

DEVELOPMENT ADVOCATE PAKISTAN

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Inequality: Missing from the Public Agenda

DEVELOPMENT ADVOCATE
PAKISTAN



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The Global UN Sustainable Development Goals also focus on eradicating inequalities.

Development Advocate Pakistan provides a platform for the exchange of ideas on key development issues and challenges in Pakistan. Focusing on a specific development theme in each edition, this quarterly publication fosters public discourse and presents varying perspectives from civil society, academia, government and development partners. The publication makes an explicit effort to include the voices of women and youth in the ongoing discourse. A combination of analysis and public opinion articles promote and inform debate on development ideas while presenting up-to-date information.

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Escaping the Inequality Trap

One of the world's great achievements of the past decades is the significant fall in global poverty. Between 1990 and 2012 the proportion of humanity living under USD 1.90 a day fell by more than one billion people, driven in a large part by China's efforts.

Despite this tremendous achievement, income inequality has increased both within and across countries. Today, 16 percent of the global population earns 55 percent of its income, while 72 percent of the world's poor account for just over one percent of wealth.

Inequality matters for moral reasons but also because of its remarkable implications on growth and development outcomes. Persistent inequality hampers economic growth, impedes poverty reduction, fuels crime, squanders talent and human potential, and stifles social mobility. An unequal society is not only unfair, it is less prosperous and stable.

Escaping this inequality trap is the 21st century's most critical challenge and lies at the heart of the global agenda enshrined in the Sustainable Development Goals (SDGs) which includes two goals – SDG1: ending poverty in all its forms, and SDG 10: leaving no one behind – specifically focused on reducing inequality within and among countries.

In Pakistan, the challenge of inequality is equally daunting. While consumption-based poverty dropped from 57.9 percent to 29.5 percent between 1998/99 and 2013/14, and multidimensional poverty - which includes health, education and living standards - fell from 55.2 percent to 38.8 percent between 2004/05 and 2014/15, inequality has grown. In 1987/88 the Gini coefficient, which measures income inequality, was 0.35; by 2013/14 it had risen to 0.41. Pakistan's richest 20 percent now consume seven times more than the poorest 20 percent.

Regional disparities are stark and slow down growth and development. The Government's Multidimensional Poverty Index released last month found that 54.6 percent of rural Pakistanis experienced poverty compared to 9.3 percent in cities. Multidimensional poverty stands at 31.5 percent in Punjab but rises to 73.7 percent in FATA. While multidimensional poverty in Islamabad, Lahore, Karachi, and Rawalpindi is below 10 percent, it exceeds 90 percent in Killa Abdullah, Harnai, Barkhan, Sherani Kohistan. Hence, some Pakistani districts are as well-off as any developed country while others are on par with the poorest in sub-Saharan Africa.

Inequality's insidious effects pervades families. As women are mostly engaged in unpaid family work, their very real economic contribution is unaccounted for. Women own less than 3 percent of land which impacts on their economic empowerment. Their participation in the labour force is a mere 25 percent compared to 83 percent for men. This is the lowest in South Asia after Afghanistan.

Back in 1968, renowned economist Dr. Mahbub Ul Haq identified 22 families which then controlled two-thirds of Pakistan's industrial assets. In a 1973 article in The Times, Dr. Haq called for

reforming Pakistan's economic, social and political institutions to help prevent the concentration of such immense wealth amongst the few.

Although the landscape has changed considerably since then, his recommendations remain painfully valid. Pakistan's institutions, incentives, laws and norms continue to conspire to create rent for the rich and burden for the poor.

These include tax exemptions on select sectors and indirect taxes which disproportionately affect the poor. The richest districts in Pakistan receive, on average, five times more public funds than the poorest, further aggravating inequality. The high cost of running for elections systematically excludes poor Pakistanis from political institutions. Discrimination on the basis of gender, economic status, religion and social identity restricts upward mobility.

To date, Pakistan's response to inequality has been superficial, focusing on symptoms rather than root causes. As a result, inequality has persisted and even grown. To tackle inequality seriously requires a holistic approach, addressing both its structural and distributional dimensions. Key institutions need to be reformed, and fiscal, monetary and other policies made equitable. Regional inequality may be addressed by investing adequate public funds in lagging regions and districts, and particularly in rural areas. Governments should use the Multidimensional Poverty Index to inform allocations, especially under their Provincial Finance Commission awards, which are long overdue. Gender responsive budgeting can help mainstream women's priorities in budgeting processes.

Most important, however, is to bring the debate on inequality back into the public realm. Politicians, bureaucrats, civil society, the media, many development partners and the wider public all continue to ignore the cancer of inequality on Pakistani society and economy. It is time to recognize that this inequality is not inevitable. Today, nearly 50 years after Dr. Haq wrote his seminal diagnosis, it is time to act so Pakistan can escape its inequality trap and create the just, stable and dynamic society envisaged by its founders.

An Overview of Inequality in Pakistan

Note: Most of this analysis has been undertaken by Professor Dr. S. Akbar Zaidi (Independent Economist, Visiting Professor at Columbia University and author of several books), with some analysis contributed by Mr. Haroon Jamal (Technical Advisor, Social Policy and Development Centre) and UNDP staff.

One of the most remarkable developments and achievements over the last quarter of a century for the seven billion people living in the world, has been the huge fall in poverty, globally. The extreme poverty line, based at USD 1.90 per day (in Purchasing Power Parity (PPP) terms), has fallen for the world, from 37.1 percent of population below the poverty line in 1990, to 18.8 percent in 2012. The most striking fall in poverty in this period, has come about in South Asia, falling from 50.6 percent of the population below the extreme poverty line in 1991, to only 12.7 in 2012.¹ Even in the case of Pakistan,² evidence shows, quite clearly, that 'there has been a rapid and consistent decline in poverty since 2001, with the headcount poverty rate falling from 57.5 percent in 1998-99 to 29.5 percent in 2012-14.³

There are a number of reasons why poverty has fallen globally and in Pakistan, which include social and economic interventions in the form of targeted transfers and programmes, the rise in overall incomes, and social and physical infrastructure and development. In Pakistan's case, while a number of factors have played a key role in the fall in poverty, remittances have been singled out as the most significant. Moreover, according to the World Bank, "18 percent of the poorest households now own motorcycles, compared to just two percent 15 years ago; the number of households without any type of toilet has been cut in half—from close to 60 percent to about 30 percent among the poorest; and even the least advantaged families in Pakistan have moved towards a more diverse diet, with a greater consumption of dairy, meat, and fruits and vegetables. This has also brought the rural diet into much closer alignment with urban food preferences and tastes, as often happens with development."⁴

The World Bank findings also show, that growth in the real per capita consumption of the bottom 40 percent was a respectable three percent between 2006 and 2011. Given the success with poverty alleviation globally, the new debate and discussion has now shifted to inequality, a concept which is far more complicated to measure and capture than poverty.

This analysis examines the nature of inequality in Pakistan, and looks at a range of concepts which delineate inequality, ranging from the more conventional measures such as per capita income and the Gini coefficient, to inequality based on gender, regional/spatial and social, such as based on Human Development Indicators. This analysis also provides an overview of the drivers of inequalities in Pakistan, including structural and institutional factors, and attempts to examine the presence (or absence) of public policy debate and national discourse on inequality in Pakistan. It will identify strategies and policies about how inequalities can be reduced, providing a possible set of policy interventions.

Exploring Inequalities

While the world has been dealing with how to bring down global poverty, at which it has been successful, inequality has not been much talked about in the mainstream development literature, although indicators such as the Human Development Index, Gender Parity Index and Multi-Dimensional Poverty Index have, for some decades, emphasized the need to look at differences between and amongst populations. The most recent debates about inequality have been reinvigorated due to the surprising success of Thomas Piketty's best seller, "Capital in the Twenty-First Century", in which he charts the progress of inequality across the world over

in the last few centuries. The book is said to have transformed our understanding of wealth and inequality. It describes how the world has become a much more unequal place in the last couple of decades and suggests it is only likely to get more so, with disastrous consequences for social cohesion and economic growth.⁵ Piketty's book deals largely with developed countries, for which data is more easily available and accessible. Data constraints are a huge factor for the absence of looking at inequality and wealth in developing countries.

The main criterion to look at inequality, has been income and consumption, data for which, albeit often faulty, is usually more readily available. Data for wealth, which is probably a better indicator for inequality, is even more difficult to access in developing countries for a host of reasons. While income, consumption and wealth are often the most preferred indicators for coming up with indices to capture inequality, they are not the only ones. Assets and returns are entrenched in inequality in South Asia. Hence, earnings, income and consequently consumption expenditure, are distributed quite unequally across households. There should be no surprise that mass impoverishment is the result.

Amartya Sen's seminal work on inequality has moved beyond pure economic indicators and concepts, and includes a more rights-based approach, where inequality of rights, opportunities, and other indicators such as the access to justice, have been highlighted. While clearly important in a political discourse, the measurement of such indicators becomes even more difficult than those related to income and wealth. That should, nevertheless, not desist us from exploring possibilities to do away with all sorts of discrimination and inequality. Contrasts

1. World Bank, World Development Report 2015, World Bank, Washington DC, 2016.

2. Azam Chaudhry, et. Al., 'Beyond the Poverty Line: A Multidimensional Analysis of Poverty in Pakistan', in Rashid Amjad and Shahid Javed Burki (eds), Pakistan: Moving the Economy Forward, Lahore School of Economics, Lahore, 2013.

3. See more <http://www.worldbank.org/en/news/opinion/2016/04/12/more-inclusive-poverty-line-bold-historic-decision>

4. Ibid.

5. See more <http://www.bbc.com/news/world-asia-india-36186116>

between citizens by location or by gender, are essential to evaluating progress in rights-based development. How should we interpret the fact that average earnings of females remain significantly below those of males? Is it discrimination at work? Or more importantly, of limiting female freedom to work in occupations that favour high incomes to males? Are the differences between rural and urban incomes primarily an issue of differentials in skills and productivity? And how far is public policy responsible for such disparities in not doing what it should but doing what it should not?⁶

Mapping Inequality in Pakistan

While there has been extensive research on poverty in Pakistan, what is missing, is a discussion about income inequality, except perhaps data which show a broad trend of series for the Gini coefficient. Unfortunately, one of the main problems about the absence of having any substantive numbers, or even indication, about the extent and nature of income inequality in Pakistan, is that there is very little research on the subject. There are data limitations as well, as they are in most data-related analysis in Pakistan, but economists, the few who do empirical research, have stopped working on issues of class segregation or more specifically, on income inequality. Hence, any intervention on issues of income inequality, is handicapped by the nature of data availability as well as the type of research which goes on.⁷

Inequality based on Incomes

As aforementioned, amongst the many indicators measuring income inequality, the most widely-used is that of the Gini coefficient. Another important indicator used, is Share of Income, which shows what proportion of income is being captured by a certain quintile or decile. Table 1 shows, that along with poverty, income inequality has also fallen since 2001-02, and especially

since 2007-08. Income inequality as measured by the Gini coefficient increased from 1987-88 onwards, but fell after 2007-08. Other measures capturing income inequality such as distribution of income show that the lowest quintile in the population are receiving a higher share of income since 2007-08, although there is a fall in their minimal share after 2010-11. Similarly, the fall in the share of the top quintile, even marginally, shows a better, more equitable, distribution of income. Despite some improvements, till 2010-11, income distribution had clearly become less equal over the last three decades (Table 1).

Other data show, that when ranked by consumption expenditure (standardized for household composition and size), the top one-fifth of Pakistani families report a disproportionately larger share in (income and hence) expenditure. Hence, a disproportionately smaller share in expenditure accrues to the bottom two-fifth households. Such disparity-generated and perpetuated by the state-results in mass impoverishment i.e., inequity, when average national income significantly exceeds the impoverishment threshold, or at least makes indefensible the existence of extreme poverty. Additional vulnerability of sliding into extreme poverty exists for several more million citizens, because their ability to consume is seriously threatened due to illness or a loss of job, resulting in, for example, a less nutritious diet or removal of a girl from school to avoid hunger. It is no wonder that the malnourished continue to exceed the undernourished by a huge margin, with patriarchy burdening girls and women more than boys and men.⁸ Moreover, food price shocks can have very significant negative effects on the poor and not so much on the rich, causing inequality to increase in any particular year.

National and Regional Scenario

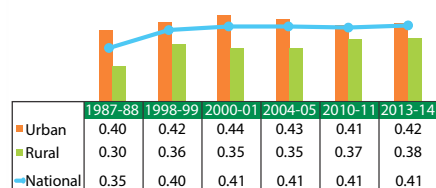
As reflected in Figure 1, there was a

deterioration in national, urban, and rural income distribution as measured by Gini coefficients during the period (1987-88 to 2013-14). National inequality estimates show an increase of about 17 percent or six basis points from 0.35 in 1987-88, to 0.41 in 2013-14.

A major upward shift (from 0.35 to 0.40) in the Gini coefficient is recorded during the period of 1987-88 and 1998-99. Incidentally, this period is critical with reference to the Structural Adjustment Program. Similarly, the coefficient for urban areas has increased from 0.40 to 0.42 and for rural areas from 0.30 to 0.36. Thus, comparative increase in the level of rural inequality is more distinct than the rise in urban inequality during this period.

Although the national Gini is stagnant at the level of 0.41 since 2000-01, a significant deterioration in rural income inequality is observed. The rural Gini coefficient for per capita income has increased approximately eight percent from 0.35 to 0.38. However, this decline somehow was adjusted with the slight improvement in the urban income distribution and thus

Figure 1: Per Capita Income Inequality [Gini Coefficients]



Source: Haroon Jamal, Growth and Income Inequality Effects on Poverty: The Case of Pakistan (1988-2011), Research Report No.94, Social Policy and Development Centre (SPDC), January 2015; and, Haroon Jamal, 'Profiling Pakistan for Socioeconomic Inequalities', Unpublished Paper, 9 May 2016.

leaving national Gini unchanged. To further the analysis of the Gini coefficient, Figure 2 provides information regarding the national share of income accruing to the lowest 20 percent (i.e. the lowest quintile) and to the highest 20 percent (i.e. the highest quintile) of the population. Statistics show that in 1987-88, the lowest quintile obtained just about nine percent of the national income while the highest quintile obtained 44 percent of the income. By 2004-05, the share of the lowest quintile had further declined to seven percent and that of the highest quintile increased to 49 percent. The trend continued and the period 2005-2014 witnessed further decline in the national share of the lowest 20 percent of population from 7.2 to 6.8, and a rise in the top 20 percent population from 48.7 to

Table 1: Income Inequality

	1987-88	1998-99	2001-02	2004-05	2007-08	2010-11	2013-14
Gini Coefficients	0.35	0.4	0.411	0.407	0.42	0.41	0.41
Income share of the lowest 20 percent of the Population	8.8	7.8	7	7.2	6.7	7	6.8
Income share of the highest 20 percent of the Population	43.5	46.5	47.6	48.8	49.2	48.7	48.9
Ratio of the Highest to the Lowest	4.9	6	6.8	6.8	7.3	6.9	7.2

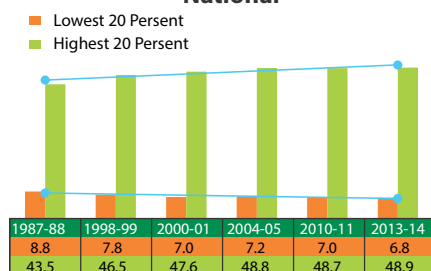
Source: Haroon Jamal, Growth and Income Inequality Effects on Poverty: The Case of Pakistan (1988-2011), Research Report No.94, Social Policy and Development Centre (SPDC), January 2015; and, Haroon Jamal, 'Profiling Pakistan for Socioeconomic Inequalities', Unpublished Paper, 9 May 2016.

- See the contribution by A Ercelan in Chapter 23, Section 23.4, in S Akbar Zaidi, Issues in Pakistan's Economy: A Political Economy Perspective, Oxford University Press, 2015.
- Some notable empirical analysis has been undertaken by some economists on inequality. See, amongst some, Haroon Jamal, Growth and Income Inequality Effects on Poverty: The Case of Pakistan (1988-2011), Research Report No.94, Social Policy and Development Centre (SPDC), January 2015; Burki, Abid, et. al., Industrial Policy, Its Spatial Aspects and Cluster Development in Pakistan: Volume 1 Analysis Report to the Industrial Policy 2010, Lahore University of Management Sciences, Lahore, 18 October 2010; Burki, Abid, et. al., Multiple Inequalities and Policies to Mitigate Inequality in Pakistan, Oxfam Research Report, Islamabad, March 2015; and, Innovative Development Strategies (Pvt.), Profiling Pakistan's Rural Economy for Microfinance, Pakistan Microfinance Network, Islamabad, 2009.
- See the contribution by A Ercelan in Chapter 23, Section 23.4, in S Akbar Zaidi, Issues in Pakistan's Economy: A Political Economy Perspective, Oxford University Press, 2015.

48.9. The trend in Figure 2 confirms the sustained widening gap between the income shares of the poorest and richest.

Moreover, Figure 3, which presents the regional picture of quintile income shares, suggests that the decline in the lowest quintile and the increase in the highest quintile have occurred in both urban as well as rural areas; although the deterioration in income distribution is more severe in rural areas. The period 1987-2014 witnessed a decline in the share of lowest 20 percent of rural population from 9.6 to 7.5. On the contrary, the figure indicates a significant rise in the rural share of the highest 20 percent of the population

Figure 2: Lowest and Highest Per Capita Income Quintile Share – National

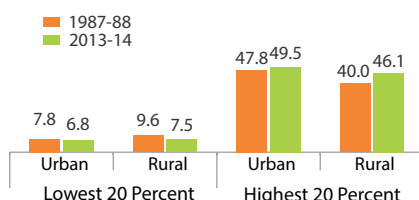


Source: Estimated from HIES unit record data. (Various years)

from 40 to 46.

The case of sustained widening gap between rich and poor is further strengthened by simply comparing growth in income by quintiles. Figure 4 plots average real per capita income by quintiles of population for terminal periods (1987-88 and 2013-14). The decline in real income (negative growth) is observed in the poorest segment of the population, while a broad difference (more than 10 times) in growth magnitude between the second and the fifth (richest) quintiles of population is estimated. The phenomenon clearly supports the assertion of the worsening income inequality.

Figure 3: Regional per Capita Income Quintile Share – Lowest and Highest Quintiles

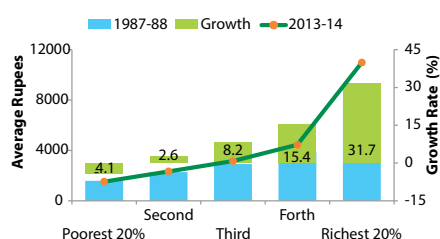


Source: Estimated from HIES unit record data. (1987-88 and 2013-14)

Gender Inequality

As argued above, gender inequality is one of the many determinants of inequality within a citizenry, where women, as a group, are constantly discriminated against, and Pakistan is no exception. However, issues of measurement are also quite salient when it comes to delineating on measures of gender inequality. Gender inequalities and discrimination in Pakistan are deep-rooted, linked to the lower status of women and girls and their physical, economic, social and psychological disempowerment. For three consecutive years (2012, 2013 and 2014) Pakistan has been ranked second last in the annual Gender Gap Index produced by the World Economic Forum. Pakistan ranks 135th in the Global Gender Gap Report and occupies the last place in the regional rankings, moving down from 134th, and occupies the last spot in the Asia and Pacific region.

Figure 4: Average per Capita Real Monthly Income by Quintiles [2013-14 Prices]



Source: Estimated from HIES unit record data (1987-88 and 2013-14)

Pakistan's progress towards achieving Millennium Development Goals on gender equality and women's empowerment were way off track, as the latest figures revealed. According to the Pakistan Economic Survey 2015-16, the literacy rate for males during 2015 was 70 percent and for females was 49 percent which shows that there is a gap of 21 percent of female literacy that needs to be bridged with the available resources and equalize the education between male and female.⁹ Moreover, gender wage parity gaps in Pakistan are considered to be amongst the highest in the region.

Despite the fact that women perform far worse than men in Pakistan regarding comparative data and statistics related to almost all socioeconomic indicators, two facts from the data are surprising. One, in some key categories women perform unexpectedly better than men, and two, the rate of change in women's improvement as a comparison with that for

men, is faster/higher than that it is for men. Of course, starting from a low base, even small absolute improvements are greater in comparison. Below are presented some such statistics which highlight the point, knowing that this is a partial picture. The point is not that women's condition in Pakistan is particularly good, whether in absolute terms or in comparison to men, but one cannot ignore the fact that it is getting better.

It is not surprising that women outlive men and have a longer lifespan in almost all countries. What is surprising though, is that in Pakistan, the life expectancy at birth for women in 2005-06 was 63.8 years, while for men it was 63.9 years, but that this had changed quite remarkably by 2012-13 to 66.5 years for women and to only 64.6 years for men.¹⁰ According to the UNDP Global Human Development Report 2015, in Pakistan, life expectancy at birth stands at 67.2 years for females and 65.3 years for males in the year 2014.¹¹ The Infant Mortality Rate for females is surprisingly (given sex preferences for children) lower than that it is for males, not only in urban areas but also in rural areas, but has also fallen much faster for females than males between 2005-06 and 2011-12, falling 14 points for women (from 67 to 53) and only seven for men (from 73 to 66) per 1000 population.¹² The proportion of women-headed households has risen from 6.8 percent of households in 2008-09 to 10.6 percent in 2011-12. Of course these figures can be interpreted in many ways, both positive and negative, they may suggest that women have gained some agency regarding their lives, or the fact that they are now more destitute. Almost one-fifth of all rural households in Khyber Pakhtunkhwa are female-headed, indicating the high level of migration of men from this province.¹³

The Gender Parity Index (GPI) is often used to measure the ratio of female to male participation in education. In Pakistan overall, the GPI ratio is estimated at 0.86, which indicates that for every 100 boys, only 86 girls are attending primary or lower secondary school.¹⁴ The GPI for the Punjab, at 0.94, is higher than the national average, but the ratios in Sindh (0.79), Khyber Pakhtunkhwa (0.71) and Balochistan (0.69) are well below it.

Data from girls' and boys' enrolment also shows, that girls' enrolment at primary school level, while still less than it is for boys, is rising faster than it is for boys. Girls'

9. Government of Pakistan, Pakistan Economic Survey 2015-16, available at http://www.finance.gov.pk/survey/chapters_16/10_Education.pdf

10. Government of Pakistan, Compendium on Gender Statistics Of Pakistan 2014, Federal Bureau of Statistics, Statistics Division, Islamabad, October 2014. This particular statistic is from p. 22.

