2000-01.

Outlook for poverty

The Social Policy and Development Centre estimated the incidence of poverty at 36.5 per cent of the population (or 50 million people) in 1999-2000. However, questions remain: Have the conditions of poverty deteriorated or improved in 2000-2001? What are the prospects for poverty reduction in 2001-02 if the macroeconomic targets set in the Annual Plan are achieved? The objective of this note is to attempt at least a tentative answer to these questions.

For poverty forecasting, it is essential to have estimates of the quantitative contribution of different macro determinants to changes in the incidence of poverty on the basis of historical analysis of the relationships. Research at the Social Policy and Development Centre reveals the importance of the following factors in influencing the level of poverty:

- level of real per capita income
- extent of unemployment
- level of food prices
- level of real per capita home remittances
- human capital endowment of the labour force

The year 2000-2001 has witnessed some unfavorable developments as far as impact on poverty is concerned. Due to drought, there has been a negative growth of -2.5 per cent, in comparison with the previous year of 8 per cent. Poor macroeconomic performance during the 90s had very adverse effect on the poverty as well. Although there were better results last year (99-00), it was due to an increase in per capita growth, indirectly a

sult of an increase in agriculture production. Less than 1 per cent growth in real per capita income this year due to the low growth in agriculture sector (drought) has instead resulted in unfavourable conditions for rural poverty.

The manufacturing sector on the other hand has attained high growth, which has had a favourable impact on the urban poverty, while low growth in textiles and import of raw sugar resulted in less of an impact of industrial growth on rural poverty.

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The need of the hour

People are still adjusting themselves to the new timings, while some struggling to understand the logic behind the change

By Ali Raza

For the first time ever the government of Pakistan implemented Daylight Saving Time (DST), commonly known as Summer Time, in the country on April 7.

The DST is a modification of standard time by advancing clocks by one hour during the summer. The purpose of this alteration is to make the most of daylight and save electricity needed for artificial lighting after dark.

In modern countries clocks are adjusted one hour ahead when DST period begins in the spring, and moved one hour back to standard time in the autumn. So during the months of March or April through September or October, countries in the northern hemisphere may observe DST. During the months of September or October through March or April, countries in the southern hemisphere may observe DST.

The method of DST was suggested by Benjamin Franklin in 1784 but was first adopted during World War I in 1916 in several counties of Europe. The concept of DST was introduced in Pakistan in 1994 by the Benazir government, but it was not implemented. However, the present military government has implemented the DST.

After implementation of DST on the night between April 6-7, 2002, clocks across the country were advanced by one hour and the country witnessed a 23 hour long day. The advancement in time did create some confusion, which was understandable since the change was taking place in

Pakistan for the first time, but as such no big problems. People had to adjust prayer timings, school timing and office timing etc.

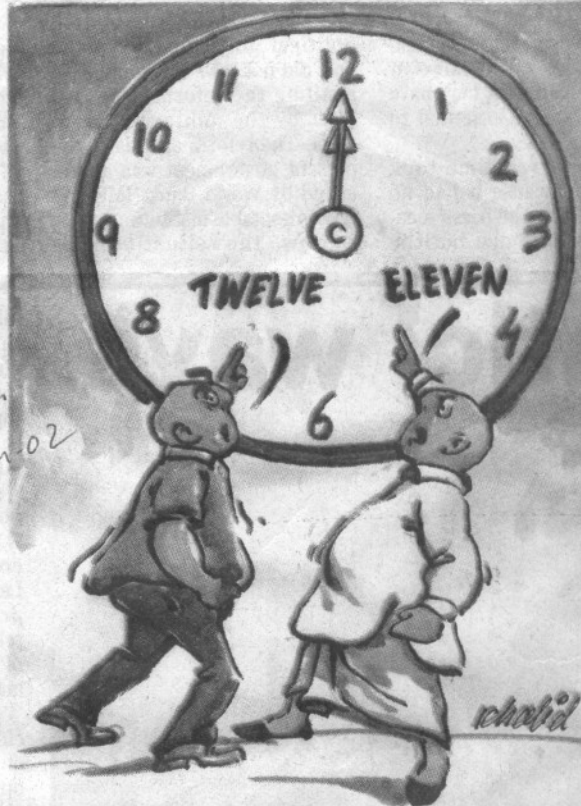
On April 7, 2002, a mosque Imam in Gulshan-e-Ravi area delivered Azaan for the Zohr prayer at 1.30 'as usual'. He later on realised that he had forgotten to adjust his watch, and accordingly made an announcement. Similar instances were also reported from some other city areas.

Imran Sheikh, a travel agent, said he received more than 100 calls of people inquiring about the change in time effect of PIA flights. Besides this some dozens of people visited his office to ensure the time of flight. "Unfortunately, neither Pakistan Railways nor PIA could come up with a changed and revised flight and train schedule in the wake of this advancement which caused great panic in the public in general and the passengers in particular," Imran said.

Dr Munawar Hussain, a child specialist, said change in time badly affected his schedule as he treated his patients from 6:00 pm to 10:00 pm and now he had changed his clinic time from 7:00 pm to 11:00 pm.

Similarly, many schools changed the school timings. Some big schools also advertised change in school timing, while many others — mostly small ones, did not change time because of the confusion resulting in late opening of the schools. However, most of the schools have adjusted the timings.

Same is the case with private offices, markets and other business entrepreneurs as they also



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changed their schedules. Most of the city markets are open till midnight.

However, PTCL and some private and established chains of schools made announcements regarding the advancement of time and the new adjustments

according to this change.

Waseem Ahmed, a salesman of a garment shop in Panorama Centre, said this change in time has increased the duty hours of ordinary workers. Before this he came to his shop at 10.00 am and close it at 10.00 pm, now he opens the shop at the same time but closes it at 11:00 pm. "We get no overtime and are forced to stay at the shop till closing," he said. A domestic servant said she has to start work early in the day and the sun sets after 7:30 in the evening. "My working hours have only increased," she said.

"Witnessing daylight long into the evening is a new experience and I am very much enjoying it," said Sarah Sarwar, a lawyer by profession. "DST was a common practice in the west. Our people are confused because they had not witnessed such a change in the past, now they will get used to it."

The adoption of DST will save energy, said a senior Wapda official. This means that people will get benefit of daylight till late evening and avoid use of electricity or at least use less electricity. "We are producing costly electricity and DST is the only saving method we could adopt," he commented.