

SUMMARY of “Pro-poor reforms,” Dr. Niaz Murtaza, Dawn, October 17th, 2023

The author examines the recurring advice provided by institutions like the World Bank, IMF, and local think tanks on reforming Pakistan’s economy. While the advice generally offers good policy options, it tends to repeat ideas from the past. The blame for this repetition partly lies with the government’s failure to heed such advice. The author suggests that advisers should consider the political context that often hinders the implementation of standard reform ideas. As an alternative, they should propose second-best, unorthodox policy options tailored to the unique challenges in Pakistan. The author emphasizes that these policies should prioritize the interests of the poor. However, most reform advice lacks a holistic vision and may inadvertently harm elite interests, making them difficult to implement. The article critiques recent advice from the World Bank and the Pakistan Institute of Development Economics for not placing enough emphasis on the poor, focusing instead on discrete areas without a broader economic vision.

Easy/Short SUMMARY:

The article discusses the repetitive nature of economic reform advice in Pakistan. Such advice often lacks consideration of the political context and doesn’t put the interests of the poor at its core. Instead of offering a comprehensive vision for economic improvement, these policies may harm elite interests, leading to their non-implementation. Recent advice from the World Bank and local think tanks falls short of prioritizing the poor’s interests. It’s essential to focus on empowering the poor and creating new economic opportunities while upgrading the economy sustainably and equitably.

SOLUTIONS of The Problem:

Pro-Poor Economic Vision:

- *Comprehensive Vision:* Develop a new economic vision that centers on the welfare of the poor. This vision should aim to empower the poor through asset expansion, improved rights, increased political participation, market access, and opportunities.

Agricultural Transformation:

- *Small Farmer Empowerment:* Instead of encouraging large-scale corporate agriculture, focus on empowering small farmers. Provide them with land, technical support, marketing assistance, financial aid, and political representation to make them the backbone of agriculture.

SOE Privatization Review:

- *Middle Options:* Undertake a thorough review of options between complete nationalization and privatization. Consider fully independent professional boards under state ownership, state ownership with private management, employee-owned enterprises, and partial privatization.

Equitable Crackdowns:

- *Sustainable Upgrades:* Instead of short-term crackdowns, promote policies that lead to sustainable and equitable economic upgrades.

IMPORTANT Facts and Figures Given in the article:

- The World Bank and Pakistan Institute of Development Economics unveiled a campaign called 'Reforms for a Brighter Future.'
- The focus of this campaign is on specific areas without an overarching economic vision.
- The campaign lacks a significant focus on women's empowerment.
- Several policy areas mentioned do not centralize the interests of the poor.

- The caretaker government emphasizes SOE privatization and crackdowns on economic sectors.

IMPORTANT Facts and Figures out of the article:

- Repetition of economic reform advice is a common issue in Pakistan.
- Such advice often overlooks the political context of the country.
- Prioritizing the interests of the poor in reform policies is essential for equitable development.

MCQs from the Article:

1. *What is one key issue with economic reform advice in Pakistan, as per the article?*

- A. Lack of advisors
- B. Political context
- C. Excessive policies
- D. Repetition

Answer: D. Repetition

2. *What is emphasized as a potential solution for economic reform in the article?*

- A. Technocratic regimes
- B. Crackdowns
- C. Empowering small farmers
- D. SOE privatization

Answer: C. Empowering small farmers

3. *What is missing from the recent advice provided by the World Bank and local think tanks?*

- A. Political context
- B. Focus on the poor
- C. Holistic vision
- D. Elite interests

Answer: B. Focus on the poor

4. *Why is it challenging to implement standard reform ideas in Pakistan, according to the article?*
- A. Lack of advisors
 - B. Political context
 - C. Excessive policies
 - D. Technocratic regimes

Answer: B. Political context

VOCABULARY:

1. *Recurring* (adjective) (تکرار ہونے والا): Occurring repeatedly or frequently.
2. *Heeding* (verb) (توجہ دینا / ملاحظہ کرنا): Paying attention to or taking into consideration.
3. *Unorthodox* (adjective) (غیر معمولی / غیر روایتی): Contrary to what is usual, traditional, or accepted.
4. *Synergistically* (adverb) (مکمل طور پر / یکجا): In a way that enhances the combined action of different elements.
5. *Capital Flight* (noun) (پول کا بھاگنا / سرمایہ بھاگنا): The movement of capital (money or assets) out of a country or financial market.
6. *Assets* (noun) (موجودات): Resources owned by an individual or organization, often with financial value.
7. *Empowerment* (noun) (تسلیم کرنا / اختیار دینا): The process of giving power, authority, or control to individuals or groups.