11. UNDP, Global Human Development Report 2015. Available at http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf

12. Ibid., p. 21.

13. Ibid., p. 24.

14. UNICEF, Out-of-School Children in the Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh Provinces of Pakistan, UNICEF Pakistan Country Office, Islamabad, 2013.

enrolment at the primary school level increased by 34 percent between 2002-03 and 2011-12, while in the same period, it increased only 13.5 percent for boys.¹⁵ What is even more surprising is that this pattern is reinforced even for middle level education where, between 2002-03 and 2012-13, there has been an increase of as much of girls education by 54 percent, compared to that for boys at 26 percent.¹⁶ At secondary level, again unexpectedly, girls participation has increased 53 percent over the last decade, about the same as it has for boys.

Despite the general perception of girls not going to school, the data for the last decade shows a huge shift, far greater than it does for boys. While boys outnumber girls in school, girls are catching up fast. Moreover, another surprising result is that in Arts and Science Colleges in Pakistan, over the period 2001-02 and 2012-13, the enrolment for boys had doubled, for girls it had gone up by as much as 82 percent.¹⁷ At higher levels of education, at universities and at professional colleges too, the increase in the participation rates for girls far exceeds that for boys. A quite astonishing figure is for university education enrolment between 2003-04 and 2014-15. Boys' enrolment at university level had increased by 258 percent over this decade, but for girls the increase in these ten years had been 432 percent! Girls were 42 percent of total university enrolment in 2003-04, but in 2014-15, it is estimated that there are more girls enrolled in Pakistan's universities than boys, 52 percent compared to 48 percent.¹⁸ By 2011-12, there were more girls enrolled in universities than boys.

Other sets of data would also suggest that the condition of women is improving-if we consider such statistics as a sign of betterment-at a much faster pace than that for men. This is somewhat counterintuitive to the perception/impression most people have about women in Pakistan. Clearly, despite these positive trends, the data comes with many qualifiers which include stark regional, provincial, district and class specificities and differences. Nevertheless, there is little denying the argument that the position and condition of women, in so many ways, has improved considerably over the last two decades or so, and perhaps in many ways, is improving even faster than it is for men. The gender gap is

shrinking.¹⁹

Regional Inequality

In a country with over a hundred districts and with varying levels of infrastructure and opportunity, it is not surprising that there is a vast difference in (in)equality across regions, provinces, and districts. Table 2 presents data on regional poverty in Pakistan, showing, not only that there is much difference between urban and rural, but also across provinces, and also urban/rural within provinces. Moreover, the table also shows trends for over two decades.

Some highlights of the table are worth summarizing. We know that poverty across Pakistan has fallen, but this is mainly the case in three provinces, while it has grown markedly in Balochistan. Moreover, urban poverty is much lower than rural poverty, and has fallen at a faster pace. While table 2 shows regional differentiation in poverty across Pakistan's four provinces, table 3 shows a very different, and quite surprising picture in terms of income inequality in the four provinces, showing that inequality levels in Punjab and Sindh are relatively higher than Khyber Pakhtunkhwa and Balochistan.

Per capita income distribution has also

Table 2: Regional Poverty in Pakistan 1990-1 to 2005-06.

	1990-91	1996-97	2000-01	2005-06
Overall	37.41	27.11	34.36	22.36
Punjab	40.49	26.41	32.38	18.78
Sindh	27.16	19.22	34.16	21.74
KP	44.09	37.64	41.75	27.57
Balochistan	26.42	34.38	37.36	50.74
Urban Areas	26.51	20.69	22.32	13.74
Punjab	28.29	21.99	23.13	12.51
Sindh	22.94	17.27	19.2	11.88
KP	32.14	22.41	29.44	23.98
Balochistan	21.99	23.24	26.75	32.18
Rural Areas	42.51	35.47	39.27	26.73
Punjab	45.51	32.62	36.13	21.76
Sindh	31.17	36.51	43.73	31.38
KP	46.49	42.82	43.87	28.24
Balochistan	27.48	40.42	39.59	56.48

Source: Burki, Abid; Munir, Kamal; Khan, Mushtaq; Khan, M.Usman; Faheem, Adeel; Khalid, Ayesha & Hussain, Syed Turab, Industrial Policy, Its Spatial Aspects and Cluster Development in Pakistan: Volume 1 Analysis Report to the Industrial Policy 2010, Lahore University of Management Sciences, Lahore, 18 October 2010.

worsened in all provinces (Table 3) during the period 1987-88 and 2013-14. The Figure reveals that Gini coefficients are highest for Punjab, followed by Sindh, Khyber Pakhtunkhwa (KP) and Balochistan.²⁰

Few interesting observations emerge from

Table 3: Per Capita Income Inequality – Provincial Gini Coefficients

	1987- 88	2013-14	Percentage Change
Punjab	0.35	0.43	22.9
Urban	0.4	0.45	12.5
Rural	0.31	0.4	29
Sindh	0.34	0.38	11.8
Urban	0.38	0.36	-5.3
Rural	0.22	0.3	36.4
KP	0.31	0.36	16.1
Urban	0.35	0.44	25.7
Rural	0.3	0.32	6.7
Balochistan	0.32	0.38	18.8
Urban	0.32	0.41	28.1
Rural	0.31	0.34	9.7

Source: Estimated from Household Income and Expenditure Surveys (HIES)

the table. Deteriorations in income distribution are significantly higher in rural areas of Punjab and Sindh provinces during the period of analysis, while in contrast urban inequality has significantly worsened in KP and Balochistan provinces. In terms of changes in overall provincial inequality, Punjab has witnessed highest (23 percent) increase in inequality followed by Balochistan (19 percent), KP (16 percent) and Sindh (12 percent). It is also interesting to note that per capita income inequality has slightly declined in urban Sindh from 0.38 to 0.36. The data (not shown here) reveals that the declining inequality in urban Sindh has occurred during the period 2000-01 and 2004-05.

Multidimensional Poverty and Inequality

While provincial data gives us a larger picture of disparity and inequality between the four provinces, further disaggregation within a province, at the district level, shows how much disparity and inequality there is within a province.

The Multidimensional Poverty Index (MPI) is an international tool to measure acute poverty. It complements income poverty

15. Compendium on Gender Statistics Of Pakistan 2014, p. 58.

16. Ibid., p. 59.

17. Ibid., p. 62.

18. Government of Pakistan, Pakistan Economic Survey 2014-15, Finance Division, Islamabad, June 2015, p. 130 (Statistical Appendix).

19. Much of this Section is drawn from an as yet unpublished Paper by S Akbar Zaidi, entitled 'Making Women Equal: Is the Gender Gap Narrowing in Pakistan?', prepared for UNDP, New Delhi, December 2015.

20. Inequality is a relative measure and does not specify the absolute level of welfare or deprivation. The two concepts are, however, not exclusive and simply describe different conditions. In absolute terms, Balochistan is the poorest province with the highest incidence of poverty. However, despite the high level of absolute poverty, relative deprivation or inequality may not be very high if the difference in income levels among the population in the province is not large. The fact that Balochistan suffers from high absolute poverty but low income inequality and Punjab suffers from low absolute deprivation but high inequality implies that different policy interventions are required in the two provinces.

by capturing severe deprivations that each person faces with respect to education, health and living standards. Income or consumption based measures, on the other hand, capture poverty as a lack of money only. However, a person who is poor can suffer through multiple disadvantages at the same time-malnutrition, unsafe water, insufficient schooling etc.

Mathematically, MPI combines two aspects of poverty-headcount and intensity. Headcount is the percentage of people who are multidimensionally poor. Intensity is the weighted deprivation experienced by a poor person on average. MPI is a product of these two components and represents the total deprivation that would be experienced if all people were deprived in all indicators. The MPI constitutes three dimensions-health, education and standard of living, and 15 indicators. While each dimension carries an equal weight of 1/3, the weightage for indicators differ. A person is considered to be multi-dimensionally poor if the weighted sum of indicators meets or exceeds one-third of total indicators. Table 4 depicts the MPI score for the top five and bottom five districts of each province. While many of the districts of Punjab do well, for Khyber Pakhtunkhwa and especially for Balochistan, it is usually just the provincial capital which has development-related facilities. Not surprising though, is that majority of the most deprived and least developed districts of Pakistan lie in Balochistan.

distribution pattern in Pakistan, it is fairly obvious that wealth and power generated from inequitable land holdings will have a broader impact on inequality in Pakistan. According to Professor Mahmood Hasan Khan, 'Persistently high level of poverty in the rural areas afflicts the households of most small landowners (family farmers) and the landless, including small livestock herders, tenants, and wage workers engaged mainly in the agriculture sector. In many of these households, women tend to suffer more than men because of the culture-based discrimination. Landlessness is due to the highly unequal distribution of landownership. There is no direct evidence on who owns how much land because the provincial land commissions do not publish or allow the public to see the data on individual ownership of land. The decennial agriculture census data tend to show that landownership is highly concentrated and the inequality has increased over time in spite of the land reforms of the Ayub and Bhutto era.'²¹

Among the various sources and determinants, skewed land distribution is a major constituent part of rural income inequality. "Agricultural income makes the largest contribution to overall inequality. It accounts for between 35 and 45 percent of overall income inequality. This is largely because agricultural income is strongly correlated with landownership, which is distributed quite unevenly in rural Pakistan as a whole."²² Figure 5 and table 5 observe the level as well as changes in the pattern of

comparison, only one percent farms having 50 acres or more hold 21 percent of total farm area. The land distribution in Punjab province seems relatively better than Sindh Province as one percent farms with 50 acres or more hold only eight percent of total farm areas of the province. As expected, the distribution is quite different in KP and Balochistan provinces which possess more or less a phenomenon of subsistence agriculture. The Khyber Pakhtunkhwa province has the highest percentage (83 percent) of farm holdings of less than five acres, while in Balochistan only seven percent farms hold 63 percent

Table 5: Land Ownership – Percent of Farms and Area

	Less Than 5 Acres		50 Acres and More	
	Farms	Area	Farms	Area
Pakistan				
1990	54	13	2	28
2000	62	17	2	23
2010	68	21	1	21
Punjab				
1990	53	14	2	27
2000	62	19	1	15
2010	68	27	1	8
Sindh				
1990	36	8	5	41
2000	43	10	4	29
2010	51	12	3	23
Khyber Pakhtunkhwa				
1990	72	25	1	16
2000	81	33	1	17
2010	83	37	1	11
Balochistan				
1990	26	3	10	57
2000	30	4	8	49
2010	40	4	7	63

Source: Agricultural Censuses (1990, 2000 and 2010)

Table 4: MPI rankings-top and bottom most districts

KP			Punjab			Sindh			Balochistan		
MPI rank	District	MPI Score	MPI rank	District	MPI Score	MPI rank	District	MPI Score	MPI rank	District	MPI Score
Top districts											
16	Haripur	0.11	2	Lahore	0.017	3	Karachi	0.019	42	Quetta	0.213
21	Peshawar	0.148	4	Rawalpindi	0.032	18	Hyderabad	0.129	57	Kalat	0.275
22	Abbottabad	0.149	5	Jhelum	0.035	32	Larkana	0.194	58	Khuzdar	0.285
24	Mardan	0.153	6	Attock	0.041	36	Sukkur	0.197	61	Gwadar	0.293
26	Nowshera	0.168	7	Chakwal	0.056	50	Dadu	0.247	63	Mastung	0.302
Bottom districts											
90	Batagram	0.422	56	Bahawalpur	0.273	93	Thatta	0.437	108	Chagai	0.546
94	Shangla	0.438	60	Rahim Yar Khan	0.289	96	Sujawal	0.447	110	Ziarat	0.575
95	Upper Dir	0.443	71	Muzaffargarh	0.338	99	Tando Muhammad Khan	0.455	112	Barkhan	0.627
109	Torgarh	0.571	73	Dera Ghazi Khan	0.351	101	Tharparkar	0.481	113	Harnai	0.633
111	Kohistan	0.581	75	Rajanpur	0.357	104	Umer Kot	0.504	114	Killa Abdullah	0.641

Source: Planning Commission, UNDP, Oxford Policy and Human Development Initiative (2016), "Multidimensional Poverty in Pakistan."

Drivers of Inequality

In many ways, given Pakistan's political economy, it is not difficult to explain and understand why inequality exists and why it continues to persist. Structural causes of inequality have not been done away with, and institutional causes also exist, which deny access to services, for example. With a highly unequal agricultural land

distribution of land ownership in rural Pakistan: table 5, which furnishes the size analysis of farm holdings on top and bottom tails of land distribution, points towards the highly unequal distribution of land. On the lower tail, 68 percent of farms are holdings of less than five acres and the total area under such farms comprises 21 percent of the total farm area. In

of total farm area of the province.

Although the size analysis of farm holdings, presented in table 5 gives useful insights, a summary measure of inequality in land ownership facilitates a quick comparison of distribution across regions and over time. The famous and widely used Gini coefficient of inequality²³ is applied on the

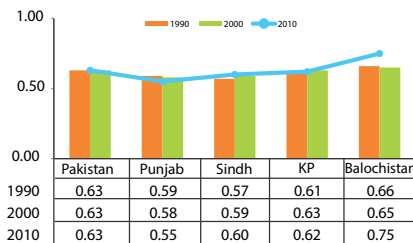
21. See more: <http://www.dawn.com/news/1255613/landless-rural-poverty-and-public-policy-emphasis-added>.

22. Adams, Jr. Richard H. and Jane, J. He (1995) "Sources of Income Inequality and Poverty in Rural Pakistan", Research Report No.102, International Food Policy Research Institute, Washington, D.C

23. Gini coefficients for this exercise are computed from the grouped data of Agricultural Censuses.

data on proportion of farms and land area owned. The estimated magnitudes of Gini are furnished in Figure 5. Although the estimated Gini for Pakistan is stagnant at the level of 0.63 since 1990, significant variations across provinces are evident. The table also reveals a decreasing trend in Punjab and increasing trends in Sindh and Balochistan. The highest inequality in land ownership in terms of Gini coefficient is observed in Balochistan.

Figure 5: Inequality in Land Ownership – Gini Coefficient



Source: Estimated from Pakistan Agriculture Censuses

Agriculture has been losing its hold on the economy and political economy of Pakistan due to a number of factors, including rural-to-urban migration, the parcelization of land holdings in agricultural/rural areas, due to the increasing pace of urbanization, and due to the fact that even rural/agricultural areas now are more dependent on non-agricultural income sources. These aspects of social and structural change and transformation, have meant that the manifestation of inequality is being caused through other mechanisms, other than agricultural land ownership. In this regard, employment and job creation, as well as wages, play a significant aspect of inequality. In this regard, Professor Mahmood Hasan Khan identifies the problems of wages in the agricultural sector, and argues that, 'for the landless, whose number is rising, a major source of survival is wage labour. The problem is that the income from wage labour, especially in the rural areas, depends on the demand for labour in farming and the wage rate. The demand for labour in agriculture is seasonal (highly variable) and apparently not rising. In some parts, close to the urban-industrial area, employment avenues tend to be better, but there is greater competition for low-skilled jobs. What is more important is that the nominal wage rate does not keep up with the inflation rate. In other words, the purchasing power of whatever the wage workers earn is falling and not rising.'²⁴ All these factors aggravate inequality.

Whether in rural or urban jobs, very large numbers of workers lack the levels of education necessary for high-pay employment-nearly half of the labour force is illiterate, and at best one-fourth of employed adults have 10 and more years of schooling. Additional years of formal education do expand salaries disproportionately, but at unaffordable costs for high quality skills.

Beyond the economic, and access to land or jobs, inequality in Pakistan is based on religion, caste, creed, colour, ethnicity, region, and gender, all of which are manifest in addition to the basic economic causes. So-called cultural or religiously interpreted factors, compound other more basic and material causes of inequality. In Pakistan, where religious and gender discrimination has been fairly prominent and pervasive, much inequality has resulted. One tends to find far greater legal and economic discrimination against religious minorities and against women in Pakistan. These are clear representations of inequality, compounding inequality further. As Abid Burki and his colleagues emphasize, 'Social marginalization and subservience, as well as violence and vulnerability, then, have to be looked at through the prism of the interlocking inequalities of market opportunities ... This point is underlined if it is considered that, according to the 1998 census, non-Muslims are half as likely to be able to read as Muslims and that in Punjab the non-agricultural classes are often the poorest and most exploited. In addition, as already noted, gender inequalities remain very significant.'²⁵

As shown above, in Pakistan's context, regional inequalities are prevalent and persistent. Some of these are a result of natural and geographical consequences of following a capitalist, neoliberal, market-oriented order. Central Punjab and Karachi dominate Pakistan's economic and social development map, because they have financial, economic, social and cultural opportunities which reinforce each other, making them nodes of growth. In Balochistan, for example, other than Quetta, there are not many locations where one can talk about economic dynamism, opportunity and growth, and opportunities for social development, such as education and health, are lacking. Just as growth nodes can reproduce capital by adding and creating more value, those regions which are underdeveloped would continue to lose out in both absolute and

relative terms, a model which reinforces itself. Analysis shows, that the 'most striking feature of economic activity in Pakistan is the geographic concentration (or clustering) and location of factors of production in few cities, including unequal spatial distribution of income, poverty, education, health and physical infrastructure, among others. The concentration of economic activity in few metropolitan areas symbolizes the coexistence of development and underdevelopment within and between regions',²⁶ and that 'we can clearly see that investment in social infrastructure is highly concentrated in metropolitan cities, big cities and their surrounding districts while districts located away from these urban demand centres (e.g., southern Punjab, interior of Sindh and remotely located districts in Khyber Pakhtunkhwa and Balochistan) are lagging behind'.²⁷

The explanation for persistent, widespread exclusion and inequality, impoverishment and deprivation in Pakistan should therefore be ascribed to the inequitable economic, social and cultural structure of Pakistan-of severe inequality in the ownership and access to assets, incomes, i.e., of the social (mal)distribution of physical and human capital, differentiated returns to these assets due to anti-labour economic policies, and perverse redistribution through other public policies, such as the absence of an equitable taxation system.²⁸

Profile of Human Development

The Human Development Index (HDI) is another indicator that reflects upon inequities-however at a broader regional level. HDI draws the attention of policy makers away from the more usual economic statistics, being a composite index that measures the average achievements in a country/region in three basic dimensions: a long and healthy life, knowledge, and a decent standard of living.

According to the UNDP Human Development Report 2015, Pakistan ranks 147 out of 188 countries with the HDI magnitude of 0.538 for the year 2014. The HDI magnitude categorizes Pakistan in the group of 'Low Medium Human Development' countries. The estimated magnitude of national HDI is 0.681 which indicates the medium level of human development in Pakistan. Figure 6 depicts the provincial Human Development values for Pakistan.

24. Read more <http://www.dawn.com/news/1255613/landless-rural-poverty-and-public-policy>.

25. Burki, Abid, et. al., Multiple Inequalities and Policies to Mitigate Inequality in Pakistan, Oxfam Research Report, Islamabad, March 2015, p. 53.

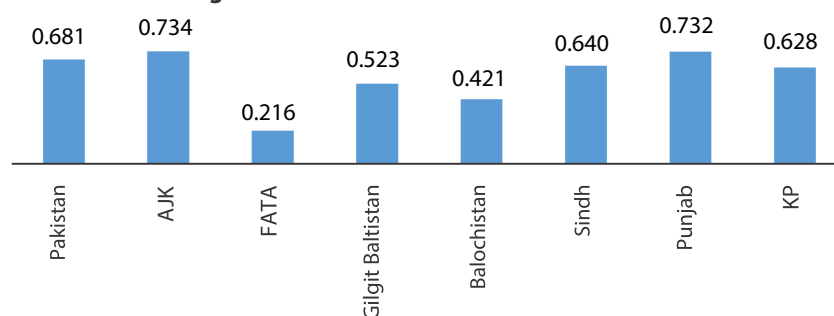
26. Burki, Abid, et. al., Industrial Policy, Its Spatial Aspects and Cluster Development in Pakistan: Volume 1 Analysis Report to the Industrial Policy 2010, Lahore University of Management Sciences, Lahore, 18 October 2010, p. 2274.

27. Ibid., p. 285.

28. See the contribution by A Ercelan in Chapter 23, Section 23.4, in S Akbar Zaidi, Issues in Pakistan's Economy: A Political Economy Perspective, Oxford University Press, 2015.

The estimated HDIs ²⁹ for districts of Pakistan for the year 2014-15 are collated in Figure 7, which disseminates spatial disparities in the level of human development across districts of Pakistan. The figure presents the top and bottom five districts in each province, based on their HDI score.

Figure 6: Provincial HDI values for Pakistan



Source: 1. UNDP analysis using PSLM 2014-15
2. For Azad Jammu and Kashmir, PSLM 2012-13 (owing to the unavailability of data otherwise).
3. For FATA, FATA Development Indicators Household Survey (FDIHS) 2013-14.

Figure 7: HDI National Ranking of Districts in Pakistan

Khyber Pakhtunkhwa				Punjab			
District Name	HDI Score	HDI Standing	HDI National Ranking	District Name	HDI Score	HDI Standing	HDI National Ranking
Abbotabad	0.761	High Medium Human Development	13	Lahore	0.877	High Human Development	1
Pesahawar	0.756	High Medium Human Development	14	Rawalpindi	0.871	High Human Development	3
Haripur	0.732	High Medium Human Development	18	Sialkot	0.834	High Human Development	5
Mardan	0.703	High Medium Human Development	29	Jhelum	0.829	High Human Development	6
Nowshera	0.697	Medium Human Development	31	Gujrat	0.795	High Medium Human Development	7
Tank	0.459	Low Medium Human Development	76	Bhakkar	0.625	Medium Human Development	51
Shangla	0.438	Low Human Development	82	Rahim Yar Khan	0.628	Medium Human Development	50
Upper Dir	0.375	Low Human Development	92	Muzaffargarh	0.584	Low Medium Human Development	58
Torgarh	0.24	Very low Human Development	105	Dera Ghazi Khan	0.535	Low Medium Human Development	64
Kohistan	0.229	Very low Human Development	108	Rajanpur	0.506	Low Medium Human Development	69
Balochistan				Sindh			
District Name	HDI Score	HDI Standing	HDI National Ranking	District Name	HDI Score	HDI Standing	HDI National Ranking
Quetta	0.644	Medium Human Development	38	Karachi	0.854	High Human Development	4
Pashin	0.482	Low Medium Human Development	73	Hyderabad	0.716	High Medium Human Development	22
Mastung	0.459	Low Medium Human Development	7	Naushahro Feroze	0.665	Medium Human Development	37
Gwadar	0.443	Low Human Development	78	Sukkur	0.659	Medium Human Development	40
Nuski	0.441	Low Human Development	79	Dadu	0.632	Medium Human Development	48
Chagai	0.21	Very low Human Development	110	Thatta	0.377	Low Human Development	90
Washuk	0.188	Very low Human Development	111	Tando Muhammad Khan	0.377	Low Human Development	91
Harnai	0.184	Very low Human Development	112	Sujawal	0.326	Low Human Development	96
Jhalmagsi	0.183	Very low Human Development	113	Umer Kot	0.322	Low Human Development	97
Awaran	0.173	Very low Human Development	114	Tharparkar	0.227	Very low Human Development	109

Key:
 Top 5 Districts (as per national HDI ranking) Bottom 5 Districts (as per national HDI ranking)

High Human Development - Range ≥ 0.800 ; High Medium Human Development - Range 0.700-0.799;
Medium Human Development - Range 0.600-0.699; Low Medium Human Development - Range 0.450-0.599;
Low Human Development - Range 0.300-0.449; Very low Human Development - Range < 0.300

Source: 1. UNDP analysis based on PSLM 2014-15
2. For Azad Jammu and Kashmir, PSLM 2012-13 (owing to the unavailability of data otherwise).
3. For FATA, FATA Development Indicators Household Survey (FDIHS) 2013-14.

