

**THE STATE AND CAUSES OF POVERTY:
A NOTE ON RURAL POVERTY AND
AGRARIAN STRUCTURE
IN PAKISTAN**

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Poverty is not just a statistical fact at a point in time. It is a human condition that is systematically generated by particular forms of production organization. Therefore, in examining the state of poverty its causes can be explored in the structure of production relations, which bring affluence to the few and poverty to the many. In Section I of this note I will present the evidence on the level and trends in rural poverty in Pakistan, in a highly summarized form. Section II and III report briefly some of the findings of my study on the mechanism of rural poverty.

I. THE LEVEL AND TRENDS IN RURAL POVERTY: A SUMMARY OF THE EVIDENCE

Evidence on rural poverty during the 1960's is based on estimating the number of rural households whose income is below certain "poverty lines". (Poverty line being defined in terms of the level of per capita expenditure at constant prices which would afford a consumption basket-yielding 2100 calories). Some studies (Naseem¹, Talat²) show that the percentage of rural population below the poverty line remained constant during the 1960's. Other studies (Hussain³, Mujahid⁴) suggest that the rural poor as a percentage of the rural population have increased. In any case it is well established in Pakistan with the growing rural population the absolute number of rural inhabitants who were unable to afford minimum caloric requirements, increased during the 1960s – the decade of rapid agricultural growth.

Evidence on rural poverty during the 1970s is based on two sources: The Nutritional Survey carried out by the Planning Commission and the Household Income and Expenditure Survey. The Nutritional Survey indicated that around 33 percent of the

population in rural areas suffered from undernourishment. (i.e., They consumed less than 2550 calories) The caloric intake based on the household food expenditure data showed that more than 20 percent of the household failed to meet their caloric requirement.

Earlier studies examining rural poverty in the 1960s on the basis of per capita income of different income groups (Naseem, Mujahid) and subsequent studies for the decade of the 1970's based on nutritional surveys are not strictly comparable due to differences in methodology. However, a more recent study (Irfan and Amjad⁵) uses Household Income and Expenditure Survey data to develop a consistent time series on rural poverty. The results show that during the period 1963/64 and 1969/70 – the level of rural poverty underwent a significant increase. The percentage of poor households in total rural households increased from 40.5% in 1963 to 51.5% in 1969/70. The rural poverty figure for the year 1979 compared to 1969, however, shows a significant decline from 51.5 percent to 37.5 percent. To some extent the decline in the percentage of poor households is only an apparent decline, due partly to underestimation in the 1979 data which does not cover some of the poorer regions of the country and partly due to the fact that the increased landlessness during this period involved a migration of the poorest sections of the rural population into urban areas. Nevertheless, some real decline in the percentage of poor households did occur between 1969 and 1979, primarily because of the effect on rural wages and remittances of labour migration to the Middle East. Clearly such a decline in rural poverty arose not from development of the rural economy but precisely its underdevelopment. Moreover, with the return flow of migration from the Middle East during the 1980's, the poverty decline observed in the 1970's was by its very nature a temporary phenomenon. It is the structure of the rural economy that determines the long-term trends in rural poverty, rather than temporary income flows from abroad.

Let us now consider the mechanism underlying the continued high level poverty and the phenomenon of growing poverty during a period (1960's) when overall output and income in agriculture was growing rapidly.

II. THE MECHANISM UNDERLYING RURAL POVERTY: THE NEW TECHNOLOGY AND POLARIZATION IN AGRARIAN STRUCTURE

Much of the literature on the so-called Green Revolution suggests that this New Technology is “scale neutral”. However, this may be so at a purely technological level. The actual effect which the New Technology has on the size distribution of farms in any particular society depends on the prevailing pattern of landownership and the social organization of agricultural production. In Pakistan the agrarian structure is characterized by a highly skewed distribution of landownership and a pattern of extensive renting out of land to tenants. In such a situation where the High Yielding Varieties Technology (HYV) became available and made owner cultivation highly profitable there emerged a tendency for structural change in favour of the large farmers: The availability of HYV technology alongwith subsidized tractors, induced large landowners to resume their formerly rented out land for owner cultivation on large tractorized farms. The resultant change in the size distribution of farms and changes in the production relations generated a powerful process: Growing affluence of the big farmers simultaneously with the pauperization of the poor peasantry. In this Section II I will report very briefly changes in the size distribution of farms and the process underlying the phenomenon. In the next Section II we will examine the changes that constitute the basis of the process of growing rural poverty.⁶ (For a more detailed study see my doctoral thesis).

