Pakistan: Inequality and the people

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“MOST days Zafra and her family wake up at 5 a.m. and engage in manual labour until 6 p.m., working through the heat and smoke. She and her husband earn PKR 600 for every thousand bricks they produce, a target they aim to meet together daily. They can’t even afford to eat daal … on a daily basis. The family’s regular diet consists of red chillies ground into a paste and boiled in water, eaten with roti. As for meat, that is something they only get … once a year at Eid. …children have no means of going to school. They work alongside their parents… . The harsh working conditions often cause skin diseases, eye infections, and asthma, but these families can’t afford healthcare.”

This is an excerpt from the latest National Human Development Report on Pakistan (launched last year), which is part of the UNDP’s series focusing on inequality in the country. The report makes for difficult reading, even for economically illiterate people such as myself. But necessary it is, especially in a week where Islamabad was echoing with slogans, allegations and counter-allegations about the ‘krupt’, the chor, the na-ehal, and much lament about selling Pakistan.

And in a country where there are many families such as Zafra’s who survive on chillies, the report says, the top one per cent of the population owns 9pc of the national income; 20pc of the farmland; 15pc of the property and 26pc of the bank deposits. In addition, they can also lay claim to 37pc of bank advances and 29pc of the income tax payment. This is not all. Consider what the report says about the benefits the state provides to “vested interests”.

“Overall the total benefits and privileges enjoyed by different vested interests in Pakistan amounted to PKR 2.66 trillion in 2017-2018… . This amounts to over 7 per cent of the country’s GDP. The corresponding cost of social protection programmes … was PKR 624 billion.”

> Amid the slogans and allegations, it is necessary to reflect on some hard realities.

Want to know what falls within these “vested interests”? The corporate sector, which includes the banking sector as well as industry, followed by the feudal classes, high net worth individuals, large traders, state-owned enterprises, the military establishment and exporters. (Perhaps this is why we constantly face a balance-of-payment crisis; our exporters don’t even top the list of those who enjoy the state’s largesse!)

No wonder then, the report says, the Human Development Index of the richest 20pc of Pakistanis is similar to the average in China and Egypt while the poorest 20pc have an HDI which is lower than Ethiopia and comparable to Chad.

But having gotten used to the inane discussions about elite captures and mafias, these figures may come as no surprise, though the section on regional or provincial differences offers many details which are not that well known. According to the report, in Gross Regional Product (GRP) rankings, Balochistan has fallen from second to fourth place from 1999-2000 to the present while Punjab has moved from third to second place and KP from the last to third.

KP’s per capita income, according to the report, has overtaken Balochistan’s and moved close to Punjab’s. Indeed, its annual growth rate is around 5pc, compared to 4pc for the entire country during the same period. It is argued that this has been due to remittances from abroad as well as events in Afghanistan post 9/11. “The transport sector and associated services have witnessed greatly expanded activity due to the movement of Nato supplies … and the growth in transit traffic of goods from neighbouring countries… .”

The report does point out that because the growth was led by external factors, it could also slow down suddenly.

On the other hand, Balochistan which was second only to Sindh, has lagged behind the rest since Musharraf’s rule. The report argues that one reason for this is the population growth but no other factors are mentioned.

But even these figures do not present the full picture, for Sindh may be doing well among the four provinces yet the report points out in a different section that when it comes to the Child Development Index, Punjab scores higher than the other three provinces. And even KP is doing better than Sindh, while Balochistan comes far behind: “…both Balochistan and Sindh are facing a nutrition crisis — both provinces have a very high incidence of stunting and wasting among children”.

When discussing inequality within the four provinces, Karachi gets a special mention. Home to 10pc of the population, the city generates almost 18pc of the country’s GDP and 47pc of the GRP of Sindh. Almost 56pc of the federal tax revenues and 85pc of the provincial tax revenues are collected here. But the city’s share of national expenditure remains less than 5pc! “The budget of Karachi Metropolitan Corporation is only PKR 25 billion (US$149 million) compared to the equivalent US$4.6 billion of the Mumbai Municipal Corporation.”

The report also mentions the plight of the middle class which appears to have suffered a reversal since the Musharraf years. During his years in power, the middle class per capita income grew at 5pc per annum but since then this rate has slowed down considerably. It fell to 1.2pc “between 2013-14 and 2018-2019”. The report says this is partly due to the increasing rate of unemployment among the educated workers, which increased from 5pc to 16pc by 2018-2019.

The readers are also told that the middle class, which is concentrated in Punjab and Sindh, has been squeezed by rising housing rents and the “unprecedented” hike in gas and electricity. The report also points out that this class will continue to be pushed to the bottom of the pyramid.

It is hard to encapsulate all that the report covers in a short opinion piece. But undoubtedly it is a document that provides food for thought for us all, especially our policymakers. Our real issues are so different from the inane arguments about extensions, IMF conditionalities and which way the wind will blow at the time of the next election.

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