29. Indicators for Pakistan HDI 2016 include Education (mean and expected years of schooling), Health (Immunization ratio and satisfaction with health facility) and Living Standards (Living conditions from Multidimensional Poverty Index including electricity, drinking water, sanitation, infrastructure, household fuel and household assets). Sources include UNDP analysis using PSLM 2014-15, for Azad Jammu and Kashmir, PSLM 2012-13 (owing to the unavailability of data otherwise) and for FATA, FATA Development Indicators Household Survey (FDIHS) 2013-14.

Public Policy and Government Interventions

For the most part, various governments in Pakistan have been dealing with poverty alleviation, not with inequality directly. Poverty alleviation programmes, however, also have an equality-generating impact in some cases. For example, land reforms in 1959 and 1972, where land was taken away from large landowners and state land distributed to landless peasants, had an impact of reducing poverty for the landless, and also lowering the extent of inequality. Today, however, Land Reforms are off the table for all policy makers except a handful of academics who still argue the strong case for land reforms backed with broader agrarian reforms.

Investment in the social sectors, particularly education and health, providing health and education services for those who have not been going to school, is an attempt to redress the huge educational gaps across gender and region. Focusing on girls' schools, given the fact that fewer girls have been attending school, is a partial measure to deal with gender inequality. Similarly, providing infrastructure and social development facilities in underprivileged regions, helps address regional inequality, but perhaps not at the scale and speed required. Moreover, the

An initial step in providing productive assets to the rural poor could be to allot the available 2.6 million acres of State owned land to the landless. This cannot be seen as a substitute for a land reform programme of 'land to the tiller'. According to the Census of Agriculture 2000, there are about 4.97 million acres of private farm area under pure tenant cultivation in farms below 25 acres. It is this acreage that would need to pass into peasant ownership for a genuine land reform to occur. Nevertheless 2.6 million acres (assuming that all of it is cultivable) could make a significant contribution to the reduction of rural poverty. For example if the 2.6 million acres of state owned land were to be transferred to landless farm households in holdings of 5 acres each, then as many as 520,000 tenant farmers would become owner operators. This means that out of the total number of tenant farmers (about 897,000) in the less than 25 acre category, as many as about 58 percent would become owner operators.³⁰

7th National Finance Commission Award in 2010 which increased the share of the two least developed provinces Balochistan and Khyber Pakhtunkhwa, and measures like the Aghaz-e-Haqooq-e-Balochistan Package, which allocated financial resources to Balochistan, is an important step to provide resources to less-developed regions and provinces, narrowing the developmental

gap between provinces.

One major means to addressing regional and income inequality in any country, is taxation and revenue generation, which is then allocated to groups and regions which are less privileged. However, in Pakistan's case, as is very well known, the government has not been able to raise resources from the rich and 'well-off'-only one percent of Pakistan's population pays any income tax and there is very high tax evasion by the rich-and hence taxation measures depend on the easier indirect tax system which is a regressive taxation system, aggravating, rather than reducing, inequality. Today, 61 percent of all taxes are indirect taxes, which means a further burden on the already poor. Moreover, with agriculture effectively untaxed for income, the rich and well-to-do continue to amass and accumulate far greater wealth than the poor. The government's unconditional cash transfer scheme, the Benazir Income Support Programme, exclusively for women, while reaching many million families and having been acclaimed as successful, is not a substitute for far reaching taxation and subsidy programmes.

Way Forward

There are two critical issues about trying to reduce inequality in Pakistan. The first is, that there has to be far wider and substantive research and discussion about inequality. Academics and researchers need to make policy makers more aware of the need for addressing inequality however they may choose to do so. As it has been argued above, there has been insufficient public discourse regarding inequality in Pakistan, very little amongst academics and researchers, and none by officials and policy makers. This has to change. Researchers and academics, try as much as they can, cannot move very far without adequate data, one of the biggest impediments to making the case to address inequality. Here, government departments and officials have to be made to play a far more conducive role to supplying data, undertaking surveys, and making data public. Even rural/agricultural land ownership patterns are not made public, so analysis will also suffer.

The second major concern is regarding the need for public policy intervention. Academics can cry themselves hoarse talking about the need for land reforms, but the political economy of Pakistan, its elite capture, will not allow such structural transformation to take place. Nevertheless, if academics believe that land reforms are a major means to distribute wealth and reduce income inequality, they should continue to raise the issue.

Something that the government can do, and as mentioned above, is a fairer, more equitable, direct taxation model. Here institutional arrangements have to be improved in order to acquire much of the evaded and untaxed incomes and wealth of the rich, so that more can be spent for social development and infrastructure. Similarly, if the government had more resources, it could develop underdeveloped regions, districts and provinces, alleviating regional inequalities.

Regarding addressing the gender inequality in Pakistan, effective legal and pro-women legislation and measures can be taken, as has been the case over the last decade or so. One reason why there has been growing mobility for girls and women and why many of the indicators have shown improvement, is also because many restrictive, so-called, 'cultural and religious' values have loosened to allow girls more opportunity than they have had ever in the past in Pakistan. All positive achievements need to be amplified and taken forward. Also, the use of instruments like sub-national Multidimensional Poverty Indices, could help inform government priorities and investment in the most needed regions and segments of population. Such instruments could also be helpful in keeping an eye on inequality, doing advocacy and raising awareness the issue of inequality.

It has taken many years for Pakistan to ensure a fall in poverty, the challenges for reducing inequality are far greater and seem insurmountable. Public pressure, discourse, research and engagement with the government, is a major way forward.

The Inequality-Growth Nexus by Haroon Jamal

While empirical evidence from developing countries predominantly suggests that inequality is bad for growth, it is reasoned that there does not exist an unavoidable trade-off between growth and equity. The World Development Report (2000/01) concludes that better distribution is possible without a reduction in economic growth. Given that there is no trade-off per se between growth and equality, it follows that distribution can be pursued as an additional policy objective to enhance the poverty reducing effect of growth. The removal or correction of the various anti-poor institutional constraints and policy-induced biases is likely to actually improve market efficiency while promoting equity. For instance, social policy ensuring adequate provision of education and health services to the poor can improve their productivity and contribution to the economy. Therefore, the conclusion drawn is that poverty reduction is not a function of high or low growth, but rather of a distribution of sensitive growth.

Evidence from Pakistan also supports the thesis that economic growth alone does not guarantee sustained poverty reduction. High growth during the period 2001-2005 in Pakistan clearly indicates that without equity consideration, the benefit of growth may impede the rate of poverty reduction. For 'pro-poor growth' to take place, policies must be both pro-growth and pro-equity.

The Drivers and Policy Narratives of Income Inequality in Pakistan



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Income inequality is an emerging factor in hampering national development, and is gradually becoming a focus of international public policy and debate. Several theories¹ and studies² make a reasonable ground for diverting the intellectual attention of policy makers from growth-and-income-inequality trajectory³ to pro-poor and inclusive growth trajectory⁴. The world has witnessed Kuznets' seminal work which remained the base of public policy in the developed states and also in Pakistan. Haq (1968) stated that we have been told to take care of the GDP which will automatically take care of poverty, but if we take care of the poor they will automatically take care of the GDP. Gradually, such a development thesis was advanced by Sen, Stiglitz and Piketty, along many others, who nullified the

Marxist (to each according to his needs) and Libertarian (based on notion of fairness) viewpoints. In, Pakistan, income inequality remained on the rise from 1950s to 1980s followed by a slight decrease in 1990s and then started shooting upward till date. It is in such a context that it becomes imperative to pinpoint the factors of inequality in Pakistan along with the identification of some workable policy options.

Two versions of income inequality are quite relevant in the running debate. Vertical version of income inequality encompasses the difference of income across the whole population measured at national and sub-national levels. Horizontal income inequality is measured among various groups of people specifically defined on identity lines (caste, creed, culture, religion, sect, linguistics, etc). The static income inequality (no significant change between male and females, between different regions and between various professions) across region, gender and professional groups is translating into social and economic injustice. But the extent of such injustice is increasing due to dynamic trends of income inequality over the period of time.

According to recent statistics, the 62 richest people in the world are harnessing wealth equivalent to that held by half of humanity. Whilst the bottom half of humanity has witnessed a drop of 38 percent over the past five years, the richest have seen an increase of 45 percent in their wealth⁵. Pakistan is no exception; it has historically been a serious victim of horizontal and vertical inequalities. Power and privilege are being used to skew the economic

system. It has witnessed an increase in Gini coefficient from 0.30 to 0.68 from 2002 to 2012, which reflects huge income disparity⁶. Population in urban centres is poorer than rural dwellers and inequality is on the rise for the last 10 years⁷. The existence of horizontal inequality based on linguistic, social, cultural, political and economic lines remains a continuous threat to the provinces for being easily mobilized by internal and external forces⁸.

Drivers of Income Inequality

Functional Distribution of Income

Size distribution (allocation among individuals or families) and functional distribution (division among the owners of different factors of production) of income are important attributes of income inequality. The key reason for the stagnation of labour⁹ earnings is the shift of national income towards capital and away from labour. Wide spread computerization and subsequent penetration of information technology in the economy is prevalent. The decreased demand for labour along with its surplus supply has resulted in weakening the position of the working class¹⁰. It showed that from 1990-91 to 2004-05, poorest 20 percent and the middle 60 percent lost their consumption share, whereas the richest 20 percent gained their consumption share significantly in Pakistan. This change has skewed the income distribution. The upper stratum is benefitting most from growth. Institutional support is also in favour of the rich. Be it a political or economic institution, it is increasing the gap between the poor and rich¹¹.

Secondary Labour Markets

The shift of employment from primary

1. Saboor, A. S. Sadiq, A. U. Khan and G. Hameed (2016). Dynamic Reflections of Crimes, Quasi Democracy and Misery Index in Pakistan, Soc. Indic. Res. DOI 10.1007/s11205-016-1348-8.
2. Rawls, J. (1971). A theory of Justice. Cambridge, MA: Harvard University Press.
3. Simon Kuznets (1955): In the course of economic development, the level of income inequality normally rises during the early phase, levels off during the intermediate phase and then declines during the later stages of development. There is inverted U shaped relation between income inequality and the level of development (Level of per capita income).
4. Kakwani, N., and Son, H. H. (2008). Poverty equivalent growth rate. Review of Income and Wealth, 54(4), 643-655 and Sen, A. (1992). Inequality Reexamined, Cambridge, MA: Harvard University Press.
5. Oxfam, (2016). An Economy of the 1 Percent. 210 Oxfam Briefing Paper, Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.
6. Social and Development Log of Pakistan (SDLP), Income inequalities in Pakistan (January, 2013) retrieved on 16-05-2016 from <https://developmentpk.wordpress.com/2013/01/24/income-inequalities-in-pakistan/>
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8. Saboor, A. and F. Stewart (2008). Mapping Horizontal Inequality and Violent Conflict in Pakistan. Department of International Development, University of Oxford, Working Paper No. 12, page 1-47.
9. Wolff, E. N. (2009) Poverty and Income Distribution, 2nd edition, Wiley Blackwell, Oxford, UK.
10. Asad M. A. and M. Ahmad (2011) Growth and consumption inequalities in Pakistan, Pakistan Economic and Social Review Volume 49, No. 1 (Summer 2011), pp. 69-89
11. Arif, G. M. and S. Farooq, (2011). Poverty, Inequality and Unemployment in Pakistan, Background study for IDB Group MCPS Document for Pakistan (PIDE AND IDB).

labour force to secondary labour market causes income inequality. The employment growth in the service sector is higher than the growth in goods-producing industries. Unemployment for unskilled and semi-skilled workers is higher than the skilled and educated class of labour. There are significant wage differentials amongst same-level professional groups. For instance, teachers with similar qualifications earn more in private schools than their peer groups working in government schools. Similarly, in universities, besides public and private sector differential of salaries, there are huge differences within a single university due to Basic Pay Scale (BPS) system and Tenure Track System (TTS).

Lack of Competition

Market imperfections and distortions (particularly in terms of prices and quality) are causing the flow of income and abnormal profits towards the rich. Sugar and cement mafias along with cartels in electronics and telecommunications are classical examples among others. Inequality is also compounded by the power of companies to twist the market in their favour thereby forcing genuine competitors out and inflating prices. Most traders dealing in grains, fruits and vegetables follow this pattern. The abundantly growing rich thus remain out of the tax net. Capital outflow is the outcome in search of safe heavens. Purchase of commercial and residential properties in Dubai, Singapore, London, New York and Toronto along with the ownership of off-shore companies are the typical repercussions of this special dimension of income inequality.

Direct-Indirect Tax Configuration

Slanted pattern of direct and indirect taxes along with a rise in inflation drastically affects income distribution. The majorly regressive nature of the high proportion of indirect taxes chronically disturbs the income distribution pattern of the masses. From 2005 to 2015, the proportion of customs in indirect taxes has been reduced from 28 percent to 17 percent which indicates the exit of traders from tax net. In case of direct taxes, the proportional increase has been substantially high among the salaried classes viz-a-viz business and farming classes (GOP, 2015). Tax increase has been witnessed on the poor at a rate of 35 percent over the last 10 years and has rightly been described by the President of the World Bank as 'a form of corruption that hurts the poor'¹².

Net Government Expenditure

Government expenditures have an indirect effect on households through the "multiplier effect" (government spending boosts investment and enhances employment opportunities and thus aggregate demand) on output and employment thereby increasing labour demand and wages. However, a large portion of government expenditures go to the non-development side sectors where a consolidated cluster of oligopolists and vested interest groups rule. The incidence of net government expenditure (government expenditures plus government transfers minus taxes) has thus been low and unfavourable for the last many years, thereby raising income inequality. In Pakistan, from 2005 to 2015, the proportion of development expenditure has been reduced from 4.5 percent to 4.1 percent while current expenditures increased from 17.1 percent to 19.4 percent (GOP, 2015).

Gender Perspectives

International Monetary Fund (IMF) found that countries with higher income inequality also tend to have larger gaps between women and men in terms of health, education, labour market participation, and representation in institutions like the parliament. Pakistan is facing income inequality that breeds women poverty. Increase in Gini Coefficient has been higher for females. Ironically, the proportional increase in income for women was less than that of men. In terms of Gender Inequality Index (GII) as coined by UN, Pakistan ranked at 127 from 1990-2010, much lower than its South Asian neighbours such as Sri Lanka (75), Nepal (98) and Bangladesh (115). Similarly, Gender Gap Index estimated by World Economic Forum (2014) showed Pakistan ranked 141 out of 142, thereby depicting the world's worst inequality in access to health care, education and work.

Income mobility

There is sluggish income mobility in Pakistan because of slow economic momentum amidst weak public institutes. Occupational mobility, industrial mobility, earning mobility, wealth mobility and intergenerational mobility (e.g. intergenerational elasticity of son's earnings relative to father's earnings) are also important denominators of income mobility which determine the path of income equality over the period of time. The most mobile countries are Denmark, Norway, Finland and Canada where intergenerational elasticities ranged from

0.15 to 0.19. Such high coefficients of USA (0.47) and UK (0.50) reflect high level of income inequality¹³. Exact figures have not been estimated for Pakistan but it seems to be higher than that of USA and UK thereby depicting decline in intergenerational mobility. The probability for a son to move to the highest quintile from the lowest one is only 6.5 percent. Thus the probability of reaching to higher income groups for a son is a positive function of the economic status of his father¹⁴. Similarly, the process of social mobility (act of moving from one social class to another) is very slow in Pakistan.

Multifarious Discrimination

Rural urban discrimination, gender discrimination, discrimination on the basis of caste, creed and sect are the common denominators in the overall study of income inequality. Gender contributed the most to inequality among earners due to the discriminatory behavior of employers against female workers¹⁴. Pakistan has also witnessed discrimination against intellectual masses on political grounds, particularly in Punjab and Sindh provinces. Violation of individual merit and regional quota also breeds income inequality.

Theory of Terms of Trade

According to the general trade theory, as trade is increased, there is growing tendency of factor prices. In case of unfavourable terms of trade, there is a rise in the wage level of trading partners as compared to the wages of our own labour force. Average real wages of trade oriented businesses and industries is decreasing, causing income inequality among labour earners and capital earners on one hand, and skilled labour earners and un-skilled class on the other. Moreover, the fruit of trade is being consolidated in big cities, thereby translating in the emergence of horizontal inequality.

Pro-poorness of Economic Growth

The skewed distribution of income and land not only slows down growth but also does not help in reducing poverty. Poverty Equivalent Growth Rate (PEGR) is a powerful mean to evaluate the distributional quality of growth. Growth is generally dubbed as pro-poor if it is poverty reducing. Growth is absolutely pro-poor if the population groups in poverty take benefit more, in absolute terms, than groups not in poverty¹⁵. Historical data confirms that during high periods of growth, the emergence of high levels of inequality not only decreased the growth momentum but also reduced the poverty-decreasing effect of the growth. On the

12. Cohn, M. (2013). 'Tax Avoidance Seen as a Human Rights Violation', Accounting Today. <http://www.accountingtoday.com/news/Tax-Avoidance-Human-Rights-Violation-68312-1.html>. Government of Pakistan, 2014-15 Pakistan Economic Survey, Finance Division, Islamabad.

13. Wolff, E. N. (2009) Poverty and Income Distribution, 2nd edition, Wiley Blackwell, Oxford, UK.

14. Corak, M. (2006). Do Poor children become poor adults? Lessons for public policy from a cross country comparison of generational earnings mobility. Research on Income Inequality, 13(1), 88-143.

15. Kakwani, N., and Son, H. H. (2003). Pro-poor growth: Concept and measurement with country case studies. The Pakistan Development Review, 42(4), 417-444.

other hand, periods of low growth were marked by undue increases in poverty due to inequality¹⁶. A recent study shows that growth has been positive but anti-poor, both in absolute and relative terms in Pakistan in general and in rural regions in particular. High growth periods have been largely anti-poor in comparison to low and moderate growth periods due to rising inequality. PEGR in all the provinces has decreased from 2001 to 2012, except in Sindh, which is attributed to the fact that there is a high level of income inequality in Punjab, KP and Balochistan¹⁷. In Sindh, the relative gains in poor's welfare has proportionately been more than that of the non-poor.

Tackling Income Inequality: Policy Narratives

- There should be asset formation for the deprived, particularly in rural areas, along with some attractive programs to make credit available for small farmers. Agrarian reforms, particularly land reforms, can contain the skewed pattern of agricultural lands and thus minimize income disparities. Cottage industry can be promoted in regions where there is a substantial problem of surplus labour which can otherwise not be adjusted for static private investment.

- The policy of the rise in minimum wages should be implemented in real terms along with decreasing the burden of indirect taxes and controlling inflation (particularly of food items-Agflation). Vocational trainings of unskilled labour can help in minimizing the rising wage gap between skilled and unskilled labour. The share of tax burden should be shifted away from labour and consumption and towards income from assets. A wealth tax liable on the richest 5-10 percent is proposed to be exclusively used in health and education sectors.

- There should be strong emphasis on the role of labour markets because three quarters of personal income arises from labour activities. Moreover, the policy should stress on the demand side of the labour market due to source of earnings inequality. Institutional models like internal and dual labour market theory, inter-industry wage differentials, efficiency wage theory, along with structural models, can determine a path for a more 'equality distributed pattern' of income in Pakistan. The inequality drop is associated to a fall in the skilled-unskilled wage ratio, an increase in social assistance transfers, and a lower concentration of capital incomes. Macroeconomic policies of avoiding large

budget deficits, debt accumulation and inflation in addition to achieving a competitive real exchange rate, should be adopted¹⁸.

- Intensive investment is required in human capital, particularly at the secondary school level, along with equitable access to high quality public services. There is a need for the use of progressive public spending to tackle income inequality by spending on public health and education to fight inequality. Higher Education Commission (HEC) has very recently planned to take private schools and colleges in the domain of public sector universities. Private hospitals and health units should be under the umbrella of some public institution. This would enhance quality on one hand, and improve wage earnings on the other. Income distribution may be improved with the help of progressive taxation and enhancing the level of development expenditure on social services and investment.

- The role of the Competition Commission of Pakistan should be redefined, in which imperfections on labour markets are to be constantly checked so as to offset wage differentials. Similarly, cartels and monopolies as created by the elite business enterprises should be checked through regulatory mechanisms. Gradual elimination of underground economy associated to smuggling and hoarding is a must. This is how the socially optimal price of necessities and competitive wage rate of labour to the lowest 40 percent poor of the country, would certainly determine a fairly distributive economy. And the poor masses may be able to attain access to higher education.

- There is an established narrative that women's rights and women's equality can be promoted through diluting gender discrimination particularly in pays and wages, compensation for unpaid work and ensuring land and inheritance rights. Time use poverty of females (spending more than 75 hours per week in work) and subsequent policy narratives should be taken into consideration.

- Small and Medium Enterprises (SMEs) can be promoted through soft loaning schemes amidst relaxed collaterals for creation of pro-poor employment in the country. Similarly, such initiatives are to be taken in provinces and districts which are left behind in the race of economic development. Moreover, public sector development projects should be initiated in these areas for avoiding horizontal

inequality. As against industrial trade liberalization, agriculture trade has been impacting skewed income distribution which should be carefully managed by minimizing market margins and role of undue intermediaries¹⁸.

- The quality of economic and political governance including democratic accountability, control of corruption, law and order, and social policies should be the key focus for creating an inclusive growth process in the country. Post Panama leaks, identification of corrupt and rent seekers can enable taking back this 'acquired money' and using it for investment in education and public health care.

