



Reducing Poverty And Economic Migration Through Establishment of a Welfare State In Pakistan

Dr. Ghulam Sarwar Ashraf

gsashraf@yahoo.co.uk

Life Member Khwarzimid Science Society

We are faced with many dilemmas and challenges today of a multi-dimensional nature requiring in-depth analysis, study and discussion. One of the important solutions to reducing poverty and controlling the economic migration (hence ‘brain drain’) problem is that Pakistanis, as well as other Muslim countries need to develop an Islamic Social and Human welfare system which will cater for the basic needs of the poor and needy citizens.

For the past 50 years or so there has been a constant economic migration from many ‘less developed’ Muslim countries to ‘more developed’ European and North American countries . The people range from those seeking better economic opportunities abroad to those seeking economic security under a social and human welfare system which provides basic needs to the poor (such as food, shelter, clothing, education, health, etc.) for themselves and their families.

This has meant that Pakistan, like many other Muslim countries, has developed almost feeder economies i.e., they provide a cheap and/or highly educated labour force for other countries rather than developing their own economies. This has also led to a dependent mind-set: an economic and mental dependence on the host country, and if a situation ever arose whereby the host could not accept any more people then the people would become very agitated, frustrated and would find it difficult to develop a domestic development programme which requires time, effort and patience when there is a quick fix elsewhere - they may resort to crime or other measures to fulfill their basic needs.

The issue of economics migration is of particular concern today because of the political, economic and social upheaval being caused by the immigration debate in European and North American Countries, especially over for the past 5 to 10 years. This has resulted in the rise of right-wing political parties across Europe and North America which aim to stem the flow of immigration into ‘their’ countries. Due to the increase of immigration control and less opportunities for economic migration to these countries there is now a dire critical need for the less developed Muslim countries to develop welfare economies which will be able to at least look after the basic needs of the poor and needy but without compromising their core values and principles (i.e. are compliant with the rules laid out by the Shariah).

In assessing the human, capital and natural resources in Pakistan we can conclude that it does have the potential and capability to develop a self-sufficient Islamic social and human welfare system to cater for the needs of the poor and needy. If Pakistan can do so then it can serve not only its own people but it will reduce the need for the majority of its people to leave their own country, reduce 'brain drain', ease tension and improve relations with the more developed countries which are recipients of such migrations, as well as become a role model socio-economy for others and last, a source for creativity and knowledge enhancement.

We must remember that human behaviour is regulated, to a large extent, by socially approved set of values and beliefs. No study of human behaviour can be true, if it is detached from the perspective provided by the value system of the society. An economic system, be it Islamic or conventional, does not operate in an ideological vacuum. It is an integral part of an all embracing ideology. The Quran, the Sunnah, *Ijma* (consensus) and *Ijtihad* should constitute the permanent reference point of entrepreneurial activities in the Muslim society in order to resolve contemporary problems through incorporation of modern scientific and technological tools and mechanisms as appropriate.

The objective of an Islamic socio-economic system is to promote the welfare of the people, which lies in safeguarding their faith, life, intellect, prosperity and wealth. This welfare lies in complete justice, mercy, well-being and wisdom. Anything that departs from justice to oppression, from mercy to harshness, from welfare to misery and from wisdom to folly, has nothing in compliance with the Shariah.

Any Islamic socio-economic system should endeavour to provide the minimum needs of all its citizens which include food, shelter, clothing, medical care and education through good economic practice incorporating equitable distribution and ethical income generating policies. Depending upon social circumstances and the availability of financial resources other needs – fuel, electricity, transportation, marriage allowance, repayment of debts, etc. – may also be included. This fulfillment of needs must be provided to all citizens irrespective of colour, creed, race, gender and even religion.

However, the current reality is that almost one third of Pakistanis are living below the poverty line. Poverty in Pakistan, as is the case with most countries, is linked to overall growth performance of the economy. Periods of substantial and sustained poverty reduction – in Pakistan's case, notably, the late 1980s – also happen to be periods of sustained growth. On the other hand, uneven growth in the last decade has led to volatility, and on balance, stagnation of poverty measured in consumption terms. Most importantly, even when growth has occurred, resulting in reductions of *income* or *consumption* poverty, the gains have not translated into commensurate increases in *capability*, as measured by indicators of human development.