8. *Mechanised* (adjective) (مکانیزه شده): Equipped with machinery, typically involving automation or mechanical processes.
9. *Sustainably* (adverb) (به طور پویا): In a manner that can be maintained or continued over time without causing harm or depletion.
10. *Elite* (noun) (اشراف): A select group that is considered superior in terms of power, wealth, or influence.
11. *Nationalisation* (noun) (ملی‌سازی): The process of bringing privately owned businesses, industries, or assets under state ownership.
12. *Enterprise* (noun) (شرکت): A project or business initiative, often involving entrepreneurship.
13. *Productivity* (noun) (تولیدی): The measure of how efficiently resources (labor, capital, etc.) are used to produce goods or services.
14. *Privatization* (noun) (ملی‌سازی): The transfer of state-owned assets or enterprises to private ownership or control.
15. *Technocratic* (adjective) (فنی‌گرا): Relating to a system of government or decision-making where technical experts have significant influence.
16. *Equitably* (adverb) (به طور انصافانه): In a manner that is just, fair, and balanced.
17. *Holistic* (adjective) (کلی‌نگار): Considering or dealing with the whole system rather than

individual parts.

1. *Asset Expansion* (noun) (اسٹیت ایکسپنشن): The process of increasing an individual's or group's assets or resources.
2. *Market Access* (noun) (مارکیٹ ایکسس): The opportunity for individuals or businesses to enter and operate in a market.
3. *Enterprise Productivity* (noun) (انٹرنیٹری پراڈکٹیویٹی): The improvement of productivity within businesses or entrepreneurial activities.

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ORIGINAL ARTICLE

www.dawn.com
Pro-poor reforms
Dr Niaz Murtaza

EVERY so often, one sees the World Bank, IMF or a local think tank come up with weighty advice on reforming our economy. The advice is not outright wrong and contains good policy options. But it usually repeats advice given by others or even the same institution in the past.

One may argue that the blame for this repetition lies with our own government for not heeding good advice. Advisers then keep repeating it, hoping it will eventually find receptive ears. The counter-logic is that the advisers must also review the political context due to which the advice is not heeded and present second-best unorthodox policy options that may be implemented by our reform-averse elites.

As Dani Rodrik, the acclaimed Harvard economist, argues, China's initial success came not from standard 'Washington Consensus' ideas but by second-best policy options, such as on land reforms and privatisation, that were doable in a political context. Russia in the 1990s followed the standard IMF advice that ignored its context. China saw much progress while Russia saw pain.

Secondly, they don't put the interests of the poor at the heart of the analysis. While there are vague claims that the policies are pro-poor, they are based on fond hopes rather than rigorous analysis of how they will benefit the poor. Since the policies are generated by sectoral expert teams that often lack holistic visions and don't talk to each other, the advice is sectorally disjointed rather than being part of a holistic vision where its various parts synergistically build on and feed each other to ensure rapid progress.

The interests of the poor aren't at the heart of IFI analyses.

The advice focuses on fixing the ills in various parts of our economy, but without a new overall economic vision of how we could upgrade our economy within the global one to benefit the masses directly and significantly. The reform ideas, directly or indirectly, harm elite interests by killing current economic activities run by them. Thus they are never implemented. They may have better success if they present a new economic vision that provides new avenues for them to make money, while also upgrading the economy, providing more tax and exports revenues for the state and better life opportunities to the poor and protecting the environment. Without such a vision, reforms, even if implemented, may only lead to capital flight or expand the informal economy.

The latest set of advice is to be found in 'Reforms for a Brighter Future', a campaign unveiled by the World Bank and the Pakistan Institute of Development Economics. The focus is on certain discrete areas, without them being part of a new and holistic economic vision. There is scant mention of women. The first policy is about helping the poor but through a narrow focus on better health, education and social protection services rather than a broader agenda of empowering them by expanding their assets, rights, political voice, market power and opportunities.

The poor are mentioned under a few other points too but in a tangential way rather than making their interests central to each policy. The policy advice on agriculture mentions small farmers, but without making them the backbone of agriculture. A key component of the Special Investment Facilitation Council is to encourage large-scale corporate agriculture, with the military reportedly requiring a million acres for this aim in Punjab. But a poor-centred vision would give this land to small farmers and provide them with technical, marketing and financial support and political voice so that they have ownership rather than being mere labourers on corporate, mechanised farms. There is hardly focus on the poor in the other policies suggested for fiscal, energy, public-sector and private-sector issues.

The caretaker government's policies reflect the same disregard for the poor. They emphasise the privatisation of SOEs, rather than undertaking a thorough review of the middle options that exist between complete nationalisation and privatization, and which may better ensure the interests of the poor and even



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enterprise productivity and profitability. This includes fully independent professional boards under state ownership, state ownership but private management, employee-owned enterprises, partial privatisation etc.

It is also undertaking a crackdown on many economic sectors. These may give short-term gains but are unlikely to help upgrade the economy sustainably and equitably. Many think that technocratic regimes can handle the economy better. However, like politicians, this caretaker technocratic regime has no new economic vision. Thus, whether it is different regimes or economic institutions, they all focus on reforms of, by and for the elites while short-changing the poor.

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