Conclusion

No quick fix solution is available for Pakistan where the causes of income inequality in its vertical and horizontal versions are substantially varied across regions, gender and time. The challenge is to mitigate explicit and implicit drivers of income inequality along with installing new redistributive patterns, both in rural and urban regions, in effective, efficient and productive ways. A special package of incentives needs to be introduced for small farmers and chronically deprived who are generally ignored in most of the developmental interventions. Similarly, in urban regions, the odd configuration of direct and indirect taxes should be rationalized and balanced by reducing load of taxes on the poor. Poverty reduction programmes like that of Benazir Income Support Programme (BISP) should be more welfare oriented with high employment generating initiatives rather than mere temporary social safety. Long term perspectives of pro-poor and distributive policies along with consistency should be taken as a priority reform strategy in Pakistan.

Income distribution should be tackled at the national level or even provincial level by launching some heterogeneous policies and an area specific policy matrix should be designed and resources be mobilized accordingly. It is suggested that a small internal or external shock at monetary and fiscal level can abruptly change the income status of the poor more than the rich. In this way, a two pronged policy initiative is required. First, the opportunity box should be expanded by creating employment for those who are deprived. Second, effort must be made to save the vulnerable poor by sustaining their livelihood pattern¹⁹. Development thinkers need to offer a workable policy package based on rigorous empirical research along with wider

16. Robert Duval-Hernández, Gary S. Fields, and George H. Jakubson (2015). Analysing income distribution changes, Anonymous versus panel income approaches, WIDER Working Paper No 23.

17. Ali, I., A. Barrientos, A. Saboor, A. U. Khan and J. Nelson (2016). A Decade of Sub-national Pro-poor Growth in Pakistan, Soc. Indic. Res. DOI 10.1007/s11205-016-1349-7.

18. Cornia, G. A. (2014) Falling Inequality in Latin America – Policy changes and lessons, Policy Brief, UNU WIDER, page 1-2.

19. Saboor, A., M. Manzoor and A. U. Khan, 2015. Time Use Poverty and Gender Inequality: Empirical Evidences from Punjab, Quality and Quantity-International Journal of Methodology, Vol. 49, No. 1.

consultations with key stakeholders, which could minimize the odd repercussions of income inequality and check the causal factors.

In the whole package of public policies, equals should be treated equally in terms of socio-economic opportunities, development expenditures, wages and tax levies while unequals should not be considered equally qualified for certain incentives, tax rebates and subsidies. Therefore, democracy with "Justocracy" can lead us to a well distributive economy, both horizontally and vertically, and thereby help in reducing inequalities and achieve SDG Goal 10- "Reduce inequality within and among countries"- by 2030.

Inequality and its Discontents



Dr. Kaiser Bengali

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Politics in Pakistan has always revolved—explicitly or implicitly—around issues of distribution of income and has been the cause of most crises. The worst era of political turmoil in the country was 1968-71, which was rooted in issues of inter-class and inter-regional inequality. The first brought down a regime and its free market ideology and the second broke up the country.

Ironically, inequality has not always carried the kind of negative connotations as it does today. Mahbub-ul-Haq¹, the country's Chief Economist in the 1960s, actually extolled the virtues of creating inequality in order to accelerate economic growth in his 1963 book, *The Strategy of Economic Planning*. To his credit, however, he was the first to admit the growth of 22 families that "controlled 66 percent of industrial assets and 87 percent of banking". The regional inequality aspect was most vividly and powerfully highlighted by Dhaka University Professor Rehman Sobhan's²

writings; particularly his 1962 article, *The Problem of Regional Imbalance in the Economic Development of Pakistan*.

No lessons appear to have been learnt, however. Apart from the brief period of 1972-77, whence egalitarianism was pursued as explicit state policy, equity aspects of public policy have continued to be relegated to the status of footnotes. Despite spurts of growth and a surfeit of donor-funded anti-poverty programs, poverty and inequality has persisted and even reported to have grown.

Distribution of income, inter-personal or inter-regional, is a structural variable and changes occur over periods of time. As such, income distribution estimates are generally not estimated annually, but on intervals of five or ten years, or rather, whenever data becomes available. Two major analyses of income distribution in recent times include the Social Policy and Development Centre's Reports³, 'Growth, Inequality and Poverty' in 2001 and 'Combating Poverty: Is Growth Sufficient?' in 2004, which provides detailed documentation of the range of income, regional and sectoral inequalities in the country. Two more recent analyses include the 2012 Naveed and Ali⁴ report 'Clustered Development: District Profile of Poverty in Pakistan' and the 2015 Haroon Jamal study entitled, 'Growth and Income Inequality Effects on Poverty: The Case of Pakistan'.

State of income distribution

There are now two 'Pakistans': one of the elite, the ashraafia, and the other of the common people, the awaam. There is an apartheid-like situation with de facto separate housing, modes of commuting, and education and health facilities. The ashraafia live in palatial houses, with servant quarters larger than 'square feet per

persons' space available to the awaam. The ashraafia commute in air-conditioned sedans, while the awaam cram into rickety buses or perch on top of them. The children of the ashraafia go to elite English-medium schools, where parents pay per child tuition that is more than twice the monthly salary of the chowkidar (guard) of the same school. The children of the awaam go to Urdu-medium schools or to madrassahs or nowhere at all. And so on.

Inequality is ingrained in the structure of the economy. The composition of growth is such that it tends to widen inequality; with every one rupee expansion in national income placing 36 paisas in the pockets of the rich and three paisas in the pockets of the poor. The tax regime is regressive, with 80 percent of tax revenues derived from indirect taxes, the richest 10 percent of the population paying 10 percent of their income in indirect taxes, and the poorest 10 percent paying 16 percent⁷. There have been continuous attempts to pursue high growth as a vehicle for poverty alleviation, but no attempts have been made to address inequality. Empirical analysis, however, shows that a one percentage increase in growth reduces poverty by 3.6 percent, while a one percentage decrease in inequality reduces poverty by 8.5 percent⁸.

The more recent 2015 study tracks inequality over the period 1988- 2011 and demonstrates the compounding of inequality, with the income share of the richest 20 percent of the population increasing by about 12 percent from 43.5 percent in 1987-88 to 48.7 percent in 2010-11 and that of the poorest 20 percent shrinking by about 21 percent from 8.8 percent to 7.0 percent over the same period⁹.

1. Mahbub ul Haq (1966) *The Strategy of Economic Planning*, Oxford University Press
2. Rehman Sobhan (1962), *The Problem of Regional Imbalance in the Economic Development of Pakistan*, Asian Survey.
3. Social Policy Development Centre, Annual Review 2001, *Growth, Inequality and Poverty*, and Annual Review 2004, *Combating Poverty: is Growth Sufficient?*
4. Naveed, A. and Nazim Ali (2012), Sustainable Development Policy Institute, *Clustered Development: District Profile of Poverty in Pakistan*
5. Jamal, H. (2015), *Growth and Income Inequality Effects on Poverty: The Case of Pakistan (1988-2011)*, Social Policy & Development Centre
6. Social Policy Development Centre, Annual Review 2004, *Combating Poverty: Is Growth Sufficient?*, Table 3.9, p. 69.
7. Ibid., Box 41, Table 4.2, p. 82.
8. Ibid., Table 3.6, p.64
9. Jamal, H. (2015), *Growth and Income Inequality Effects on Poverty: The Case of Pakistan (1988-2011)*, Social Policy & Development Centre, Table 1, p.8.

Non-income aspects of inequality

Religious minorities suffer from a range of discrimination that include barriers to entry in education and, consequently, in professional employment. Bonded labour in Sindh is largely the bane of the minority Bheel community. By and large, minorities are employed in low paid menial jobs. Pakistan's laws allow the disbursement of state grants to each national and provincial legislator for carrying out development works in her/his constituency. For the election of representatives of minorities, the entire community within the country or province is considered a constituency; given that they are spread in pockets in cities and villages across the country. Resultantly, the elected representatives of minorities do not have a geographical constituency in which to locate a development project; thus, depriving the minority communities of development opportunities that other communities benefit from.

Gender inequality is a product of pervasive discrimination. In the economic sphere, gender inequality is largely discussed in terms of access to educational and employment opportunities, combined with a situation of unequal pay for equal work. Access is also constrained by the fact that women suffer from restricted mobility for work, education, health care, shopping, socializing, entertainment, etc., on account of the absence of an efficient, reliable and safe public transport system.

There is discreet discrimination in many other respects as well. A 2014 Social Policy and Development Centre book¹⁰, 'In Search of Gendered Development' has documented the implicit discrimination that women suffer from. Budgets are not 'gendered' and, consequently, it is not known to what extent public expenditures benefit women. Benefit incidence of education and health is higher for males than for females. There is no policy infrastructure to cater to female-headed households; although female-headed household income is about 15 percent lower than that of male-headed households. And disaster relief is usually on the basis of households, where, for example, widows in the household end up being excluded.

An interesting insight is provided by an urban redevelopment project in Karachi, where displaced families were relocated to the outskirts of the city. Women, who were interviewed, said that there were problems in their daughters' marriages as *"we have been marginalized as we cannot socialize anymore because there is no public transport after sunset"* and *"nobody comes this far to see our daughters"*. These factors are never ever taken into account by male-centric development planners and managers.

Inequality is a product of the inherited and existing unequal distribution of assets. This inequality is starkly evident in ownership of rural land, with one percent of farms covering one quarter of agricultural land and 62 percent of farms being of five acres or less. For the country as a whole, 48 percent of rural households are landless, with the highest incidence of landlessness at 62 percent in Sindh. Other areas of high land ownership concentration are south Punjab and Nasirabad Division of Balochistan¹¹.

In urban areas, private sector housing provision has created islands of luxury, while the withdrawal of the state from provision of low and middle income housing has pushed over half the urban population into shanty towns. The

comparative state of housing represents a graphic profile of inequality in the country.

Asset ownership and control represents the 'stock' factor in inequality. State policy represents the 'flow' factor; i.e., the manner in which the state's social and economic policies generate and distribute income for and between the various income groups. Post-1980s, Pakistan's macroeconomic and fiscal policy framework has moved to a position where it is manifested in anti-commodity producing sectors, particularly manufacturing, and promotes speculative gains from stock markets, land markets and commodity markets-without generating jobs for the people at large. The new jagirdars of the economy and politics are no longer the traditional landowners and industrialists, but stock market brokers,

property developers and grain and fuel importers and traders.

Regional inequality

The erstwhile province of East Pakistan broke away in 1971 on grounds in regional inequality and political marginalization. Studies of regional inequality, carried out a

The 1982 study¹² reported that of the 12-one-quarter-most under-developed districts of Pakistan, nine were in Balochistan.

The 2001 study¹³ of ranking of districts by deprivation level reported that 25 percent of the population of Punjab, 31 percent of the population of Sindh, 51 percent of the population of Khyber-Pakhtunkhwa, and 88 percent of the population of Balochistan reside in high deprivation districts. The high deprivation districts in Punjab are all in the south of the province, the high deprivation districts in Sindh are in the north and south-east of the province, the high deprivation districts in Khyber-Pakhtunkhwa are in the north and south of the province, and all districts in Balochistan, except Quetta, are classified as high deprivation.

The 2012 study¹⁴ analyzed inter-provincial poverty levels and concluded that the incidence of poverty was the lowest at 19 percent in Punjab, followed by 32-33 percent in Khyber-Pakhtunkhwa and Sindh, and the highest at 52 percent in Balochistan.

decade later in 1982, a further two decades later in 2001 and yet another decade later in 2012, have all found evidence of pervasive and persistent regional inequality.

All studies confirm a north-south divide; with the exception of Karachi, which continues to rank at the top of the development ladder and Balochistan at the bottom.

Politics of income distribution

Inequality is not a technical variable in economic formulation that can be dealt with by policy alterations at the margin or by 'safety nets' appendages. The distribution of income and wealth is a product of political power configuration between different sections of the

10. Bengali, K., (2014) In Search of Gendered Development, Social Policy Development Centre

11. Social Policy Development Centre, Annual Review 2004, Combating Poverty: Is Growth Sufficient?, Table 5.4, p. 107.

12. Pasha, H. and Tariq Hasan (1982), Development Ranking of the Districts of Pakistan, Pakistan Journal of Applied Economics 1:2.

13. Social Policy Development Centre, Annual Review 2001, Growth, Inequality and Poverty, Table 4.2, p.84

14. Naveed, A. and Nazim Ali (2012), Sustainable Development Policy Institute, Clustered Development: District Profile of Poverty in Pakistan, Figure 3.1, p.19

population and between different regions. It is an outcome of the particular political philosophy adopted for management of the economy.

Post-1980s, the rise of the classical Hayekian neo-liberal 'supremacy of the market' ideology forced the state to withdraw from large swathes of economic territory: privatization of state enterprises and deregulation of markets. Markets are not neutral vis-à-vis income groups. They respond to purchasing power, not to need. If those with purchasing power need high quality ice-cream and can pay its price, ice-cream is what the market will produce and provide. If there are sections of the population that need shoes, but cannot afford to pay for it, the market will not produce shoes. Applied to education, neo-liberal market principles will imply that the rich will pay for high quality education and command premium jobs, while the poor will not and will have to contend with low wage jobs. Inequality will remain entrenched and continue to widen.

Neo-liberalism and the rise of religious militancy

Neo-liberal ideologues forced the withdrawal of the state from socioeconomic spheres of public life on the explicit assumption that the market will best provide for the needs of the people and the implicit assumption that strong market forces are waiting in the wings for the sheer opportunity to take over. Both these assumptions have proved to be faulty.

The fact is that market forces will not provide for sections of the population with low purchasing power. And, in Pakistan, market forces have existed on the crutches of state patronage and do not possess the capacity to step into the spaces vacated by the state. Resultantly, the withdrawal of the state created a vacuum, which the religious establishment's social welfare network filled. Thus, the unattended poor have turned, in increasing numbers, to the religious establishment for meeting their social and economic needs.

Poverty causes deprivation and hardships, while inequality creates a sense of grievance and injustice and fosters despondency and anger. On account of poverty, the religious establishment has a steady stream of voluntary recruits, whose sense of grievance and injustice and despondency and anger constitutes powerful raw material for turning them into jihadists. It is not a mere coincidence that religious militancy-in the form of Taliban, Boko Haram or Al-Shabab-has emerged in countries where the social order has eroded under the weight of economic inequality

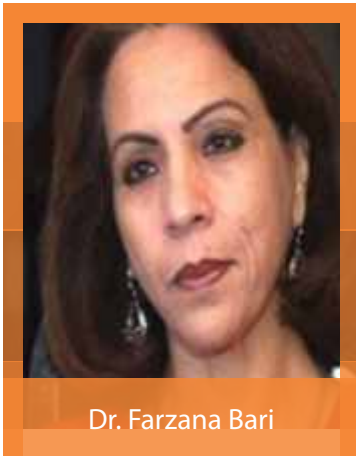
and social injustice. These are countries ruled by a corrupt and rapacious ruling class, leading first world life-styles, and politically divorced from the mass of a long deprived and suffering population.

The west has embarked on a mission to create an international coalition to combat Islamist militancy. However, the underlying assumption upon which this coalition building is being undertaken is flawed. There appears to be a supposition that there is a liberal and a religious class and the former is eager and willing to be mobilized. This is untrue. The sociopolitical fault line in the country is not defined by the degree of religious commitment or zeal, but by socioeconomic stratification. There is a broad conservative coalition that encompasses the traditional religious right as well as the 'modernist' secular right. Both belong to the socially and economically privileged class and both have a common agenda in disallowing democratic politics and equitable distribution of income and wealth. At the other end of the spectrum are the common people, who have endured social exclusion and economic deprivation for centuries.

Evidence of the class factor in the rise of militancy is visible in the rise of the extremist Anjuman-e-Sipah-Sahaba from Jhang in Punjab, which is shown to be directly attributable to an oppressive feudal order that excluded other rising economic elites from political participation¹⁵. Similarly, the conflict in FATA is also said to be a struggle between the hujra and the mimbar, with the former representing the land-owning Khans and Maliks and the latter representing the under-class that the religious establishment has mobilized. Militancy will need to be addressed through promoting an egalitarian society and economy.

15. Ali, Mukhtar Ahmed (2000), *Sectarian Conflict in Pakistan: A Case Study of Jhang*, Kodikara Awards Policy Studies, Regional Centre for Strategic Studies, Colombo, Sri Lanka.

The Gender Dimensions of Inequalities in Pakistan: Cultural, Institutional and Other Factors Driving Gender Based Inequalities



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There is an increasing recognition of the intrinsic and instrumental value of gender equality to the socio-economic development of countries. Despite a plethora of national and international commitments to gender equality, gender disparities across cultures remains the biggest challenge of the 21st century: There is not a single country in the world today that can truly claim itself as a gender-just and egalitarian society.

Despite constitutional provisions on gender equality and the ratification of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Pakistan is not faring well on gender related indices. According to the Global Gender Gap Index (GGGI) 2015¹, Pakistan scores second last on the list out of 142 countries in terms of gender equality.

Pakistan is a highly diverse, multi-ethnic, multi-cultural society marked by uneven capitalist development with skewed redistributive justice. There are massive inequalities along the lines of class, ethnicity, region, religion and the

rural/urban divide. Gender is simply an additional layer of oppression and exploitation on the variegated form of differences and marginalization in the society. Women suffer from double jeopardy due to their gender and their position in marginalized social groups. They are the worst hit in situations of deprivation, poverty, conflict, violence, extremism and humanitarian crisis because of their subordinate status in the hierarchy of gender order in the society.

Gender inequalities are revealed in the gender gap in all social, economic and political spheres when compared to men in the country. Overall literacy remains higher for men (70 percent) as compared to women (49 percent)². Their health status is one of the worst in the region with 260 women dying in every 100,000 live births. The sharp rise in poverty and high unemployment amongst men has pushed women into the labour market. Majority of them are concentrated in the informal sector of economy where working conditions are precarious without the cover of labour laws, and where they are underpaid and overworked. Only three percent women participate in the formal economy where wage differential is as high as 41 percent³. Women hit the glass ceiling within the public and private sector, which is evident from the wide gender gap at top-level positions. In the public sector, out of 41 federal secretaries, not a single woman serves at the same level. In the superior judiciary only seven women are working as opposed to 130 male judges. In politics, out of the 19 percent women in the parliament, 17 percent came through the gender quota that is being granted to women in the national and provincial assemblies, and in the senate. Only two percent women manage to win elections on general seats to come in the national assembly. The violence against women (direct, cultural and structural) is rampant across class and region. The perennial gender gap in different spheres of life shows that gender identity remains a risk factor for women in

Pakistan.

Before we analyze the drivers of gender inequalities, it is imperative to state that women in Pakistan are not a homogenous or unitary category. Their status and experience is mediated through their socio-economic positioning in the society. Gender order is constantly in flux. Contradictory trends are evident in our society. On one hand, rising poverty, inflation, high unemployment, extremism, religious fanaticism, violence against women, breakdown of rule of law and bad governance is affecting women's lives badly; whereas, on the other, fast urbanization (Pakistan ranks 163 out of a list of over 200 countries and has the highest level of urbanization in South Asia)⁴, greater gender awareness, state feminism, vocal civil society, women's movements and vibrant media are opening up new spaces and opportunities for women in public and political arenas.

However, gender inequality is a structural issue that demands a structural solution. The global commitment to gender parity and the planet 50/50 by 2030, and to achieve the sustainable development goals (especially goal five on 'Gender Equality') will remain far fetched if the origin of gender inequalities and the structural basis of it are not understood and removed.

It is imperative to understand that the root of gender inequality lies in the way society organizes and reproduces itself. The processes of production and reproduction based on the exploitation of class, race and gender are the structural basis of gender inequality as well as other social cleavages. Women are used as cheap labour in the public sphere of production and as free domestic labour in the private sphere of reproduction. Women are solely responsible for the care economy. To maintain the artificial divide between production/reproduction and public/private spheres, 'sex role ideology' is constructed to create and shape gender

1. World Economic Forum, "The Gender Gap Report 2015," Available at <http://www3.weforum.org/docs/GGGR2015/cover.pdf>
2. Government of Pakistan, "Pakistan Economic Survey 2015-16," Chapter 10: Education. Available at http://www.finance.gov.pk/survey/chapters_16/10_Education.pdf
3. Hafeez Pasha, Economy of Tomorrow, FES Publication, 2015
4. United Nations Population Fund Report, "Life in the City: Pakistan in Focus."

identities. Women's roles are strictly defined in the private arena of home as mothers and wives and men's roles in the public arena as bread earners and providers of the families.

This 'sex role ideology' is systematically produced and maintained through the nexus of formal and informal institutions that construct gendered subjects. The institutional context determine who has access to opportunities and resources and on what terms. The low level of investment in building women's human capital makes them dependent and vulnerable to men's power.

The informal institutions-cultural norms, tradition and customary practices-are shaped by the parallel tribal, feudal, capitalist economic and social formations. The symbolic social order determines gender consciousness of local communities that in turn defines the mode and level of control over women's sexuality, mobility, and their access to opportunities and resources.

The concepts of hyper, hegemonic masculinities and femininity and the notion of male honor are maintained through the institution of violence. There is social acceptability of gender based violence when it takes place within the domestic arena as well as at the community level. The state and society choose to turn a blind eye to family based violence. This is then considered a private matter. The community based violence in the name of tradition and male honour that is associated with women's behavior is socially condoned. The parallel judicial system of Jirga and panchyats upholds patriarchal norms and control in their decisions. Women are often ordered to be raped, killed, and exchanged to resolve conflicts amongst men by Jirga⁵ and panchayets⁶. Despite the illegal status of this informal parallel judicial system, they operate with impunity because of the tacit support of the state.

The state is not a gender neutral institution either. It is patriarchal and upholds the interests of the propertied class rather than treating all citizens equally. The gender bias of the state is evident in the Constitution of Pakistan-the social contract between the state and the citizens. Women are not treated as equal citizens in the law. The contradictory provision in the constitution whereby article 25 stipulates no discrimination on the basis of sex,

numerous legislations such as the Hudood Ordinance, Law of Evidence, Law of Retribution and the Citizenship Act⁷ discriminates against women and ranks them as second class citizens. Sexual contract is clearly embedded in the social contract. The State indiscernibly protects private patriarchy (that is why so much resistance to pass legislation on domestic violence). State institutions, especially police and judiciary, that are meant to ensure the dispensation of justice in case of a violation of women's rights, do not function on behalf of them. Moreover, other institutions such as the Council of Islamic Ideology (CII) consistently opposes the concept of gender equality. They argue that men are given superiority over women in Islam. In their recent proposed bill on women's protection, they propose that men should have the right to 'light beating' of their wives in case they disobey them. The propositions put forth by CII show the violent patriarchal mindset of a state body that is assigned to interpret Islam and ensure that laws in the country are made in conjunction with the principles and the spirit of Islam. Male domination and patriarchal bias of the state machinery makes it extremely difficult to achieve the goal of gender equality in Pakistan.