Pakistan has poor health, education, and fertility indicators for its level of per capita income. Moreover, comparing Pakistan with countries that grew at about the same rate (regardless of initial income level), suggests that other moderate growers achieved more social progress than Pakistan for a given amount of growth. The failure to develop human capital, which can be described as a *social gap* as far as Pakistan is concerned, is one of the likely reasons for the slowdown in growth and poverty reduction in the 1990s. The ability to achieve sustainable growth and poverty reduction in future will thus require addressing the shortcomings in human development, including the institutional factors that contribute to these failings.

Poverty has many dimensions in Pakistan. The poor in Pakistan have not only low incomes but they also lack access to basic needs such as education, health, clean drinking water and proper sanitation which undermines their capabilities, limit their opportunities to secure employment, result in their social exclusion and expose them to exogenous shocks. The vicious cycle of poverty is accentuated when the governance structures exclude the most vulnerable from the decision making process. Economic growth accompanied by macroeconomic stability remains critical for Pakistan to reduce poverty.

Studies have concluded that:

(i) if the country does not close its social gap, its long-term ability to grow economically, alleviate poverty and sustain its debt will be fundamentally compromised.

(ii) Spanning social, economic and fiscal difficulties, the country's current predicament is not rooted in a discrete set of policies amenable to rapid rectification, but in structural factors linked to issues of governance. It is within this context of a broader failure of policy that one should understand Pakistan's inability to take sufficient advantage of the growth that it has enjoyed in the past, to attract investment, build enough infrastructures or to promote adequate advances in social indicators. Over the past decade, stagnating poverty and a persistent, even widening social gap are direct legacies of these failures.

(iii) Issues of governance, in the form of lacking accountability, voice and participation, are at the heart of many of the difficulties encountered in mitigating poverty and broadening access to social services in Pakistan. Neither debt reform nor the mere availability of donor funds is likely to dispel these problems. The strategies and tactics to bolster human development need to consider and implement concomitant policies in a comprehensive, mutually reinforcing manner.

The Poverty Reduction Strategy of the Government of Pakistan is based on the following five pillars namely:

(i) accelerating economic growth and maintaining macroeconomic stability, (ii) investing in human capital, (iii) augmenting targeted interventions, (iv) expanding social safety nets and (v) improving governance.

Education is an essential tool for Human Resource Development and a necessary ingredient for sustainable socio-economic growth. Investment in education contributes to the accumulation of human capital, which is essential for higher incomes and sustained economic growth. Literacy rate was 16 percent in 1951, reached to 51.6 percent in 2003. The education budget as percentage of GDP in 2002-03 was only 1.7 percent.

Provision of better health facilities to the people to improve their standard of living is of a paramount importance with the total expenditure on health equivalent to only 0.7 percent of GDP.

An efficient transport and communications network contributes to productivity improvement and reduction in production costs, whereas inefficient network hinders economic growth and social development. It has been widely recognized that economies with better road and communications network are positioned more advantageously in terms of overall competitiveness, compared to economies having poor transportation networks.

Housing is one of the fundamental human needs as every family requires a roof. Provision of house to every family has become a major issue as a result of rapid population growth and massive rural to urban migration. There is an increasing backlog of housing units with a net shortfall of approx 0.270 million units per annum.

Recent positive economic signs include the real GDP factor in 2002-03 cost grew by 5.1 percent and was supported by a 4.2 percent, 7.7 percent and 5.3 percent growth in agriculture, manufacturing and services, respectively. During the last four years, the CBR tax collection has increased by 49.3 percent. However, equitable re-distribution is still a major concern, and with the population growing at 2.1 percent per annum an addition of 3.1 million persons every year, Pakistan's population will reach 217 million by the year 2020.

Furthermore there is a widespread general agreement within Pakistani Society that there is a need for a welfare state for the poor, this is partly due to ideological reasons and partially due to a practical necessity. This view has been espoused by many – from various prominent individuals, the community through to the organized political opposition groups and the prevailing government to achieve this. For example, the first Governor General and founder of the newly formed Muslim state, Pakistan – Mohammed Ali Jinnah, in 1948, stated that:

“The adoption of western economic theory and practice will not help us in achieving our goal of creating a happy and contented people. We must work out our destiny in our own way and present to the world an economic system based on true Islamic concepts of equality and social justice.”

