

### **Poverty and inflation**

Both poverty and inflation are on the rise in Pakistan. Both are the result of man-made policies.

Poverty is the direct result of the existing social and economic system and economic policies, and the high inflation doubles down the impacts of poverty.

Inflation jumped to 14.6 percent in January 2020, highest in the last one decade. Food inflation in urban areas rose by 19.5 percent in January on a yearly basis and 2.7 percent on a monthly basis whereas it increased by 23.8 percent and 3.4 percent, respectively, in rural areas. These figures clearly show that food inflation is very high in rural areas where most of the population lives.

Poverty is a curse. Since the current government took power in August 2018, more than half a million people every month on average fell below the poverty line.

Poverty deprives people from getting the required nutrition, hygienic living conditions, decent housing, education and minimum healthcare. Poverty forces people to concentrate just on getting bread and butter. They can't think beyond their basic needs because of their material conditions.

A life in poverty is a struggle against all odds. Poverty forces brilliant potential artists, musicians, poets, writers, experts and singers to give up their ambitions and personal aspirations just to earn bread and butter.

They cannot enjoy music or sports or other sources of entertainment when their stomachs are empty. This lack of access to the finer aspects of human living keeps them in a perpetually brutalised and dehumanized state. Entertainment is not a luxury of the few as we see now, but an integral part of human civilisation and culture.

Artists, singers, painters and writers belonging to poor communities never get the opportunities to express their talent. Poverty kills their artistic expressions. If given the opportunity, they can flourish. That is what a social revolution does. That is what the capitalist revolutions in Europe and North America did. And even more profoundly and on a much bigger scale the socialist revolution in Russia did. Books were written and films were produced. All the performing arts flourished and it was all done by ordinary men and women.

When high inflation joins hand with poverty, it becomes unbearable. Life becomes more miserable and painful. High inflation is like adding insult to injury for the poor. Millions of poor people are now living an even extreme form of poverty, which is on the rise.

The government seems helpless and clueless to control the rising inflation and poverty. It is also not ready to accept the simple fact that its neoliberal economic policies and IMF-imposed conditions are causing this high inflation and poverty.

PTI leaders continue to blame the previous governments for both inflation and increased poverty. And they are not ready to give up their 'blame the others' strategy, and face the reality. The PTI government now ought to realise that cursing the previous political governments for their 'corrupt' practices is no substitute for controlling the ongoing high inflation that is punishing people so directly. The reality is that the government signed the IMF bailout agreement with the harshest and toughest conditionalities.

Now the government is implementing these conditionalities in letter and spirit. The IMF is happy but the poor are paying the ultimate price of these conditionalities and neoliberal policies. Heartless technocrats and elitist rulers have no idea how their economic policies are hurting millions of poor people and even parts of the middle class.

The government is not ready to accept that it is following the same economic policies that have brought us to the current state. Debt continues to rise; inflation is painfully high; unemployment is increasing; and the cost of living is rising.

The government is continuing with the policy of imposing indirect taxes to increase revenue. That is exactly what the previous governments used to do. Indirect taxes always contribute to high inflation and increase the burden on the poor masses.

When the prime minister of our country is so convinced and strongly believes that Pakistanis don't pay taxes then there is no problem in imposing more taxes. Then it seems justified to increase the prices of utilities as well. This is what Harvard and IMF trained economists have told our Oxford-educated prime minister. So he is not listening to all those who are trying to tell him that ordinary Pakistanis are among the most heavily taxed people in the world.

The elite and ruling classes fiercely resist direct taxes and progressive tax policies. The top 10 percent of the population owns most of the wealth and means of production (industries, land and services) so they must pay most of the taxes. A welfare state imposes higher taxes on the rich and on Big Business and spends it on the poor so as to provide them free health, education, decent housing, transport and other cheaper services and utilities.

But in the PTI's model of welfare state, the majority of 10 percent well-off population is still out of the tax net. Middle-class high wage earners are the ones who pay taxes. So the easy way to increase revenues is to continue with these retrogressive tax policies.

The previous governments used taxes and surcharges on electricity, gas and petrol to get extra revenues. This government is following the same policy.

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