The aforementioned analysis unearths the root causes of gender inequalities and demands transformative solutions, as the drivers of the inequalities are structural in nature. Reformist solutions within the existing development paradigm will not be able to achieve SDG Goal 5; at best, it will lessen gender disparities and narrow the gender gap in different spheres of the society.

However, to achieve the goal of gender equality, we need to erode the material basis of patriarchy that currently lies in the neo-liberal capitalist economic framework. This makes gender equality not only a development goal but also a political project. With the non-exploitative production processes, the need for gender ideology based on sexual division of labour will be diminished. The familial gender relations will become non-hierarchical and egalitarian, and violence will be redundant as a tool in the society. Such transformation is only in the interest of those who are at the bottom of power relations. Thus, the trajectory to gender equality is through the development of a collective feminist consciousness that should drive organized social movements to transform existing oppressive and exploitative socio-cultural

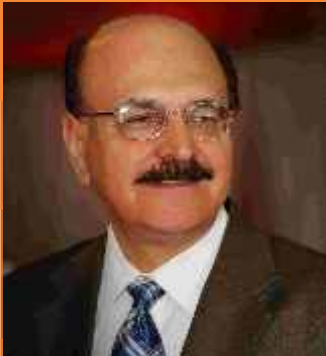
political and economic structures of the society, that will liberate not only women, but the entire humanity.

5. Tribal Council.

6. A type of political system that originated in South Asia.

7. Hudood Ordinance does not accept women's evidence in the cases of Hudd (maximum punishment). Law of Evidence makes two women witnesses equal to one man in financial matters. Law of Retribution makes the worth of women's life half of man's life in Qisas. Citizenship Act confers citizenship rights to children and wife of a Pakistani man who marry a non-Pakistani woman but the non-Pakistan husband of Pakistani woman is not entitled for Pakistani citizenship.

Dynamics of Social Inequality in Pakistan



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Individuals and groups in Pakistan do not have the opportunity to change their social status over time. They face unequal opportunities and rewards based on their position and status within the society. As a result, resources tend to be unequally distributed through allocation mechanisms that perpetuate specific groups of people. Inequalities are not much of a concern if outcomes vary on the basis of efforts expended by the individuals regardless of their status, family background and demographics. Persistence of inequality tends to violate the norms of equality of opportunity or level playing field. Our particular concern here is with systematic differences in opportunities for individuals based on predetermined factors that hinder equal opportunity for progress for every individual.

This paper goes beyond income inequality to emphasize inequalities in key dimensions of opportunity such as education, child wellbeing, healthcare, food insecurity and nutritional deficiency. The paper also focuses on factors that tend to perpetuate differences across

individuals and groups overtime, viz., inequality in taxation and inflation tax. We conclude by emphasizing that these inequality dimensions interact and reinforce each other over time leading to inequality traps that tend to persist and offer limited upward mobility, if any.

Inequality in Key Dimensions of Opportunities

Being an important determinant of an individual's income and health, education has great importance in assessing the equality of opportunity. There are profound disparities in education performance in the country. Data from official surveys confirm that households with low levels of education are more likely to be found below the poverty line. And, children coming from households where other household members have low education levels are most likely to be excluded from education. Gender based disparities in education remain significant across income groups, across rural and urban areas and across districts. There are also serious concerns on the quality of education provided in public versus private schools and across rural versus urban areas. Not only are there large deficits in educational infrastructure and teaching materials, but also, major weaknesses in teacher training and management remain due to which learning attainment levels for some groups are far less than desirable.

According to a recent UNICEF report, an estimated 6.5 million or 34.4 percent of primary school age children are not going to school in Pakistan, which consists of 2.9 million boys and 3.6 million girls.¹ Similarly, there are 30.1 percent of lower secondary school age children, or 2.7 million children (1.1 million boys and 1.6 million girls) who are also out of school. The probability of young girls being out of school is much higher than boys; rural children have higher probability of being out of school than children from urban backgrounds; and children coming from poorer households are more likely to be out of school than

children from richer households.

Marked inequalities in child wellbeing are also witnessed. For instance, UNICEF's Situation Analysis report 2012 reports child wellbeing index for the four provinces, FATA and Azad Jammu and Kashmir (AJK) region on the basis of five non-income attributes/domains, viz., child survival, child education, water and sanitation, child protection and shelter and information.² Based on z-sum index, the regional dimensions of child wellbeing suggest that "low child wellbeing is more common than high child wellbeing." The results reveal that "out of 132 districts, agencies, and frontier regions in the sample, 75 districts (or about 57 percent) suffer from low child well-being as their index score is below the benchmark." The results also suggest that "the highest percentage of deprived districts is found in Sindh (68 percent), followed by Balochistan (61 percent) and then FATA (58 percent). The proportion of deprived districts in Punjab is 51 percent while in Khyber Pakhtunkhwa (KP) and AJK, the proportion of such districts is 50 percent each."

Like education, health is another important dimension of welfare, which influences an individual's opportunities. In Pakistan, the state of healthcare inequality, measured by under-five mortality rate (U5MR) is alarming. U5MR at around 94 per thousand live births in the country is not only steady since 2001 but is also much higher than the MDG targets set for 2015. From amongst 193 countries, Pakistan ranks third from the bottom in terms of the number of newborn deaths. Newborn mortality rate is high in all the four provinces and across all the income quintiles; however, the mortality rate is highest among the lowest income quintile. While the deaths of children in the first month of their life has declined in recent years, it has in fact increased as a proportion of live birth since 2001-02, increasing from 49 per thousand in 2001 to 53 per thousand in 2007-08.³

1. UNICEF (2013), Out-of-School Children in the Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh Provinces of Pakistan. Global Initiative on Out-of-School Children, Pakistan Country Office, UNICEF, Islamabad.
2. UNICEF (2012), Situation Analysis of Children and Women in Pakistan, National Report, UNICEF, Islamabad.
3. See, UNICEF (2012), Situation Analysis of Children and Women in Pakistan, National Report, Unicef, Islamabad.

Food insecurity and nutritional deficiencies can also influence an individual's opportunities. Roughly 58 percent of the population at the national level is food insecure while 30 percent of them live in a state of moderate to severe hunger. About 79 percent of the population in the country consumes less than the recommended 2350 calories per day; 84 percent of them are from urban and 76 percent from rural areas. In addition, 86 percent of 10-14 year old children consume far less than the recommended calorie benchmarks. An estimated sum of PKR 64 billion per day is required to bridge this nutritional gap.⁴

Nutritional deficiency can lead to huge costs in the form of lost productivity and growth. The National Nutritional Survey 2011 data suggests that nearly 15 percent of under-five children in Pakistan are suffering from moderate to severe wasting with sharp variations among rural and urban areas and across provinces. Estimates from Pakistan suggest that eliminating birth weight deficit is expected to benefit the economy by USD 11 billion per annum.⁵ Eliminating nutritional gap in Pakistan of protein energy, iodine deficiency and iron deficiency is estimated to raise the GDP growth by four percent per annum.⁶ These gains will further be enhanced if the positive effects accruing from corrective measures for longer duration childhood cognitive impairment are also taken into account.

Perpetuating Inequality through Taxation

Persistent inequality in the taxation system is helping social inequality to perpetuate in Pakistan. The taxation system is completely outdated, which needs to be revamped. Indirect taxation is the main source of tax revenue due to which the tax structure is highly regressive in nature. The existing tax structure provides a huge space for tax evasion. Indirect taxation and regressive nature of taxes reflect elite capture.⁷ There is a huge mismatch between sectoral contributions towards GDP and tax revenues. Services sector has a share of more than 54 percent in GDP, but its contribution to income tax revenue is nearly 30 percent. More importantly, agriculture's contribution to GDP is around 20 percent but its share in income taxation

is below one percent. We also note that "[n]early 80 percent of all indirect taxes originate from only eighteen commodities and close to 70 percent comes from a few commodities such as petroleum products, automobiles, edible oil and tobacco." The reason behind this mismatch is that trade and industry associations negotiate their taxes bilaterally with the government. There is no culture of debating tax rates in the National Assembly or the Senate. Due to this vacuum, the Federal Board of Revenue (FBR) seems to have a great influence on deciding the tax rates via Statutory Regulatory Orders (SROs).

Inflation tax is considered as the most offensive form of the regressive tax. It disproportionately affects the lower income quintiles because they have higher propensity to consume than the upper quintiles and thus are disproportionately affected by inflation. The failure of the executive to raise enough revenues forces them to use deficit financing to finance national budgets by printing money. "It could be argued that the government's inability to raise enough taxes, its reliance on indirect taxes and its last resort of printing money to finance the deficit are underpinned by a basic distributional conflict. Increasing direct taxation requires a political settlement: the elite either need to be convinced of the goodness of taxation, or they need to be taxed coercively. The latter option is difficult since it is the elite, by definition, who control the coercive power of the state. The former is difficult to the extent that it negates the basic impulse of accumulation. Given government expenditure, the fallback option is to run deficits financed by printing money-to the detriment of the poorer sections of society."⁸

Inequality Traps

Persistent inequality overtime is often termed as the "inequality trap". This is a situation "where the entire distribution is stable because the various dimensions of inequality (in wealth, power and social status) interact to protect the rich from downward mobility and the poor from being upwardly mobile."⁹ Such persistence can be studied empirically by (i) Estimating inter-generational earnings elasticity, and (ii) Inter-generational transition matrices.

The inter-generational earning elasticity indicates the effects of fathers' earnings on their sons' earnings. Empirical evidence from Pakistan suggests that the earnings of fathers are significantly correlated with their sons' earnings. Inter-generational earning elasticity estimates reveal that fathers' earning status does predict the earnings of the sons; every 10 percent increase in fathers' earnings leads to 2.9 percent increase in sons' earnings.¹⁰ This relationship is found to be stable over the last 11 years, which verifies the argument of inter-generational inequality trap. The estimates for inter-generational mobility in rural Pakistan also suggest that there is a significant persistence in incomes at the lower income quintiles, which indicates that poverty traps also exist in rural areas. And, "if similar trends continue over the next decades, it would take some of these families up to seven generations" to transition to upper income quintiles.¹¹

The elasticity estimates do not tell us about the number of upwardly/downwardly mobile sons. To be able to compare a "son's movement out of his father's income quintile, Figure 1 presents "how the sons of top- and bottom-quintile fathers have fared." The evidence shows that "40 percent of sons born to bottom-quintile fathers remain in the bottom quintile, while only nine percent make it to the top quintile." Likewise, it also reveals that "52 percent of sons born to top-quintile fathers are themselves in the top quintile; it is quite evident that privilege is passed on from father to son." On the contrary, we also note that some upward mobility was also taking place. For example, "nine percent of sons born to bottom-quintile fathers do make it to the top quintile" but most of them moved to the second quintile. In other words, "intergenerational transition matrices confirm the story of limited upward and downward mobility."

To further explore inequality traps in educational attainment, we find that there has been a general deterioration in educational attainment during the last two decades. "Fathers in the bottom and top quintiles in 1995 were statistically very similar in terms of mean years of attainment, and richer fathers' sons fared only marginally better than the sons of their

4. Abid A. Burki and Mushtaq A. Khan (2016), Pakistan's Dairy Sector: Lessons from the Past to Build a Resilient Dairy Industry, Research Report, Lahore University of Management Sciences, Lahore, June.
5. See, Abid A. Burki and Mushtaq A. Khan (2016), Pakistan's Dairy Sector: Lessons from the Past to Build a Resilient Dairy Industry, Research Report, Lahore University of Management Sciences, Lahore, June, p.66.
6. Horton, S. (1999), Opportunities for investments in nutrition in low-income Asia. In: Hunt, J., M.G. Quibria (eds.) Investing in Child Nutrition in Asia. Nutrition and Development Series No. 1, Asian Development Bank, Manila.
7. Burki, Abid A., Rashid Memon, Khalid Mir (2015), Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan, Oxfam Research Report, Lahore University of Management Sciences & Oxfam Pakistan, March.
8. Burki, Abid A., Rashid Memon, Khalid Mir (2015), Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan, Oxfam Research Report, Lahore University of Management Sciences & Oxfam Pakistan, March.
9. Rao, V. (2006), On "Inequality Traps" and Development Policy. World Bank, Washington D.C.
10. Burki, Abid A., Rashid Memon, Khalid Mir (2015), Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan, Oxfam Research Report, Lahore University of Management Sciences & Oxfam Pakistan, March.
11. See, Maheen Javaid (2016), Intergenerational Mobility in Pakistan: Evidence from Rural Pakistan, MS Thesis, Department of Economics, Lahore University of Management Sciences, Lahore, May.

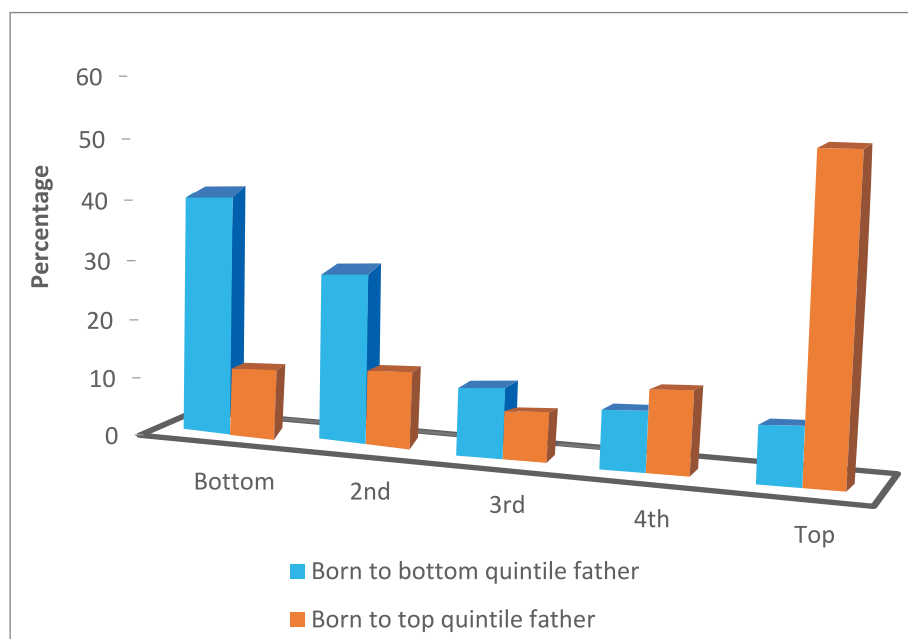
poor counterparts.” Yet, this pattern has significantly changed during the last 15 years since “rich fathers now have three times as many years of education as poor fathers and rich sons have twice as many as poor sons.”

Finally, occupational choice of households is linked with their social status in the society. But, we discover that “there is a very high level of occupational persistence in Pakistan; sons by and large join their father’s occupational category.” This has happened in the elementary occupations where “65 percent of sons born to elementary workers themselves become elementary workers” and while it is possible for a “son to be in a higher income quintile than the father and be in the same social category, i.e., it is possible to be economically mobile but socially stationary.”

Conclusions

Here an attempt has been made to consider evidence on equality of opportunity in Pakistan by focusing on highly unequal outcomes in key dimensions of opportunities and to review how tax institution systematically favours the interests of more influential groups in the country. The adverse effects of these opportunities and outcomes are damaging because they reproduce themselves leading to inequality traps. The aim of the policy should not be equality of outcomes because even with perfect equality one would expect differences in individual outcomes owing to differences in ability, talent, physical strength, efforts and sheer luck, etc. Good policies can contribute in moving away from the inequality trap to a virtuous circle of equity and growth by promoting a level playing field.

Figure 1: Income quintiles of sons born to bottom- and top-quintile fathers, 2010–11



Source: Burki, Abid A., Rashid Memon, Khalid Mir (2015), Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan, Oxfam Research Report, Lahore University of Management Sciences & Oxfam Pakistan, March.

Note: These calculations are based on a sub-sample of PSLM-HIES2010–11. Quintiles are constructed separately for fathers' and sons' age cohorts.

Rising Disparity in Pakistan



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The Pakistan economy, despite internal security challenges and frequent natural disasters, grew little over 4.0 percent annually from 1990-2014² and per capita income rose from USD 612 in 2003 to USD 1,295 in 2013³. Indeed, rising income and wealth inequalities' link to violence, political instability and social fragmentation cannot be ruled out.

The economic growth and inequality nexus remains unclear; there is growing evidence of multi-dimensional inequality despite robust economic growth in many developing countries, including Pakistan, with few bearing the fruit. Equitable distribution of economic growth could lower the levels of poverty and inequality. According to Dreze & Sen⁴ 'the impact of economic growth on the lives of people is partly a matter of income distribution, but it also depends greatly on the use that is made of the public revenue generated by economic expansion'.

What is driving inequality in Pakistan?

There are several drivers of inequality, however this paper will discuss five important drivers, i.e. skewed land ownership, inequality in opportunities, unfair taxation, gender inequality and lower wages.

Land distribution

In rural areas, where 50 percent of households are landless and the rural poverty rate is nearly 40 percent, land is considered a major asset. Land distribution is highly skewed with five percent of large landholdings comprising 64 percent of the total farm land⁵. Large farmers have created monopolies and captured the subsidies in water and agriculture as well as the benefits of agricultural growth.

Inequality is a more significant determinant of poverty reduction than growth, and land equality is an important factor in rural poverty. Land in rural society is more than an economic resource, it is a symbol of political power-hence unequal land distribution has fostered unequal rural political and institutional set ups which itself are major bottlenecks to reforms.⁶

Inequality of opportunity

Understanding and confronting inequalities of opportunities such as access to education and health are as important as inequalities in outcome such as income. Social mobility has remained slower in Pakistan; recent research by LUMS and Oxfam (2015)⁷ found out that 40 percent of sons born to bottom-quintile fathers remain in the bottom quintile, while only nine percent make it to the top quintile. On the contrary, 52 percent of sons born to top-quintile fathers are themselves in the top quintile. Hence, it is quite evident that privilege is passed on from father to son.

•Education differentials : Most countries in Asia have experienced income inequalities on account of educational attainment. In general, approximately 20 percent to 40 percent of total inequality in the region can be explained by inter-personal disparities in human capital and skill endowments⁸. Economic growth in Asia has majorly been driven by technological progress, which is biased towards skilled labour and capital. This strong demand for skilled labour has increased education premiums.⁸

Since education and skills are key determinants for social mobility, the statistics in Pakistan show clear disparities in educational achievement between the rich and poor. Net primary enrolment rate of the top 20 percent households in urban areas is 80 percent and in rural areas is 72 percent. The bottom 20 percent households experience a much lower rate at 43 percent in urban and 40 percent in rural households. The majority of the bottom 20 percent households rely on government schools: 69 percent children from urban areas and 85 percent from rural areas are enrolled in government schools. In contrast, this ratio for the top 20 percent households is 13 and 30 percent⁹ respectively. Similar differences continue in literacy and higher education among different income groups but also between men and women. Table 1 illustrates these inequalities in education.

This indicates a class based education system as rich people send their children to private schools which are non-affordable by the poor. Hence poor families rely on public sector education facilities.

One of the major reasons of a low rate of educational achievement in Pakistan is linked to the level of public expenditure on education. Pakistan spends little over two

1. Mustafa Talpur is associated with Oxfam as a regional campaign coordinator. The views shared in this paper are personal view of the authors and do not reflect the policies or view of Oxfam.
2. World Bank, World Development Indicators
3. IMF (2013) World Economic outlook database.
4. Abid A. Burki, Rashid Memon and Khalid Mir (2015). Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan Lahore University of Management Sciences (LUMS) and Oxfam.
5. Oxfam (2010) Land and Poverty-Situational and Power Analysis of Pakistan
6. Dr. Kaiser Bengali (2015) Profiles of land tenure system in Pakistan. Pakistan Institute of Labour Education and Research
7. Abid A. Burki, Rashid Memon and Khalid Mir, 2015. Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan Lahore University of Management Sciences (LUMS) and Oxfam
8. Oxfam (unpublished) Deconstructing Inequality Towards a Fairer Asia
9. Government of Pakistan PSLM 2013-14

Table 1: Education statistics quintile-wise

Quintile group	Urban			Rural		
	Male	Female	Both	Male	Female	Both
Top 20 percent	93	81	87	83	59	71
Bottom 20 percent	53	37	45	45	17	30
Net enrollment rate Matric level¹⁰						
Top 20 percent	28	39	33	22	23	23
Bottom 20 percent	6	2	3	8	2	5

Source: PSLM 2013-14

percent of GDP on education, while other regional countries spend more than Pakistan, as depicted in figure 1.

Figure 1: Public expenditure on education in South Asia as a percent of GDP (2000 -2012)

Country	Average Expenditure (percent GDP)
Bangladesh	2.4
Bhutan	5.4
India	3.4
Maldives	6.0
Nepal	3.6
Pakistan	2.3
Sri Lanka	1.9

Source: UNESCO Institute for Statistics (2014)

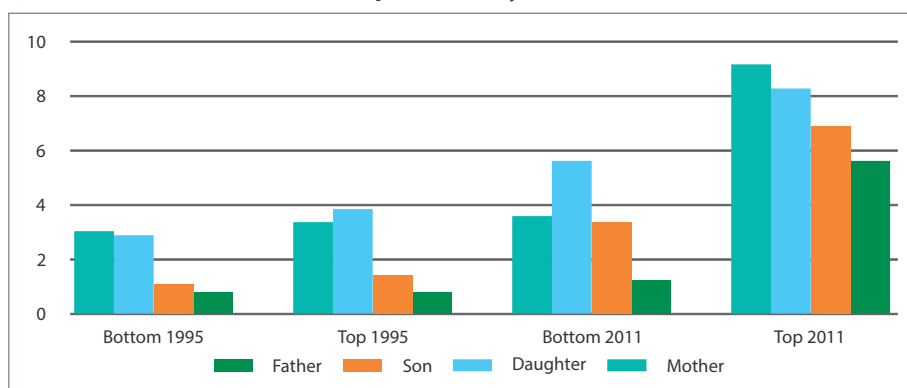
Over the last one and a half decade, education disparities in Pakistan have further deteriorated, instead of improving, which is an alarming fact. The education divide between the rich and poor further strengthens the argument that our society is on the path of rising inequality instead of inclusiveness' and providing equal opportunities to the poor for social mobility. Figure 2 depicts the difference of education between bottom and top quintile fathers, sons, mothers and daughters in two different time periods.

Based on the study by LUMS and Oxfam¹², in the year 1995, fathers in both bottom and top quintiles had almost similar mean years of school attainment whereas sons in the top quintiles fared only marginally better than the sons in the bottom quintiles. However, this picture has changed dramatically in the past 15 years: Fathers in the rich quintile now have three times as many years of education as fathers in the poor quintile, and sons in the rich quintile have twice as many when compared to the ones in the poor quintiles.