In 1979, the Pakistani government announced its programme for creating an interest-free economy. In June 1980, *zakat* and *ushr* both were instituted. Numerous other profit and loss type financial transactions have been instigated, but data on their success is limited and political instability is a barrier to any significant progress. In May 1991 a Shariah bill enforcing Islamic law and designed to create an Islamic welfare state was enacted. These views have been further re-inforced by other political parties such as Pakistan Tehreek-e-Insaf, led by the former cricketer Imran Khan, who has stated that it his party is ‘*committed to the establishment of a welfare state in a country where people can have political freedom, economic opportunity and social justice*’. The Pakistan Peoples Party was launched in 1967 and Ghulam Mustafa Jatoi, Benazir Bhutto's successor in the mid-1980's, a caretaker prime minister, *said that his party's objective was to make Pakistan a modern, democratic, and progressive Islamic welfare state.*

However, despite this, Pakistan has had considerable difficulty developing stable, cohesive political organizations since, political parties, with few exceptions, have been founded as vehicles for one person or a few individuals, or to achieve specifically defined goals. When these individuals die or abandon their parties, or after party goals have been met, many organizations have lost their *raison d'être* and have lacked the ability to carry on. In addition, political parties have been handicapped by regional and ethnic factors that have limited their national appeal and have also been torn apart by personal and class rivalries.

Distributive justice is one of the most important components of the Islamic solution of a just socio-economic order which is confirmed by all the studies of the prevailing situation within Pakistan. Islam stands for complete eradication of absolute poverty and organization of economic life in a manner that the basic needs of all human beings are met. To ensure fulfillment of the basic needs of all, Islam enunciates the principle of distributive justice and an equitable pattern of income and wealth distribution.

Economic development should be a purposeful, economic activity intended to bring real, material benefits, visible, social advantages and spiritual satisfaction – all in a three-in-one package – in varying proportions to a target group of people over a given period of time. It is to be clearly recognized, however, that there is a hierarchy of human needs which can be classified as physiological needs (i.e. economic needs – food, clothes, shelter), social needs (i.e. meaningful social relationships, the needs for esteem or the need to feel respected), moral and spiritual needs (i.e. the need to uphold justice, truth). Solutions to human poverty in Islam are seen in an integrated way, it has both its moral and material dimensions. While it is difficult to quantify the level and extent of material poverty, attempts should be made to integrate ‘minimum subsistence’, ‘minimum adequacy’ and ‘minimum comfort’ into definitions of poverty. An Islamic socio-economic system must guarantee a minimum level of living to all, but it is conditional and relative, for an individual must first try to earn his living through work. Again, this guarantee is relative to the socio-economic conditions of the society concerned.

The elimination of poverty is the greatest priority for the Islamic distribution policy. It is, therefore, important to identify the causes of poverty and devise a suitable policy for removing them. The following are the major causes of poverty in present-day Muslim countries:

- (1) colonial exploitation in the past and its legacy (the continuation of unsuitable development policies in the post-independence);
- (2) regional disparities and discrimination
- (3) neglect of human resources
- (4) economic dualism

- (5) financial dualism
- (6) inadequacies of the market system
- (7) low labour productivity

The last two are perhaps the most important causes of poverty, in general.

Any programme of need fulfillment is bound to have important economic and financial implications. It would be useful to quantify basic needs in terms of the resources required by a particular country for their fulfillment. This kind of empirical analysis is extremely important for policy decisions about the programme of need fulfillment. It is important to analyze the economic implications of a need fulfillment programme.

Economic planning should be a synthesis of planning by inducement and planning by direction. Co-operation and partnership between public and private sectors is needed for the betterment of the community. However, the necessity of economic planning in Pakistan in particular arises for the following reasons:

- (1) to exploit the vast natural resource
- (2) to adjust the resources to the rapidly increasing population
- (3) to bring economic stability and to reduce wastage
- (4) to help securing more equitable distribution of income and wealth
- (5) to avoid monopolistic exploitation, speculative business and anti-social wastes of the competitive system;
- (6) to bring about an overall structural change in the economy

Human behaviour plays a very crucial role in economic development. But the moulding of this human behaviour is really a painful process in underdeveloped countries because this involves readjustment of social, economic, legal and political institutions

We can conclude by saying that Pakistan has both the human and capital resources, capability and ability, to develop a welfare state which will look after the basic needs of the poor as well as formalize an infrastructure which will allow individuals to enhance productivity and income. This requires reforms in the political and socio-economic infrastructure and mindset of individuals and society at large. Every change starts but with one simple step in the right direction and we must all make our own positive contributions to achieving this goal.