



1. REDISCOVERING THE POOR

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Rediscovering the poor

FOR a decade now, the numbers have been misleading us. Poverty has been falling, we've been told, since 2005, and the number of people in Pakistan living below the poverty line has come down from 34.1pc in 2000 to 9.3pc by 2014. Over this period, the policy conversation on poverty, and measures required for its alleviation, has also shrivelled up; for many years now, the only response that policymakers have when asked about poverty is the Benazir Income Support Programme. The latter has proved itself sound, passing numerous reviews conducted by the World Bank and the Punjab government, and its role in mitigating the impact of poverty on millions should not be discounted. Nevertheless, it is not sufficient, and at best provides only support and not alleviation. Creating pathways out of poverty has not been discussed at the policy level, whether in the formulation of the budget or otherwise. In his maiden *Economic Survey* presentation, the finance minister acknowledged problems in the poverty data, but could only present economic and industrial growth as the vision to lift people out of poverty.

Now we are told that with a small tweak to the poverty line, the number of those living below the line rises to almost one third. The old poverty line was drawn in the year 2001 and was built on food calorific intake as the measure. The new line, just adopted and announced this week, takes 'cost of basic needs' as its measure, and shows that more than 29pc of the population lives in poverty. Clearly, the absolute number of those living below the poverty line is a lot higher than what the old data was telling us. But the number has still declined since 2001, when it would have been just above 63pc.

So what should we look at — the long-term decline or the jump due to the change in methodology? The answer is the latter, primarily because no new thinking appears to exist on how to move forward on lessening this figure. In rupee terms, the old line considered any adult existing on Rs2,502 per month to be living in poverty, while the new one raises this to Rs3,030. That a small addition of only about Rs500 per month should suddenly increase the head count so drastically shows the large number of people clumped around the poverty line. The prime minister has approved a package for the agriculture economy — where poverty rates are highest — and that includes cheapening the cost of inputs to spur growth. No fresh thinking on how to tackle poverty directly, or to create pathways out of it, appears to be in the works, leaving the poor out of the economy for one more year.

2. BUDGETING FOR THE RICH

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BUDGETING FOR THE RICH

By Khuram Husain

WHAT IS THE budget for the poor? The budget for the poor is not a separate budget. It is a part of the overall budget. The budget for the poor is the part of the budget that is used to provide social services, health care, education, and other social services. The budget for the poor is the part of the budget that is used to provide social services, health care, education, and other social services.

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Continued from Page 1

measures disguised as poverty alleviation, or little schemes like the Prime Minister's Health Insurance Scheme or a free interest rate scheme.

The good thing about this is that with the poverty score cards that are used for targeting in the BISP, we have the tools to build large scale poverty alleviation programmes. The bad news is that all we're building are small schemes, many of which barely take off before implementation issues arise, such as with the interest free loans schemes that banks refused to participate in.

With no meaningful policy conversation, let alone proposals, on poverty alleviation, and no substantive movement towards tax reform, the country's economic policy has lost its moorings. The budget making exercise has now devolved into a massive squabble about who will be charged how much FED next year, whose products will be zero rated for GST purposes, and a collage of schemes for the poor.

Haris Gazdar, one of Pakistan's leading researchers on poverty, says a policy focus

on poverty alleviation is "first and foremost a political choice". Some political parties propose economic growth as the leading poverty alleviation mechanism, whereas others argue to make this growth more inclusive, although "neither paradigms are actually able to prevail in practice due to the acceptance by the political leadership of existing constraints".

Inviting the poor to come eat out of your hand is not a poverty alleviation exercise. And a pass the parcel style revenue effort, where the one holding the bag when the music stops pays the incremental taxes required for next year, is no way to manage a revenue effort. Little wonder then that the country's domestic debt has jumped almost 50pc since May 2013 and the number of those living below the poverty line has now been set at 29pc of the population.

Economic policy must find a way to make future generations and the poor its central focus. Until that happens, the budget speech might as well be read out in a drawing room somewhere, because that will be the sum total of those for whom it holds any relevance.