•Health: One of the main determinants of the adult population's income, is their health status, therefore, absence of an

and plays an important role in mitigating the health risk of poor with providing equal opportunity. Pakistan has one of the lowest-less than one percent of GDP-public health expenditure in the region (figure-3). Public health expenditure in Sub-Saharan Africa region is 2.49 percent more than what Pakistan spends. The lower public health expenditure has implications on out of pocket health expenses, which was 1.71 percent of GDP in 2013 in Pakistan. Since

Figure 2: Mean years of education by quintile and year



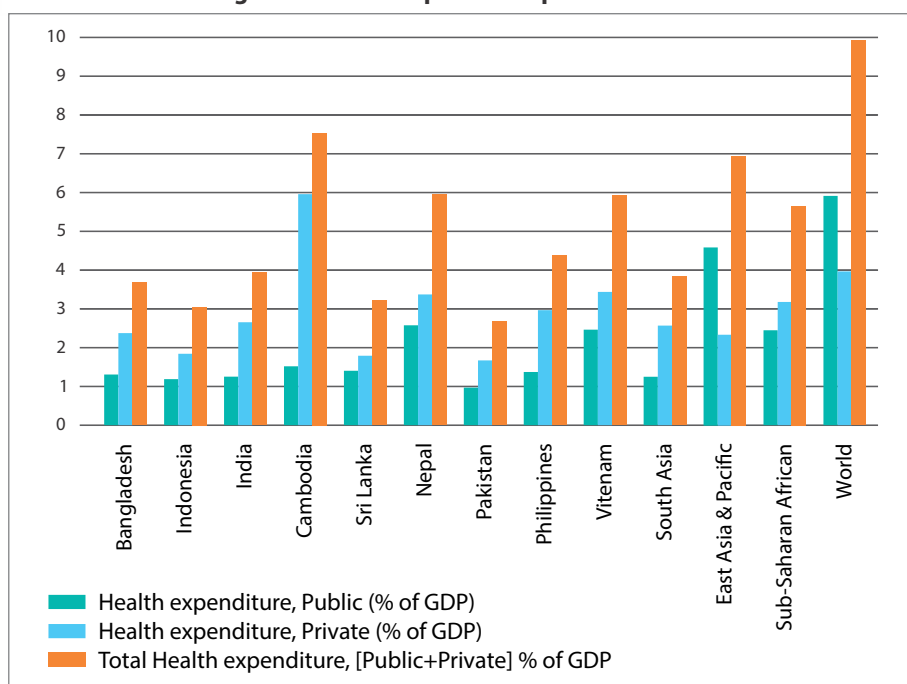
effective public health system further deepens inequalities as poor households are unable to afford health costs of private clinics. Since poor families rely on one bread winner, therefore any health disruption to the main bread winner and/or any additional health costs of the family place a severe burden on the family's already strained financial resources.

The public health expenditure level determines the access to public services

the 1980's, health has been virtually privatized, affecting the quality of life of a majority of people.

It is important to note that reduction of out of pocket expenses on health actually increases virtual disposal income for poor families. That is why access to public health facilities has a positive impact on reducing inequalities.

Figure 3: Health expenditure percent of GDP



Source: World Bank, World Development Indicators.

10. Net enrolment rate: (Number of children aged 13-14 years attending Matric level divided by number of children aged 13 - 14 years) multiplied by 100

11. Oxfam (unpublished) Deconstructing Inequality Towards a Fairer Asia

12. Burki A.A., R. Memon, and K. Mir (2015) Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan. OXFAM Research Report, March 2015. Islamabad

•Child nutrition: One important health indicator is that of child nutrition. Underweight births, lack of sufficient nutritional diet afterwards, lack of educational opportunities and inadequate health facilities create a vicious cycle of disadvantages for poor families. The inequality in Pakistan is mainly described in terms of inequality in opportunities.

The bitter truth is the existence of huge inequalities in the nutritional status and stunting of children from different geographical locations and income groups. Urban-rural divide is visible, so are the differences between provinces and other regions. The stunting rate is two and half times higher among the children of the bottom 20 percent of the population as compared to the top 20 percent. The stunting rate for rural Sindh is even higher than the country's bottom 20 percent population. These inequalities among children will have lifetime impacts on growth and development. Table 2 depicts the inequalities in child nutrition.

These disadvantages can only be removed

Table 2: Inequalities in Child Nutrition

Province /region	Percent of Stunted or chronically malnourished children of under 5 years age		
	Overall	Urban	Rural
Pakistan	45.6	37.1	48.2
Punjab	39.8	32.4	42.9
Sindh	56.7	46.1	63.3
Khyber Pakhtunkhwa	41.9	31.4	44.2
ICT	22.2		
Gilgit Baltistan	35.9		
Child stunting rate with Wealth quintile			
Lowest	61.6		
Second	55.7		
Middle	40.6		
Fourth	37.8		
Highest	23		

Source: Pakistan Demographic and Health Survey 2012-13.

with pro-active public policies and expanding the role of state, including investment in essential public services such as education and health, social protection and ensuring fair living wages. Mobilizing adequate tax revenue through progressive

taxation is a key to funding these programmes for addressing the inequality challenge.

Redistribution- who pays taxes?

Fair and progressive taxation is a fundamental principle of re-distribution. Taxes not only generate sufficient revenue so as to allow the government to meet essential functions and provide basic services to citizens, but also control the concentration of wealth and income in a few hands.

Pakistan's tax system can be characterized as unfair and inequitable and puts burden on the poor through indirect taxation. The regressive nature of the tax structure can be determined from the ratio of direct to indirect taxation. There has also been a realization over time by experts, that fiscal policy in Pakistan has not been redistributive. The increased incidence of indirect taxes on the lower income deciles due to the change in the contribution of different commodities to revenues, particularly the share of revenues collected from POL products, has risen from 19 percent in 2007-08 to over 32 percent by 2011-12 and incidence of withholding taxes, especially on imports, contracts, electricity, and telephones, is likely to be more regressive¹³.

A few reasons for the ineffective functioning of the Pakistani taxation system includes a narrow base of direct taxes and a high level of tax evasion¹⁴ along with unequal treatment to tax payers through various instruments such as incentives, exemptions and rate differentials. The findings of the tax directory clearly demonstrate the high level of tax evasion in the country. Almost 62 percent of companies and 75 percent of individuals do not file returns¹⁵.

The country's low and declining revenue yield has been attributed to wide-ranging concessions and exemptions, large-scale tax evasion, and a slack and corrupt tax administration¹⁶. Despite the narrow direct tax base, there is a preferential treatment for some sectors and entities who receive tax concessions from the government. These privileges hamper a level playing field and exert a higher pressure of increased tax rates on sectors, entities and individuals already paying their due share of taxes¹⁷. Ministry of finance estimated tax expenditure for fiscal year 2014-15 at PKR 665.0 billion¹⁸. Out of the total tax

expenditure, PKR 83.6 billion is lost on account of income tax; 478.4 billion are forgone on account of sales tax and 103 billion on account of custom duties.

Based on the above facts, it is no surprise to see a lower tax-to-GDP ratio which varied between 8.5 to 9.6 during the past 12 years. During July-April 2012-13, tax to GDP ratio stood at 6.6 percent¹⁹, one of the lowest in the world. In comparison, India's rate, whilst still low, is almost double, whilst Brazil-whose government has presided over a hugely successful redistribution programme that has reduced inequality-has a tax-to-GDP ratio of 34 percent. The low level of domestic tax collection has important implications to finance essential public services including basic education, health and clean drinking water, on which the poorest sections of society depend the most and have a positive impact on inequality reduction²⁰.

Gender inequalities

Multi-layered gender inequalities in all spheres of life, including social, economic and political, are another important driver of inequality. Therefore, when income interacts with gender, it becomes worse. This is how gender inequalities in Pakistan are multi-layered.

Women economic empowerment is a critical factor in achieving gender equality. It offers one entry point into women's empowerment, which also includes social and political dimensions. To achieve it, not only must more women have opportunities to take up paid work, but the quality of jobs available to them must improve-along with their rights and decision making power. However, in Pakistan, women are concentrated in lower paid jobs and the informal sector. The female employment rate is lower than men and gender wage is higher. Most of the women force is engaged in the agriculture sector.

Labour force participation rate is an important indicator of women's economic activity. However, Pakistan's labour force comprises of majority men. According to the draft labour force survey 2014-15 and PILER's report on the status of labour rights in Pakistan 2015, there is a wide disparity between men (67.8 percent) and women (22 percent). Furthermore, women's low participation rate, the lowest in South Asia, is due to the lower human development for women (i.e. literacy, skills, health) and cultural constraints.

13. Hafiz A. Pasha *and Aisha Ghaus-Pasha, <http://lahoreschoolofeconomics.blogspot.com/2013/12/the-future-path-of-tax-reforms-in.html>

14. Jorge Martinez-Vazquez and Musharraf Rasool Cyan (2015). The role of taxation in Pakistan's revival. Oxford university press

15. SDPI and Oxfam (2016) Reforming corporate taxation in Pakistan (Unpublished)

16. Hafiz A. Pasha *and Aisha Ghaus-Pasha, <http://lahoreschoolofeconomics.blogspot.com/2013/12/the-future-path-of-tax-reforms-in.html>

17. SDPI and Oxfam (2016) Reforming corporate taxation in Pakistan (Unpublished)

18. Govt of Pakistan, ministry of finance, http://finance.gov.pk/survey/chapters_15/Annex_II_Tax_Expenditure.pdf

19. Jorge Martinez-Vazquez and Musharraf Rasool Cyan (2015). The role of taxation in Pakistan's revival. Oxford university press

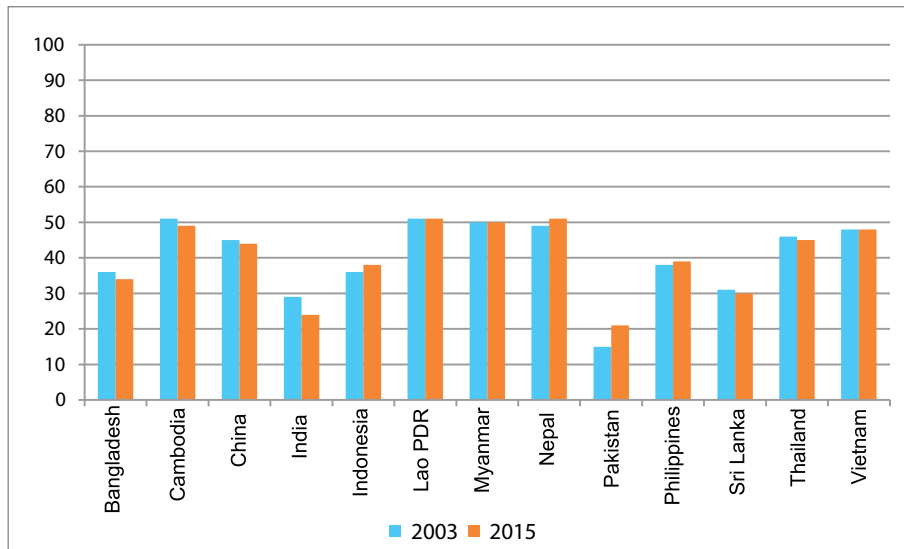
20. Oxfam & SDPI (2015) Issue briefing: Towards a fair and just fiscal policy in Pakistan. <http://policy-practice.oxfam.org.uk/publications/towards-a-fair-and-just-fiscal-policy-in-pakistan-556474>

In addition to the lower labour force participation rate, women earn less than men for the same amount of work and this gap is increasing²¹ with women earning 77

the market due to mobility restrictions arising out of cultural norms.

Low social status and cultural barriers combined with fewer educational and employment opportunities is also a major hurdle in women's political participation and voice. There are currently only 20.7 percent women members in the national assembly and 16.3 percent in the senate²³.

Figure 4: Women's share in total employment across the Asia region (selected countries), 2003 and 2015, percentages, ILO estimations



Source: Oxfam (June 2016) Underpaid and undervalued: how inequality defines women's work in Asia

percent of what men earn for the same job. Although overall, women's labour force participation demonstrates an upward trend, they are more concentrated in agriculture (figure 5). The agriculture sector pays less and women's contribution in agriculture is hardly recognized because they neither own land nor have access to

Another important factor hindering women's progress is the unequal distribution of unpaid care work though important for family and society's progress is hardly counted and paid. In Pakistan, women spend 4.3 hours more per day than men on this work²².

Shrinking share of labour

One of the key global trends driving inequality has been the shrinking share of wages in the national income. Labour has been consistently losing ground to capital. Earlier this year, a research by Oxfam revealed that in almost all rich countries and most developing countries, the share of national income going to workers has been falling.²⁴

Changes in wages such as increasing minimum wage, are positively correlated with equality in the society. In Argentina and Brazil, where inequality fell most, changes in the distribution of wages and paid employment accounted for 87 percent of the decade-long reduction in top-bottom inequality in Argentina, as they did for 72 percent in Brazil.²⁵

Though information on wage share in national income for Pakistan is not available, but two important indicators-share of informal employment and difference between real and minimum wages-can guide us to the extent of this inequality driver.

Figure 5: Agriculture Income Trends



Source: Burki A.A., R. Memon, and K. Mir (2015) Multiple Inequalities and Policies to Mitigate Inequality Traps in Pakistan. OXFAM Research Report, March 2015. Islamabad

At 42.3 percent, the agriculture sector still employs a large part of the labour force. It has the lowest wages and incidences of bonded labour. Agriculture labour force has a female majority as it consists of 72.7 percent of women compared to 33.1 men²⁶. This also explains partially, the gender dimension of inequality in labour force as women are concentrated in the low paid agriculture sector.

Informality of employment is the biggest challenge for Pakistan, because informal sector workers lack the legal status and have limited entitlements to benefits and rights. According to the recent labour force survey, 72.6 percent workers outside agriculture were engaged in the informal sector. What this tells us is that this large number of informal workers is outside of the national minimum wage structure, as well as other labour welfare legislations.

Policy Recommendations

The following measures can help in reducing inequalities in Pakistan:

21. PILER (March 2016) Status of Labour Rights in Pakistan 2015

22. Source: Oxfam (June 2016) Underpaid and undervalued: how inequality defines women's work in Asia

23. Women in Parliament-Inter Parliamentary Union, 2014. <http://www.ipu.org/wmn-e/classif.htm>

24. Oxfam (January 2016) An Economy for the 1%. <https://www.oxfam.org/en/research/economy-1>

25. ILO Global Wage report 2014-15. http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_324678.pdf

26. PILER (March 2016) Status of Labour Rights in Pakistan 2015

- The government of Pakistan, in consultation with provincial governments, should develop a comprehensive plan to fairly redistribute agriculture land and implement the provision of existing land reform acts to increase the access of landless people in rural areas, with special focus on women. Similarly, state land should be distributed on priority basis among landless people, especially women. In addition, this should be backed by policies improving access to capital and resources. To reduce inequality and to enhance agriculture income, the focus should also be on value addition in agriculture production.

- Federal government as well as all provincial governments must increase public expenditure in three equity promoting expenditures i.e. education, health and social protection. Along with increasing budgetary allocations, they must ensure the efficient utilization and transparency of resources. Universal access to secondary level education, primary healthcare and social protection could help in reducing poverty and inequality and can be achieved with increased and better utilized public investment in these sectors.

- Pakistan has to increase domestic revenue mobilization to increase investment in essential public services. However, the revenue mobilization should be progressive with minimal effects on poor people. It is important to remove tax exemptions, expand tax base and bring large wealth portfolios, including real estate, under the tax net, along with agriculture income tax collection. This requires addressing and eliminating existing loopholes in current tax policies and laws to control tax avoidance and evasion by rich individuals and corporations. It is also essential to have public awareness on the role of taxation on nation building and earmarking increased revenue with improved public services.

- All development partners in Pakistan have to pro-actively support the government in efforts to improve the working conditions of women, decrease gender wage gap, ensure that informal workers are entitled to benefits and existing laws regarding minimum wage are implemented in all the sectors including agriculture workers. Governments and businesses should promote positive social norms and attitudes to women's work.

- The government and other businesses in Pakistan need to work out a strategy to lift the minimum wage to the living wage. Generalised System of Preferences (GSP) Plus status for Pakistan provides an opportunity to improve labour standards and working conditions. Businesses have to develop a new economic model which benefits both the labourer and society as a

whole, rather than serving the purpose of shareholders.

Education, Inequality and Violence



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Institute of Peace and Conflict Studies
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The dictates of social pressures through its institutions at different forums socialize its members for reaction to various situations. Geography (rural/ urban), gender (male/ female/ transgender) and age groups with class, caste, sect, ethnicity, and level of education are the various indicators or actors that force or reinforce us for a specific behavior. This response mechanism, if functioning in accordance with the demands of the interest groups, is known as social cohesion and integration and it includes both tolerance and violence.

Education is the primary institution that creates realization of citizenship, (dis) engagement of a person from family to state and exit routes to the market at various stages as well as re-entry. The question of morality and civic training, left with mosques and madrassahs¹ is also realized in the education system elsewhere as a comprehensive package within schooling, to give concepts of spirituality as well as a sense of commercialization and individualism. Since inception, Pakistan has been a security conscious state, exposed to both internal and external threats. For

decades, Pakistan has been providing feeder to non-state actors and giving into the demands of international power politics. But till date, we could not address what should have been the primary task of any nation in making: addressing an education system. 'Educational indicators of Pakistan are still dismally low, although steady progress has been noticed during the last few decades. At present, about one third primary school age children are out of school, 42 percent population (age 10 plus) is illiterate. Wide discrepancies persist in education indicators pertaining to provinces/areas, location (urban vs. rural) and gender. At the national level, about two third women of age 15 plus cannot read and write, and 35 percent girls remain out of school. Gender Parity Index in case of participation in primary education is 0.82. It is estimated that over 6.7 million children are out of school, and majority of them (62 percent) are girls.'² There are several reasons that may be attributed to such inequalities in education including, unequal budget allocations, disparities in the types of education systems i.e. private versus public versus madrassahs, gender disparities and disparities in affordability.

The Pakistani education system is de-linked to its social fabric at all three facets of training future generations i.e. schools, madrassahs and vocational education. Islamic heritage, Pakistani culture, colonization and contemporary issues of radicalization are the main thematic areas to deliberate upon linking them with failures of our education system and spreading radicalization in our society. For decades, the country remained busy with wars and neglected mechanisms that would enable the country to gain inner strength. The education system suffered a lot during this whole ordeal. The formal education system has a history in capitalistic revolutions of the west. The concept of 'engaged citizenship' was the drive behind formal education that was borrowed from the colonial era. The

madrassahs were introduced about 150 years ago, primarily in Central Asia, with the same concept of western schools but to have a uniform Muslim Ummah³ instead of nationalist citizenship concepts. There was a need to have a uniform system of education providing training to its new generation on 'uniform citizenship' and creating a 'psychic unity' on certain issues of national and international interest besides inculcating argumentation skills and logical scientific research.

Inequality and violence

The perceived challenge was that formal education has targeted the concept of "Ummah", and the west is dividing us into 'nationalities', therefore there should be an education system that dictates to the future generation, the principles of a unified "Ummah" under the guidance of Islamic teaching so as to nurture a citizen who is unified based on the theology of Islam without any consideration for social hierarchy based on colour, creed, social standing or gender. Such inequalities breed violence in the society. The most well-established environmental determinant of the levels of violence is the scale of income differences between the rich and poor. More unequal societies tend to be more violent. The relationship between inequality and crime has also been the subject of sociological theories on crime. Broadly speaking, these have developed as interpretations of the observation that "with a degree of consistency which is unusual in social sciences, lower-class people, and people living in lower-class areas, have higher official crime rates than other groups."⁴ One of the leading sociological paradigms on crime, the theory of "relative deprivation," states that inequality breeds social tensions as the less well-off feel dispossessed when compared with wealthier people.⁵ The feeling of disadvantage and unfairness leads the poor to seek compensation and satisfaction by all means, including committing crimes against both poor and

1. A school or college, especially a school attached to a mosque that teaches theology and religion.
2. UNESCO Report, "Education for All 2015 National Review Report: Pakistan." Available at <http://unesdoc.unesco.org/images/0022/002297/229718E.pdf>
3. The concept of "Ummah" is "unity on theological grounds beyond any ethnic, geographic or national identities".
4. Pablo Fajnzylber, Daniel Lederman & Norman Loayza (2002) "Inequality and Violent Crime," Journal of Law and Economics, vol. XLV, University of Chicago.
5. See the work by Steven Stack, Income Inequality and Property Crime: A Cross-National Analysis of Relative Deprivation Theory, 22 Criminology 229 (1984)

rich. Social Inequality Prejudice develops when people have money, power, and prestige, and others do not. Social inequality increases prejudice.

According to Haroon Jamal, "inequality in income and assets is a significant factor behind crime, social unrest and violent conflict. Skewed income distribution is likely to create large differences on the basis of ethnicity and regions. These aspects act as a potential threat to political stability. A high degree of inequality, ingrained into the structure of the society and economy and reinforced by policy actions, contributes to a sense of grievance and injustice, promotes despondency and anger, and generates social tensions and instability."⁶ According to a study by Sadia Malik, places where there are large income differences, there is also an increased spike in violent and terrorist activities.⁷ Table 1 shows striking difference between the incidence of poverty in the southern and northern districts of Punjab. It does not appear to be a coincidence, therefore, that radicalization and militancy is gaining faster support in south of Punjab where poverty is rampant and illiteracy and unemployment is high leading to relatively greater potential of unemployed and

Table 1: Incidence of Poverty in Punjab

Southern Districts	% of population below the poverty line
Rahimyar Khan	45.87
Bahawalpur	39.46
Rajanpur	54.16
Dera Ghazi Khan	51.01
Muzaffargarh	56.29
Multan	38.4
Lodhran	48.37
Bahawalnagar	32.45
Vihari	30.03
Khanewal	38.84
Layyah	40.86
Northern districts	% of population below the poverty line
Rawalpindi	11.32
Attock	14.11
Chakwal	18.09
Sialkot	13.96
Jhelum	12.32
Gujarat	12.72
Sargodha	25.66
Narowal	19.3
Gujranwala	19.04
Lahore	11.6
Sheikhupura	26.2

Source: Sadia Malik (2009), "Horizontal Inequalities and Violent Conflict in Pakistan: Is There a Link?" Economic and Political Weekly

frustrated youth providing support to the militant activities.⁸ According to a study by Ahmed (2008), the southern districts also happen to be the "fertile recruiting ground" for groups that are involved in suicide bombings in Pakistan.⁹ The same study also reveals that many of the seminaries established during the days of state-sponsored jihad in Afghanistan were set up in southern Punjab. The Bahawalpur district alone has around 638 registered seminaries apart from hundreds of unregistered ones. Jaish-e-Mohammad, a militant group, has its strongest presence in the southern districts of Bahawalpur, Bahawalnagar, Layyah, Bhakkar and Rahimyar Khan. Sipah-e-Sahaba Pakistan, according to this study, dominates in Muzaffargarh and Multan that are again amongst the poorest districts of southern Punjab.

