Inflation rates and bias in poverty estimates: The magnitude of poverty reduction or, indeed, an increase in the poverty estimate is highly sensitive to the inflation rate applied in adjusting the poverty line. The poverty line used by the government estimate is Rs 723.40 per month in the year 2001-02, and Rs 878.64 per month in the year 2005-06.

Clearly, a higher inflation rate estimate would mean a higher poverty line and, therefore, a higher level of poverty in the year 2005-06. The government has not indicated what would be the magnitude of poverty reduction if a higher inflation rate, calculated by independent economists, had been applied. Moreover, the official inflation rate estimate applied to the poverty line is an average inflation rate for the population as a whole. If the inflation rate specific to the basket of goods consumed by the poor (in which food expenditure has more weight) had been estimated it would have been much higher and, therefore, the poverty level in the year 2005-06 would have been much higher as well. Moreover, the costs paid by the poor on services such as health, transport and credit for purchasing food during bad harvests is not even included in the government's inflation rate estimate.

Poverty reduction estimates and definition of poverty

The government's claim to have wiped out one-third of the poverty problem in Pakistan over a four-year period is based on a starvation level poverty line of Rs.878.64 per month. The human functioning of an individual, as Professor AK Sen has argued, depends not just upon food but also upon access to a range of services such as education, health, clean drinking water, sanitation, accommodation and transport. If these services were included in the definition of poverty, then not only would the magnitude of poverty be much higher, but, in view of the poor performance of the government in the provision of these services, poverty estimates would have registered an increase rather than a decline.

Poverty and empowerment: As my work for the NHDR has shown, the poor are losing one-third of their income due to asymmetric access to markets, for outputs and inputs, which are distorted by the local power structure. Apart from this, the vulnerability of the poor to crimes committed against them by individuals and government officials, as well as lack of access to justice, are major sources of income loss for the poor.[8] These factors are, in many cases, a reason for the poor being locked into bondage to the local power holders, whether they be large landlords, government officials, politicians or mafia bosses. Genuine poverty reduction would mean liberating the poor from this nexus of power which perpetuates their poverty. This change in the power structure, so vital for poverty reduction, was not on the government's policy agenda during the period in which dramatic poverty reduction is being claimed.

1 See: Akmal Hussain, A Policy for Pro-Poor Growth, published in: Towards Pro-Poor Growth Policies in Pakistan, UNDP and PIDE Symposium proceedings, published by The UN System in Pakistan, 2003, Islamabad. Page 61.

2. Akmal Hussain, with inputs from A.R. Kemal, Agha Imran Hamid, Khawar Mumtaz, Ayub Qutub: Poverty, Growth and Governance, UNDP, Pakistan National Human Development Report 2003, Oxford University Press, 2003, Karachi. Page 78.

3. Ibid. Table 14, page 63.

4. Ibid. Pages 69 to 71.

5. Pakistan Economic Survey 2005-06, Economic Advisor's Wing, Finance Division, Government of Pakistan, 2006, Islamabad. Statsitical Appendix Page 21.

6. Ibid. Page 119.

7. Annual Report 2004-05, Volume-I, Review of the Economy, State Bank of Pakistan, 2005, Karachi. Page 43.

8. Akmal Hussain, with inputs from A.R. Kemal, Agha Imran Hamid, Khawar Mumtaz, Ayub Qutub: Poverty, Growth and Governance, UNDP, Pakistan National Human Development Report 2003, op.cit. Pages 62 to 69.

Akmal Hussain *is an eminent Pakistani economist.*

Poverty

Kazi Nazrul Islam

Poverty, you've empowered me,
Endowed me with Christ's dignity
And adorned me with a thorny crown,
Ascetic one, you've inspired me
To speak out and eye the world boldly
Deliver messages as incisively as a knife;
Your curse has made my veena a sword!

Arrogant hermit, your scorching flame
Has shorn my golden visage of its glitter,
Shrinking its sap and drying the soul early,
When I try grasping with emaciated hands
Beauty's bounty, O Impoverished One,
You step forward and lap it up.
A forlorn desert is all you leave
For my imagination to play with.
My eyes blaze at my own beauty!

My desires, tinged with pain-yellow buds,
Would rather bloom like the soft-white
Fragrant shefali flower. But Cruel One,
Like an unfeeling woodcutter, you break
All branches and destroy all blossoms,
My heart glistens like an autumnal dawn,
Wet with dew shed by sympathetic earth.
You are the sun, your heat dries up
Every dewdrop of pity. I shrink
Inside the shade that earth affords.
Dreams of Beauty and the Good shatter.
Pouring liquid poison down the throat
You ask: "What good is nectar now?
There is no parching sensation,
No intoxication, no madness.
Weakling that you are, not for you
To seek manna from heaven
In this sorrow-laden world!
You are a serpent, in birth singed
By pain! In a thorny garden you weave
Garlands. On your forehead
I leave this mark of woe!"

I sing songs, weave garlands, and feel my throat burn,
Snakebites have left their marks all over my body!

(Abridged)

Translation: Fakrul Alam