Madrasahs

In the Afghan War, the nourishment of madrasah under state sponsorship flourished, but the result was further segmentation and segregation of Pakistani citizens on lines of sectarianism and sub-sectarianism whilst existing categories of ethnic divides remained intact. Therefore, instead of a unifying effect, it caused further divisions within the Pakistani society. The existing education system in Pakistan, both in schools and madrasahs, thus has a clear divide not only with each other but within. Table 2 shows the enrollment status in formal schools and madrasahs, region wise. Total enrolment in primary schools is 17.6 million, with 9.8 million (56 percent) boys and 7.7 million (44 percent) girls. Enrolment in Middle Schools is only six million with 57 percent boys and 43 percent girls, while enrolment in secondary schools is 2.8 million with 58 percent males and 42 percent females. The

proportion of females marginally declines as education level increases, thereby depicting gender disparities in education as well.¹⁰

There are six Wafaqs (The Board of education that governs Islamic Madrasahs recognized by the State of Pakistan) in the madrasah system, each least interested to share its knowledge, expertise and resources with the students and academia of the other, considering its domain unique, righteous but to the extent that the others are spreading wrong interpretations of Islam (indirectly declaring them un-Islamic). For the formal education system, besides the state run Text Book Boards, there are other boards including Afaq Education and Curriculum, Iqra publications and Oxford Publishing. All these boards consider themselves to be the best providers for the most suited curriculum and there exists a perpetual silent war that continues to compromise on the actual quality of the curricula.

Pakistan also has an extensive network of Non-Formal Basic Education (NFBE) institutions with an estimated enrolment of at least 2.5 million students. Establishment of Non-formal Basic Education Schools for out-of-school children was an innovative initiative taken by Pakistan. Presently, more than 13,000 Basic Education Community Schools (BECS) are functioning throughout Pakistan, having a total enrolment of around 0.6 million.¹¹ The current education system, its systemic problems are discussed in the context of dropout, enrollment, learning capabilities and teacher absenteeism etc. but not considered for reform in the existing system with national objectives to have engaged citizenship by facilitating the future generation to meet

Table 2: Enrollment rates

Type	Primary Schools	Middle Schools	High Schools	Madrasahs
Balochistan	670,143	163,491	71,790	76,846
FATA	374,994	75,713	29,295	52,521
Gilgit Baltistan	107,990	45,662	20,970	15,522
Islamabad	119,168	64,615	37,614	12,308
Khyber Pakhtunkhwa	2,980,910	1,050,771	424,661	397,847
Punjab	9,123,952	3,474,610	1,599,465	783,149
Sindh	3,821,191	1,081,979	581,326	354,774
Azad Jammu & Kashmir	376,501	162,356	70,205	103,989

Source: UNESCO Report, "Education for All 2015 National Review Report: Pakistan." Available at <http://unesdoc.unesco.org/images/0022/002297/229718E.pdf>

- Haroon Jamal (2009), "Income Inequality in Pakistan: Trends, Determinants and Impact." Available at <http://www.undp.org/content/dam/pakistan/docs/Poverty%20Reduction/UNDP-PK-Poverty-2%20Income%20Inequality%20in%20Pakistan.pdf>
- Sadia Malik (2009), "Horizontal Inequalities and Violent Conflict in Pakistan: Is There a Link?" Economic and Political Weekly
- Ibid
- Ahmed, Maqbool (2008): "Route to Roots", The Herald Annual, Pakistan.
- UNESCO Report, "Education for All 2015 National Review Report: Pakistan." Available at <http://unesdoc.unesco.org/images/0022/002297/229718E.pdf>
- Ibid

market demands contextualizing their own history, culture and local identities.

These reforms must address education administration, examination and establishing local and indigenous curriculum for Pakistan. Our formal education and madrassah system has failed to neither produce “uniform citizenship” nor provide an “engaged citizen”. Similarly, vocational centers also failed to provide innovative skilled human resource that could compete in the international job market. Our madrassah students are better in social acceptability for their docile behavior, with a conforming attitude to take orders. School children are comparatively ready to accept world innovations thereby challenging the status quo. Children in workshops and vocational training institutes imitate the skills of their trainers and lack innovative critical thinking. Therefore, the system itself is producing a mass which is divided, radical, and extremist as well as polarized in its own domain.

Way Forward

The proposal of an alternative campaign¹² was launched within limited resources at seven public sector universities of Khyber Pakhtunkhwa in March and April 2015. The title of the campaign was “Engaging Youth in De-radicalization of Khyber Pakhtunkhwa through Education Reforms”. The model proposed a uniform Model Primary Education system, wherein all basic religious and national curriculum was to be designed. Gender segregated education was proposed but at college level (year 13-16). In addition, a new system for the four years BS education program was also proposed, replacing the existing system of the BA/BSc annual centralized examination based system. The new system was created to develop gender-sensitization and tolerance by replacing the gender segregated system with co-education among adolescents. As for universities, dire improvements in MS and PhD programs equipping them with latest research tools was also proposed as part of the model.

Under the reform model, student assessments or examination systems were proposed to be replaced with introducing objectives for each year as targets for teachers, not students. These targets were not to be limited to reading and writing skills only, but extended to lifestyles and basic grooming of an engaged citizen for a tolerant, harmonious and culturally diverse Pakistan.

For secondary schools, two levels of evaluation through electronic and centralized universal examinations were

proposed; first, to evaluate their level of intellect, (in the case of scholarships); and second, to evaluate the aptitude (determine the type of education for these students to carry on or exit to a vocational and professional cadre).

For undergraduates, annual examinations were proposed to be replaced with semester or term systems. MS and Ph.D. level course work were proposed to be examined through publications in local magazines, newspaper articles and publication of research papers instead of the traditional methodologies. This will enrich and widen the production of the national knowledge data base.

An exit route and re-entry mechanism in the education system was also considered requisite in order to provide alternative means of training. To provide space on urgent basis for the implementation of this reform, un-utilized spaces like mosques were proposed to be used, as these are generally built on strategic locations in all areas and remain empty for more than 18 hours in a day. With more space created, often side lined genders in the society such as transgenders, would also be able to acquire some sort of education. The *maktab* school project¹³ could serve as a good example to follow.

The reforms model also proposed providing education to all citizens above eighteen years of age, passing a legislation that compels national, international and multi-national companies to provide jobs and internships and grant special consultative status to all Ph.D. degree holders to take part in local bodies' councils by virtue of their degree, a step that would enable incorporating quality in decision making at the grass root level.

To further this goal, research surveys need to be conducted assessing viable professions in the context of urban and rural Pakistan and for the identification of spaces for primary and vocational education. Proper curriculums for skill based trainings should be based on these surveys and the curriculums must consider Islamic teachings on the subject as well as national legislations and international standards. State may decide the tenure of each course and the level of education required at each stage so that a student who is unable to move beyond primary, secondary, and/or undergraduate level may be given a professional intermediate exit route as well as re-entry into mainstream education. This means advocacy campaigns for legislations in the education system need to be done. This could help the government document

national economy as well as provide the public with quality services.

As a sociologist and activist for peace, I feel that this approach would give the nation an exit route to train its citizens as per the demands of the real world, accepting diversity, pluralism, harmony and argument for life, hope, prosperity and would lead them to change further the narratives of happenings in Pakistan in the education sector.

12. Refers to the model proposed by the writer.

13. See more on their website, www.maktab.pk

Interview



Ahsan Iqbal

Federal Minister
Planning, Development and Reform

What are the key dimensions of inequality faced in the country?
Has this widened overtime or is inequality reducing?

Income inequality alone is not sufficient to adequately characterize the disparities in societies. In Pakistan too, like other developing countries, the incidence of inequality is multidimensional. At the individual and regional level, regrettably, disparity is observed in income, consumption patterns, gender, social services, resource endowment and regional development.

However, headcount poverty in Pakistan, estimated through the Cost of Basic Need (CBN) method, has evidently declined from 64.3 percent to 29.5 percent during the last fourteen years. Furthermore, government's development philosophy is focused on investing in human capital to increase the pace of indigenous and inclusive growth that in turn will further reduce the multidimensional inequality in the country.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this?

I think there is a two-way relationship between multidimensional inequality and prevalence of crimes and terrorism. No one can deny the repercussions of multidimensional inequality and consequences thereof prevalent in the country. Nonetheless, I would also say that geographical and regional inequalities are one among many other factors for the existing social strife, crime and terrorism in Pakistan. This social discord is also the fallout of the obnoxious intrusion of vested interests, which capitalize and foster their intense motives through engaging disgruntled and deprived elements of the society.

It goes without saying; fairer allocation of resources between have and have-nots addresses the stringent issue of inequality. In spite of this, economically and practically, eradication of inequality is not possible because different people and regions have different endowments. But, of course inequality is to be minimized, which is the focus and priority of the government of Pakistan as well.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of

say that again

"...It goes without saying; fairer allocation of resources between have and have-nots addresses the stringent issue of inequality."

economic and social inequality faced by Pakistan?

The Government has devised "Vision 2025" through wide consensus among various elements of the society. Vision 2025 seeks to make Pakistan one of the top 25 economies in the World with Upper Middle Income Country status by 2025 while reducing the poverty level by half. The policies for encountering multidimensional inequality are on the agenda of the government of Pakistan. The growth strategy outlined in the 11th Five Year Plan is focused on pro-poor sectors such as agriculture, Small and medium-sized enterprises (SME) and construction. It is pertinent to mention that after the 18th constitutional amendment introduced in 2010, social sector is in purview of the provincial governments; who are also ensuring fairer allocation of resources in this regard.

The government's key approach is to enhance the contribution of the different strata of society in the development process, whilst ensuring distributional justice. Concerted efforts are being made to enhance the capabilities of the citizens so that they acquire the basics i.e. nutrition, health, education and governance. Think of society in two parts; one, which can afford market phenomenon to acquire these basics, and other, which cannot afford and therefore requires assistance. If the latter part is not assisted then maximum benefits cannot be capitalized. Therefore, the government has been working on social safety nets, conditional and unconditional cash transfer programs in education, health, skills development, disability help and disaster mitigation etc. Moreover, the government is focused on increasing women participation in the workforce, enforcing wealth and income tax collection, increasing tax base, enforcing minimum wage, creating microcredit opportunities, ensuring 100 percent primary enrollment and creating vocational skills centers. Hopefully, these initiatives will bring about results very soon.



Dr. Hamid Khan Achakzai

Minister

Planning and Development, Government of Balochistan

say that again

"...There should be strengthened democracy, national self autonomy, control of all nationalities on their resources and all matters apart from defense, currency, foreign affairs and partly communication, should lie with the provinces."

What are the key dimensions of inequality faced in the country? Has these widened overtime or is inequality reducing?

The lack of democracy has resulted in inequality. After the death of the Quaid, there was no civilian rule, all prime ministers were selected not on the basis of 'one man one vote' and monitored directly by Punjab. When they were unable to control the governments, Martial Law and dictatorial regimes were put in place that further widened the gap of inequality. Whatever civilian governments, except of late Zulfiqar Ali Bhutto, were in place, including of late Benazir Bhutto and Mian Nawaz Sharif, were controlled and sent home within two or three years. Punjab once only used to produce pulses and wheat, but with the passage of time, it transformed into an industrial giant, housing a number of small industrial hubs. There were several mills in Quetta, Harnai and Mastung, but they were dismantled. Similarly, education, irrigation, live stock, fisheries and agriculture are sectors that can help bridge the gap, if developed. Due to Pakistan's intervention and holy war against Afghanistan, Afghan immigrants in huge numbers entered and settled in the bordering districts. This was a cause of turmoil for the local residents as issues of lawlessness, law writ, drug culture, destruction to forests, roads and basic infrastructure all began to crop up. The speed with which destruction hit was unfortunately, much more rapid than the speed at which funds were provided to tackle it.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have nots help address this?

Destruction is a thriving companion of terrorism, lawlessness and a lack of democracy. Democracy needs to be parliamentary, without interference from the army. The Election Commission of Pakistan and judiciary should be independent, nations should have complete control over all their resources and equality should prevail in all segments of life. When natural gas was discovered in Balochistan in the 1950's, it was distributed to provinces all over Pakistan but ironically, Balochistan was granted only 20 percent share. Such factors deteriorated the situation and increased inequality. Though the 18th amendment granted the province some relief in terms of autonomy and funds that may help in decreasing the sense of deprivation, however, a menace as inequality will take time to be eliminated.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of

economic and social inequality faced by Pakistan?

Policies are what are breeding inequality and causing increase in disparity. Take the example of CPEC and Gwadar energy projects; whilst 400 billion projects are planned for Punjab, a mere one billion are being planned Balochistan despite the fact that Gwadar is a part of Balochistan and the province is in dire need of such development initiatives. The province should be given equal resources as the rest of the provinces, if not more. If the federal government continues with such policies, the inequality gap will further increase. There should be strengthened democracy, national self autonomy, control of all nationalities on their resources and all matters apart from defense, currency, foreign affairs and partly communication, should lie with the provinces. Finally, the provinces can definitely contribute towards the center, given it has surplus resources.

Interview



Dr. Ayesha Ghaus Pasha

Provincial Minister for Finance, Punjab
Member, Provincial Assembly Punjab

What are the key dimensions of inequality faced in the country? Has this widened overtime or is inequality reducing?

There are various aspects in which inequality is discussed throughout the world such as income, health, education, social status, gender, etc. However, in broader terms, they can be classified into inequality of opportunity and inequality of outcome. Inequality of opportunity is related to unequal access to education, health, or other such services and often leads to inequality of outcome. Nevertheless, inequality of outcome is not merely attributed to inequality of opportunity, but often the social setup also leads to inequality of outcome, for example lower income levels for minorities and women.

Unfortunately, Pakistan suffers from both inequality of opportunity and inequality of outcomes. The urban rural divide has led to better facilities in the large urban centers. There is a clear difference in the services available to the public in different provinces as indicated by the progress against the Millennium Development Goals. The state of facilities in Punjab is better than of other provinces, with Balochistan being the least developed. However, even within provinces, the level of facilities provided is not equal. For example, as indicated by the Pakistan Social and Living Standards Measurement Survey (PSLM) and the Household Income and Expenditure Survey (HIES), there is a clear difference in poverty levels between northern and southern Punjab. This poverty indicates inequality of opportunity which ultimately leads to inequality of outcome.

Despite a lot of developmental projects being implemented by the government, on the whole, inequality levels have risen in Pakistan and therefore more work needs to be done to curb this issue. Specific emphasis needs to be laid on ensuring equality of public services such as education and health, which directly affect human capital.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this? What has the government of Punjab done in this regard?

There are different perspectives on whether geographical and regional inequalities are linked with crime or terrorism. Some economists such as Thomas Piketty agree with the statement, while others do not. For now, it is very difficult to ascertain whether they have a strong positive or negative relationship, or even if there is a relationship precisely in the context of Pakistan. However, I do agree that regional and geographical inequalities

say that again

"...theories of institutional economics prove how, those deprived of their rights due to unequal treatment develop resentment, which can ultimately lead to rebellion."

might lead to instability, specifically when those with greater resources exercise power for rent seeking purposes. Theories of institutional economics prove how, those deprived of their rights due to unequal treatment develop resentment, which can ultimately lead to rebellion. Therefore, what is true for the world holds true for Pakistan as well.

The Punjab government has been trying to address the regional equity issue by assigning higher budgetary allocations to the deprived regions of the province. The share of South Punjab in the population is 31 percent whereas their share in the development budget has been in excess of 32 percent for the last many years. However, just appropriate resource allocation and addressing inequality cannot prevent crime and terrorism as there are a lot of other contributing factors. It is also not possible to address the historical lag in equity among regions in a short period of time. Apart from addressing the issue of inequality, there is a need to take measures especially targeting crime and terrorism. Pakistan is amongst the countries that have been a victim of terrorism, however, we still stand strong and have been successful in dealing with terrorism. For example, Swat has been declared terrorist free through military action. A similar operation has been very successful in FATA and is nearing its completion. These measures have greatly reduced the number of terrorist attacks in the country. Similarly, the government of the Punjab, acknowledging the importance of law and order in the province, has allocated a large share of budget to it. Some of the key measures taken by the government include establishment of the Counter Terrorism Force and Special Protection Unit and initiation of the Safe City Program. However, more work needs to be done that specifically targets the inequality issue.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

The inequality levels within Pakistan are very high and Government of Pakistan realizes the importance of this issue. The National Finance Commission (NFC) and Provincial Finance Commission (PFC) Awards have been formulated such that they increase the horizontal and vertical equity of budgetary resource allocation. Further at the provincial level, the budgetary resource allocation through increased participation of the provincial assembly members will ensure resource allocation effectively to different sectors as per their needs. Evidence based budgeting is being introduced, which will help ensure equity in service provision amongst all districts.

To tackle with the issue of inequality, there is a need to ensure the availability of a similar level of quality services to all. This highly depends on the availability of funds. Measures have been taken by the government of Pakistan to increase its revenue by increasing the tax base and to allocate more to development schemes. The percentage of development budget has been kept high in 2015-16, for example in Punjab it had been increased by 15.9 percent. The governments at national and provincial levels need to work together.



Dr. Niaz Murtaza

Political Economist
Senior Fellow with UC Berkeley

What are the key dimensions of inequality faced in the country? Has this widened overtime or is inequality reducing?

The main dimensions are gender, class, ethnicity and regional. There is very little reliable data available in Pakistan to answer the second part conclusively.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this?

Prima facie, one can say that inequality does breed crime and terrorism and reducing inequality should help in reducing crime certainly. Regarding terrorism, the relationship is more complex since it has an ideological dimension too which may only be partly driven by inequality.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

No, the policies are not appropriate. They key policies would relate to equitable taxation, access to quality education, access to land and capital etc.

Interview



Muzaffar Said Advocate

Provincial Minister for Finance, Khyber Pakhtunkhwa
Member, Provincial Assembly Khyber Pakhtunkhwa

What are the key dimensions of inequality faced in the country? Has these widened overtime or is inequality reducing?

Pakistan is facing an ever increasing disparity of financial and economic opportunities for the masses. The gap between the rich and poor is soaring alarmingly. Such is the case of provinces as well. No focus is given to bridge this gap of disparity for good, rather it is multiplying year after year. This promotes a sense of deprivation in the people that is a matter of concern. Whilst main sources of income like hydel power generation, power houses, oil, gas and tobacco crops (of Khyber Pakhtunkhwa-KP) are controlled by the center, those of Punjab are controlled by the province itself, which is ridiculous. Punjab directly receives its income as well as other benefits, and during the country wide food crisis, even imposed a ban on the transportation of wheat to other provinces, but the question is, can we restrict our power supply for internal use to save our dying industry and suffocating people? The answer cannot be in the affirmative, of course. This gives birth to the worst type of inequality and a state cannot afford to inculcate such a feeling in its federating units, especially post the 18th amendment where provincial autonomy was statute but not implemented accordingly. Its prompt remedy is possible in the shape of justice else it might be too late to rescue KP and its people from the increasing menace of poverty and unemployment.

At the micro level, Pakistan suffers from inequality of opportunities and outcomes. The urban rural divide has led to better facilities in urban areas, especially in big cities. The services available to the public vary greatly amongst the provinces, as indicated by the Millennium Development Goals. The state of facilities in Punjab fares better than the rest of the provinces, particularly KP and Balochistan. The level of facilities varies even within the provinces themselves. This indicates inequality of opportunity which ultimately leads to the inequality of outcome. Though a lot of developmental projects are implemented by the government but on the whole, inequality levels have risen in Pakistan and therefore, more work needs to be done to curb this issue for good. Focus needs to be laid on ensuring equality of public services such as education and health, which directly affect human capital.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have nots help address this? What has the government of KP done in this regard?

There is difference of opinion on whether geographical and regional inequalities are co-related with crime or terrorism. But it

say that again

"...by assigning higher budgetary allocations to the deprived regions of the province, the government of KP is attempting to address inequalities."

is a fact that poverty, unemployment and other economic disparities lead to it. I also agree that regional and geographical inequalities lead to instability, specifically when those with greater resources exercise power for rent seeking purposes. Theories of institutional economics prove, how those deprived of their rights due to unequal treatment develop resentment, which can ultimately lead to rebellion. Therefore, what is true for the world holds true for Pakistan as well.

By assigning higher budgetary allocations to the deprived regions of the province, the government of KP is attempting to address inequalities. However, crime and terrorism require stronger measures to uproot, in addition to mere fund allocation and addressing inequality. Pakistan has been successful in dealing with terrorism: Swat has been declared 'terrorism free' through military action. A similar operation has also been very successful in FATA and is nearing its completion. These measures have greatly reduced the number of terrorist attacks in the country. The government of KP has allocated a major chunk of budget for maintaining law and order in the province. Some of the key measures taken by the government include establishment of the Counter Terrorism Force and initiation of the Safe City Program. However, more work, specifically targeting the inequality issue, needs to be done.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

Inequality levels within Pakistan are quite high and need the immediate attention of the government. Though the National Finance Commission Award needs to be rectified and a new award to be announced in the backdrop of the 18th amendment, however, the formulation of the Provincial Finance Commission Award has led to an increase in the horizontal and vertical equity of budgetary resource allocation. Further, at the provincial level, budgetary resource allocation through increased participation of the provincial assembly members will ensure more effective resource allocation to different sectors as per their needs.

To resolve the issue of inequality, there is a need to ensure the availability of quality services to all. This depends on the availability of funds. The governments at the national and provincial levels need to work together irrespective of political motives. This will not only improve the state of affairs, but coin a chapter in history as well.



say that again

"... Fiscal, monetary, financial and social policies along with robust and well-functioning institutions can play a significant role in redressing these inequities"

Dr. Ishrat Hussain

Chairman, South Asian Network of Economic Research Institutions (SANEI)

Former Governor, State Bank of Pakistan

Former Dean & Director, Institute of Business Administration (IBA), Karachi

What are the key dimensions of inequality faced in the country? Has these widened overtime or is inequality reducing?

The main dimensions of inequality are income, gender, skills, sectoral and regional. Illiterate women in rural areas, heading households from agricultural activities, are likely to belong to the lowest quintile of the population that has only five percent of the share of national income.

The share of the top quintile in income distribution would be about nine to ten times higher than the bottom quintile. The probability of an educated urban male living in the metropolitan (Karachi, Islamabad, Lahore) areas and employed in the industrial or formal service sector would be high. While poverty has declined over time, asset ownership in the form of land, capital and skills, appears to have become concentrated. Gini coefficients are relatively low and do not seem to be moving significantly in an upward direction. This may be due to a burgeoning middle income class that covers the second and third quintiles from the top.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have nots help address this?

While these inequalities may not be the sole determinant of social strife, crime and terrorism, they do breed the conditions that are conducive for some deprived members of the society to engage in these activities. Educated youth who do not get opportunities for employment in productive activities because they do not have the right connections or the financial resources to buy jobs are found to be drawn towards illicit economy and criminal activities. Breakdown of governance and lack of access to justice, education, health and other basic needs are the contributory factors towards this nexus. Ethnic sub regional political parties do take advantage of these inequalities to create a wedge in the fabric of national cohesion and solidarity.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

Fiscal, monetary, financial and social policies along with robust and well-functioning institutions can play a significant role in

redressing these inequities by adopting progressive taxation, targeted subsidies, pro-poor public expenditures and investment in human development and physical infrastructure in the rural and backward districts of the country. Financial inclusion that aims at providing credit to Small and medium-sized enterprises (SMES), small farmers, micro enterprises, low cost housing and equitable distribution of agriculture inputs such as irrigation water, high yielding seeds, fertilizers etc, can play a significant role. Devolution of powers, financial resources and empowerment of local governments would strengthen the institutions that deliver basic public services. Increased female labour force participation would be a powerful driver of growth, harbinger of social cohesion and levelling of incomes. Gender friendly policies and institutions can generate high dividends.

Interview



M. Ziauddin

50-year Journalism Veteran
Former Executive Editor, Express Tribune

What are the key dimensions of inequality faced in the country? Has this widened overtime or is inequality reducing?

Inequality in Pakistan is multidimensional. There is income inequality, inequality in access to affordable education, inequality in access to affordable health cover, inequality in access to affordable transport and inequality in access to affordable housing.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this?

In the Pakistani context, terrorism has got nothing to do with either regional inequalities and nor would it respond to a fairer allocation of resources between haves and have-nots. Terrorism is directly related to our school curriculum which has been designed to produce citizens that have a Jihadi mind set. You will get a fair idea about the making of militancy in Pakistan when you go through Madiha Afzal's article, "The Pakistani curriculum and extremism"¹.

It was the Pakistani state itself which was responsible for introducing terrorism in the country. The success of the CIA in luring to Afghanistan the Muslim youth from all over the world in the name of Jihad against the occupying infidel Soviet Army and seeing the collapse of this super power army by these rag-tag Jihadis had inspired the Pakistani state to mobilize its own Jihadis to conquer the Indian occupied Kashmir. When it did not work and these jihadis saw the state trying to abandon them, they turned against the state of Pakistan itself. And that is the story of militancy in Pakistan in a nut shell.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

A handful of Pakistanis have succeeded in cornering almost the entire national wealth as well as the sources that generate it, thanks largely to the 'neo-liberal' economic policies that we have been forced to follow since the mid-1980s by the proponents of the infamous Washington Consensus. The most devastating side-effect of these policies has been the emergence of an enormous and constantly expanding inequality gap between the rich and

say that again

"... the inequality gap would continue to widen unabated unless land reforms are introduced without further loss of time and concurrently all incomes irrespective of their sources are brought into direct tax net."

poor.

Meanwhile, this policy of minimal government interference and free market forces hyped as a guarantee for social justice has reduced the state to a skeleton incapable of formulating a way out.

Eminent economists the world over do seem to recognize the malaise but they are not yet willing to come out of their denial mode as most seem to have deluded themselves into believing that the 'free market' forces would eventually dispense social justice and reduce inequality.

However, a group of economists of international repute which also includes some distinguished names from Pakistan, has started challenging this conventional economic wisdom. Those among this group, like Dr. Hafiz Pasha, former finance minister of Pakistan, who have studied the ups and downs of this country's economy from close quarters, seem to have come to the conclusion that the inequality gap would continue to widen unabated unless land reforms are introduced without further loss of time and concurrently all incomes irrespective of their sources are brought into direct tax net.

Dr. Pasha in one of his recent research papers (Progressive Fiscal Policy For inclusive Growth), has identified the ownership of agricultural land besides property and financial assets to be the primary manifestation of inequality in Pakistan. Small farmers with less than five acres, constitute as much as 65 percent of the farming population in Pakistan, but own only 19 percent of the farm land. There are about 26,000 farmers only (0.4 percent of total) who own as much as 14 percent of the land. Large landlords have preferential access to irrigation water and own tractors, tube-wells and other agricultural equipment.

And since they also wield enormous political power (Majority of MNAs/MPAs are large landowners, especially in Punjab and Sindh), they have successfully frustrated all attempts to introduce land-reforms and have also seen to it that their incomes continue to remain outside the tax-net.

Furthermore, the top 20 percent of population accounts for almost 52 percent of property income while the top one percent of depositors account for 80 percent of the deposits. Banks extend 77 percent of the credit to the top one percent of borrowers.

1. Read more: <http://tribune.com.pk/story/1105130/the-pakistani-curriculum-and-extremism/>

There are an estimated one million shareholders of publicly quoted companies. The market capitalization of USD 70 million is part of the wealth of these one million individuals. Family ownership of companies still dominates the corporate world making them too vulnerable to the vagaries of the market. These wholly family owned corporate entities, in order to offset the effects of such risks to their incomes and assets, indulge in tax evasion and pilfer public utilities.

Lobbyists of big businesses buy political influence to ensure governments, no matter what kind, keep making 'business friendly' taxation policies.

Meanwhile, the incidence of poverty in the country is estimated to have reached 37 percent. And due to continued underinvestment on the people, especially in education and health, the rate of improvement of the Human Development Index (HDI) of Pakistan is estimated to be slowing down considerably.



say that again

"... Equal treatment of all provinces by the federal government should be practiced."

Mian Khaliq Ur Rehman

Advisor to Chief Minister Khyber Pakhtunkhwa (KP) on Planning
Parliamentary Secretary for Planning and Development

What are the key dimensions of inequality faced in the country?
Has these widened overtime or is inequality reducing?

There are many dimensions of inequality which create social and regional disturbances in the society. Rule of law, feudal system, promoting family system—inter personal system, corruption and flow of money in politics are a few examples which restrict the dissolution of power, making the rich more rich and the poor more poorer. Policy makers only think about the current and fail to assess its impact over the long run. With the passage of time, the rich/poor divide continues to increase thereby creating feelings of frustration in the society compelling individuals to adopt 'short-cuts'.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have nots help address this?

This region has had a tumultuous past ranging from natural catastrophes to world politics. The stage of withdrawing the Soviets from Afghanistan was set in this tiny province of Khyber Pakhtunkhwa (KP), which politicized its culture, language, customs, code of living and life style.

Before the 1980's, the province was well known for its hospitality and rich culture but the war on terror brought the Kalashnikov and drugs culture. Instead of progressing through education, people became smugglers. Religious seminaries started replacing schools and colleges. Clergies became more powerful which brought further uncertainty and disturbed social life. The culture of suicide bombers polluted the region. Sectarianism popped up and Jihad became the favorite subject not only in mosques and seminaries, but in educational institutions as well.

In my opinion, instead of being concentrated in a single province, resources should be distributed fairly throughout the whole country. A census is required for such, however, the last census was carried out in the 1990's. The problem of KP is far different than the rest of the provinces. It is not only feeding its own population but millions of refugees (Afghan plus FATA), which is quite unfair for the small province. The lack of infrastructure further escalates the poverty gap. The province has a lot of indigenous resources such as hydel power, forests, oil and gas etc. But unfortunately, it does not harness the authority to take initiative by itself and is always bound on the approval of the federal government. If the province is allowed to deal with all these issues on its own, it can attract investors that can change the future of the common people. This will prove to be beneficial for the province as well as the whole country.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

The economic and social policies are not sufficient to meet the challenges of inequalities because of a lack of inclusion of all stakeholders in the decision making process. There is no proper mechanism and a wide gap of a lack of interest persists. Several factors need to be addressed. The very first obstacle is the sensitive security situation that is acting as a barrier for investors to set up or invest in the region. Lack of incentives to the investors is another issue. New economic zones should be introduced in the province to create employment opportunities. Equal treatment of all provinces by the federal government should be practiced. All policies should be introduced from bottom to top, not top to bottom. These are the ways which will enable the society to flourish and create happy lives.

What measures has the government of KP taken or is taking in reducing inequality in the province?

The performance of the KP government is quite good, if not remarkable. For example, well over a hundred legislative bills have been passed by the assembly. Social inequality has been removed to a major degree. The decades old culture of 'politicized police' has been addressed. A few examples where police raided and arrested Ministers and other officials, over charges of corruption and misuse of law, are available. The Right to Information (RTI) Bill that enhances accountability of officials was passed in the province. The province also held local body elections, which was the first step in the dissolution of powers. PKR 42 billion were allocated for the local body budget and additionally the province provided a further 30 percent from its development fund so that the problems of local people could be addressed.

Political influences on institutions and departments have also been removed in the province. A Provincial Finance Commission has been established and funds will be transferred to the local government, which will restrict any issues related to embezzlement. The province further initiated forest and tourism policies while the health policy is being worked upon. National Testing System has also been introduced that ensures merit based results. Conflict of Interest Bill is currently under discussion whereby no political official will be able to allocate funds/projects within his own family. The government is working on introducing short, medium and long term policies. It will bring political stability in the region irrespective of whoever is running the government.



Akbar Hussain Durrani

Secretary Finance
Government of Balochistan

What are the key dimensions of inequality faced in the country? Has these widened overtime or is inequality reducing?

In my opinion there are three factors: Illiteracy, poverty and corruption. As long as the third factor prevails, no effort can bear fruit against the first two. Injustice and injudicious distribution of resources also pave the way for inequality. I do not think that it has reduced, rather the opposite as close to 40 percent of the people of Balochistan are living below the poverty line, which means they hardly earn USD 2 per day. 11 out of the total 32 districts of Balochistan are rated the poorest districts of the country.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have nots help address this?

Yes, the prevailing situation in neighbouring countries, particularly Afghanistan, has its negative effects on Pakistan. When illiteracy, extreme poverty, unemployment and rampant corruption prevail, social strife, crime and terrorism are definite by-products. A province such as Balochistan has immense potential and resources which is being eye-balled by several regional and international powers who try to get politically involved in order to serve their interests. A fairer allocation of resources and dispensation of justice would improve the situation with the passage of time. For instance, post the 18th amendment, the share of the provinces from the national divisible pool increased, as a result of which, the resources of Balochistan have jumped up from 28 billion to 83 billion, increasing 5.1 percent to 9.09 percent owing to the new criteria as per the National Finance Commission for the distribution of resources.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

Change cannot be brought about overnight, it needs consistent policies in the right direction. A law under which development schemes identified by elected representatives in their constituencies be executed within their parliamentary tenure, should be established. These schemes remain on-going for 15 years, thereby paving the way for corruption and wastage of resources. The lack of employment opportunities causes frustration among the youth who are 40 percent (from 15 to 25

years) of our population, bearing catastrophic effects on the situation. The government and private sector should create employment opportunities to help improve the situation. Unless a system of justice is devised and implemented, inequality cannot be brought to an end. There should be rule of law, equal opportunities of employment for all, self-respect and service to humanity.

What measures has the government of Balochistan taken or is taking in reducing inequality in the province?

There are a number of steps the government is taking to improve the situation such as increasing the annual education budget from six percent to 23 percent, improvement of Basic Health Units, building farm to market roads, allocating over PKR 24 billion subsidy annually on power for agriculture sector for 30,000 tube wells, the construction of 100 dams, operation of Gwadar port and highways linked with CPEC.

say that again

"...There should be rule of law, equal opportunities of employment for all, self-respect and service to humanity."



say that again

"... An effective and well targeted system of social protection needs to be established."

Prof. Dr. Khalida Ghaus

Managing Director, Social Policy and Development Center (SPDC)
Professor and Former Chairperson,
Department of International Relations,
University of Karachi

What are the key dimensions of inequality faced in the country? Has this widened overtime or is inequality reducing?

There are several dimensions of inequality prevailing in Pakistan such as income inequality, inequality in access to social services and social development outcomes, and inequality in access to productive resources (land ownership). Cross-cutting inequalities include gender inequality, regional (provincial) inequality, and urban-rural inequality.

First, there is income inequality. As estimated through the Gini Coefficient, per capita income inequality in Pakistan has increased overtime-0.350 in 1978-88 to 0.407 in 2010-11. Similarly, ratio of highest to lowest income has increased from 4.9 to 6.9 during this period. (Putting this in a simple way, highest (20 percent) income group earned five times more than the lowest (20 percent) income group in 1987-88, while seven times more in 2010-11).

There also exists urban-rural differential in per capita income; however, the gap has reduced overtime. As per SDPC estimates, in 2001-02, the urban per capita income was 93 percent higher than its rural equivalent. The differential has narrowed down to 60 percent by 2013-14.

Similarly, income differentials at provincial levels are also significant. For instance, per capita income in Sindh is almost 50 percent higher as compared to Balochistan and Khyber Pakhtunkhwa.

Then, there comes inequality in access to social services and social development outcomes. Gender, provincial and urban rural inequalities exist in education and health sector, for example, net primary enrolment rate for boys is 72 percent as compared to girls that is 62 percent. (PSLM 2014-15). Gender Parity Index for primary education improved from 0.73 in 1990-91, to 0.90 in 2011-12 but declined to 0.88 in 2014-15.

Malnutrition is more prevalent in rural areas. National Nutrition Survey 2011 reveals that 33 percent of rural children (under five years) were underweight as compared to 26 percent in urban areas. Similarly, 46 percent of children in rural areas were stunted as opposed to 37 percent in urban areas.

Infant mortality rates (IMR) in rural areas are also high. IMR in rural population is 1.6 times greater than that in urban areas (urban 45

percent and rural 70 percent—PSLM 2011-12).

Urban rural and provincial differential exists in access to tap water. Overall, 51 percent of urban households have access to tap water as compared to only 13 percent in rural areas. Similarly, there are regional inequalities as well.

Finally, there is inequality in access to productive resources (land ownership). Inequality in land ownership and in the structure of the agrarian economy has been a long-standing feature of Pakistan. An analysis of time-series data for Sindh and Punjab, however, shows that: (1) The redistributive land reforms in 1959 and 1972 have not seriously affected the highly unequal distribution of land, (2) Land ownership inequality has actually increased over the years, and (3) Access to land has also diminished (SPDC Annual Review 2001, Growth, Inequality and Poverty). Similarly, almost half of the rural households are landlessness; landlessness has also increased overtime. According to Agricultural Census of Pakistan (2010), 20 percent of landowners own 70 percent of the agricultural land.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this?

It is a widely debated issue. Many argue that social and economic inequalities have been a major cause of increased crime and acts of terrorism. However, not much empirical evidence is there to support this argument. This may be partially true at the micro level but more important factors may relate to geopolitical issues. Similarly, issues of governance are important in order to address these problems. For example, allocation of equitable resources is an important factor to address such issues; nevertheless, the issues of resource allocation and redistribution of income fundamentally are linked and recognized as governance issues.

According to the SPDC "Annual Review 2009-10: Social Impact of Security Crisis", militancy, extremism, violence and intolerance clearly have their roots imbedded in the systemic failure both of institutions and social development policies initiated by respective governments. The systemic failure of the respective government in strengthening institutions, creating employment, strengthening industrialization, regulating the informal/non-formal sectors, addressing socio-economic disparity, ensuring quality education and health-care,

guaranteeing rule of law, controlling inflation, poverty and food insecurity and eliminating terrorism have all caused despondency, violence and lawlessness.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

Since the responsibility of social service delivery lies with provincial governments, more resources need be transferred to the provinces through the NFC. However, additional resources should be linked with some performance indicators. Moreover, provinces need to devolve fiscal, political and administrative powers to the local governments. An effective and well targeted system of social protection (primarily to be devised by the provinces) needs to be established. Finally, larger and sustained investment in the social sectors should be practiced.

Interview



Khurram Hussain

Business and Economy Journalist
Columnist

What are the key dimensions of inequality faced in the country? Has this widened overtime or is inequality reducing?

That depends on which dimension. If one dimension is looked at, it may have widened, but the gap may have narrowed along another vector. I think there are three dimensions where inequality has historically played a role: gender, income (or command over material resources) and geography (or urban-rural).

The latter is certainly decreasing, and this is especially pronounced when you compare it to the reality from 50 years ago. The same consideration from five years ago may not show much of a change, as the transformation process is glacial. In case of gender, there is some data that says it has increased. However, other vectors, such as participation in workforce, health and education indicators for women remain very low. There is very prominent income inequality along the gender divide.

Do you think geographical and regional inequalities breed the prevalent social strife, crime and terrorism in Pakistan? Would fairer allocation of resources between have and have-nots help address this?

Fairer allocation will only address terrorism marginally. The growth of this ideology is tied to disparities and material deprivation and contextual circumstances. We have seen people from good backgrounds commit terror. This was not a demand for resources, this was clearly the byproduct of something else entirely. All things considered, there is a correlation, but it is a thin one.

Do you think our economic and social policies are appropriate to address inequalities in Pakistan? In your opinion, what are the key policy interventions that can help address the multiple facets of economic and social inequality faced by Pakistan?

Our economic policies are not designed to address inequality. They are designed to address this only at the margins. Their thrust is disguised as economic growth, but they are designed to determine who will bear the burden of next year's budget. The policy is designed to cut the pie. Certainly, there are some programs and policies to help the poor, but this is not the main focus of Pakistan's economic policies.

Poverty alleviation should be the centerpiece of our economic policy. Safeguard against inequality and helping future generations reduce the gap, should be at the top of the agenda. Children from deprived backgrounds should have better health

say that again

"... Poverty alleviation should be the centerpiece of our economic policy. Safeguard against inequality and helping future generations reduce the gap, should be at the top of the agenda."

and education opportunities, and the economic policies should be oriented towards future generations. The idea should be, that even if you are born in poverty, you may not spend your whole life in it. Right now we are focused on day-to-day firefighting and cutting of the pie.

Youth Voices



Qudsia Masaud

University of Azad Jammu and Kashmir

Our society is a completely male dominated society where men enjoy all freedom and can kill women in the name of honour. The only way to combat gender discrimination is to empower women in every field and implement CEDAW in the true sense. Our religion also teaches us a complete and fair code of life and integrating that into our society can eliminate all such evils.



The gap between the rich and the poor is widening. Discrimination in government jobs is common in the society: kith and kin are given priority for government positions thereby rendering the deserving helpless. Merit should be given top priority and there should be a free, fair and transparent system for the appointment of deserving candidates.



Khurram Qayyum

University of Azad Jammu and Kashmir



Tahira Imtiaz

Karakorum International University



People are treated differently based on their gender, economic status and ethnic identity. The inherent conservatism and tribal mind set needs to be eliminated if we want to promote a just and fair society, especially for females. There should be more female representation in the government, at all levels. The media should also play its part by talking about such issues at hand instead of useless wasted hours on political talk shows.



My personal experience of being ridiculed with sarcastic remarks and comments based on being slightly shabbily dressed has shown me that discriminatory behavior is everywhere. Gender, race, income and social status are all factors of inequality in Pakistan. The issue can only be addressed if the victims of the menace speak up and take a stand.



Sher Ahmed

Karakorum International University

Youth Voices



Sundus Naseem

University of Peshawar

Gender, social status, class status and greed for unlimited power are the main causes of inequality in the society and we can only address these issues through a fundamental evolution, through effective implementation of the rule of law and through reforms in the judicial system. In a place where corrupt officials and politicians are garlanded and presented as heroes, strong reforms in police and bureaucracy are needed. Education, in particular girls' education, is essential to ensuring this and thus should be encouraged.

The prejudicial treatment between different categories of people on the grounds of race, age or gender, is a now a routine. A poor citizen has to spend all his life to get justice as opposed to a rich and influential person, who has the power to obtain any type of benefit from the law. How strange is it that government school teachers want their children to study in private schools and government officials prefer treatment from private hospitals. We need a society where political participation and power must be shared between the rich and poor regardless of gender, class or religion. VIP culture must end while both rich and poor should have a right to be educated and treated equally.



Haroon Ullah

University of Peshawar



Adeel Ahmed

University of Karachi

I think the most rampant kind of bias-that often goes unnoticed-currently plaguing Pakistan is concerning economic status. The principle 'money talks' is truer than ever, with its roots lying in corruption and fraud. A poor pleading his case outside a government office or the provincial assembly is most likely to get unheard, but for the rich and the powerful, even a phone call might do the job. The issue of economic discrimination can be addressed by taking steps to broaden Pakistan's middle class. Strict check should be kept at government offices, such as Nadra and driving license offices, to ensure everyone is treated equally, from a janitor to a business executive.

Gender imbalance and ethnic identity and distribution are key issues when it comes to discrimination. People are becoming more violent for their sects/groups rather than solving problems with mutual understanding. Women should be given equal status as men and the lack of acceptance of women being independent needs to be nullified. Everyone should be tolerant of others' religion, race and views.



Syeda Danya Zaidi

University of Karachi

Youth Voices



Sitara Gul

Sardar Bahadur Khan Women University

In the recently held NTS tests for the recruitment of government jobs, the worst examples of nepotism and favouritism were witnessed when people were subjected to discrimination on the basis of language, ethnicity, gender, social status etc. If we look around, the media is the biggest disseminator of inequality-based attitudes, highlighting news that serves its interests as opposed to public interest. Likewise, the education system is also discriminatory through public and private settings. Concentrated efforts by the people and the government are required to solve issues of inequalities.



I hail from the remote district of Awaran, where, unlike other parts of the province, there is hardly any education system. Owing to this, I was unable to compete with other candidates from the more settled areas of Balochistan in terms of jobs. To add to this, there were several opportunities outside that I could not benefit from owing to ethnic biases of being a Baloch. Such inequalities need to be countered by making education accessible to all, a judicious distribution of resources and accountability for all.



Shahbir Rakhshani

University of Balochistan



Abdullah Ihsan

Quaid-e-Azam University



Intolerance for diversity in opinion and genders (such as for transgenders) are major forms of inequality in the country. The state has shown the least amount of attention to the problems of the proletariat class of the society. The societal structure has different classes with different views on a subject with self-defined goals. Though the constitution has provisions for underprivileged classes but these remain limited to paper. Moreover, the unequal distribution of income in the elite dominated Pakistani society has further strengthened inequality and increased the sense of deprivation.



People in Pakistan are being treated differently on the basis of gender, ethnic and social status. Change needs to begin at the curriculum level whereby children are taught that all people are equal irrespective of whether they are educated or not. Our current curriculum system teaches hatred and intolerance. Second, the 'political V.I.P culture' also needs to change-once people have an influential example to look up to, society will begin to alter its attitudes and misconceptions based on inequalities and differences.



Shagufta Masood

Quaid-e-Azam University

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