When the 1960 Agriculture Census (adjusted for biases inherent in its methodology⁷) is compared with the 1972 Agriculture Census a picture of polarization in the size distribution of farms emerges. i.e., The percentage share of small farms in total farm area and that of large farms has increased while the percentage share of medium sized farms has declined.⁸

Underlying this comparative static picture was a more complex dynamic process. This consisted of the following elements:

1. The larger landowners were resuming their rented land not only from small farmers but also from medium sized farmers.

2. The loss of land following resumption hit medium sized farmers to a much greater extent than small farmers.
3. Some medium sized farmers following the loss of some (but not all) of their rented-in area converted into small farmers over the period.

The consequences of (2) and (3) above, was that the percentage share of total farm area (and the number of farms) in small sized farms category increased over the inter censal period while that of medium sized farms declined. Thus the increase in the percentage share of small farms in the total farm area occurred not because small farms were becoming more viable but because of the relatively greater impact of the loss of rented-in land compared to small farmers.

This differential impact of the resumption of rented land is understandable given the much greater proportion of total rented land under medium sized farms in Pakistan. The fact that many small farms were disintegrating under the impact of tenant eviction is indicated by the rapid increase in landlessness over the period: Landless labourers increased by 0.7 million during the inter censal period, and of these almost half had been proletarianized as the result of tenant eviction.⁹

III. THE MECHANISM UNDERLYING RURAL POVERTY: CAPITALIST FARMERS AND THE NATURE OF PRODUCTION RELATIONS

In this Section I will report very briefly some of the findings of my study on Agrarian structure.

This suggests that production relations between poor peasants and large farmers underlie the squeeze on the real income of the poor peasants. I have defined poor peasants as those who are using predominantly family labour on their farms. (i.e. The ratio of total net labour hired-in to family labour is less than one). Poor peasants are subject to a triple squeeze:

1. Money costs have increased

This is because of two main factors:

- (a) Inputs which were formerly non-monetized (e.g., seed, animal manure), or inputs which the poor peasants did not use at all (e.g., tractor ploughings, pesticides), he now has to buy in the market. The reason why the poor peasant has to buy chemical fertilizer (rather than use his own animal manure) and hire tractor ploughings, is because of his reduced ability to keep farm animals. This is because the poor peasant no longer has access over the fodder area of the landlord who now tends to use mechanized techniques.
- (b) The second factor in the rise in money costs is the shift from sharecropping to money rents which are rising sharply.

2. Stagnant Yields per Acre

While there has been an increase in cash rents payable by the poor peasant and thus in his rental burden his yield per acre has not increased significantly. The latter is due to the fact that the poor peasant does not have the financial and political power to: (a) Acquire all the required inputs (seed, fertilizer, tubewell water, pesticides, and (b) the poor peasant does not have control over the timing of their application.

3. Selling Grain Cheap and Buying Dear

The third pressure on the real income of the poor peasant is that in a situation of rising cash requirements and indebtedness he is forced to sell a part of his subsistence requirements of grain at harvest time.

This harvest sales are at low prices since grain is cheap at this time. However, at the end of the year when his stores run out, he has to buy grain in the market at a time when prices are high.

CONCLUSION

My study shows that with the development of Capitalist farming, the nature of the interaction between poor peasant farms and the growth of large mechanized farms is such that while real incomes of the large farmers have increased dramatically, the real income of the poor peasants has declined. The latter fact is reflected in the data on changes in the quantity and quality of diet of the poor peasants. This shows that for a substantial proportion of the poor peasants both the quality and quantity of diet has deteriorated.¹⁰ (See the Table 1).

TABLE 1
CHANGE IN QUANTITY AND QUALITY OF THE DIET OF FARMERS
BETWEEN 1965 TO 1978 BY SIZE CLASS OF FARM

Size of Farm (Acres)	Quantity of Diet ¹				Quality of Diet ²			
	Percentage Number of Farmers Whose Diet has Improved	Percentage Number of Farmers Whose Diet has Deteriorated	Percentage Number of Farmers Whose Diet has Remained Unchanged	Total	Percentage Number of Farmers Whose Diet has Improved	Percentage Number of Farmers Whose Diet has Deteriorated	Percentage Number of Farmers Whose Diet has Remained Unchanged	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Less than 8	11	33	56	100	0	67	33	100
8 to 25	0	25	75	100	0	69	31	100
25 to 50	0	0	100	100	0	25	75	100
50 to 150	0	0	100	100	0	0	100	100
150 and above	0	0	100	100	0	0	100	100

Source: Field Survey 1978. Akmal Hussain D. Phil Thesis, Sussex 1980.

Notes:

1. Quantity of Diet. A reduction in the quantity of diet refers to a reduction in the quantity of one or more of the following items, without an increase in any: (i) Number of *chappatis* consumed during the day, (ii) quantity of milk consumed during the day, (iii) quantity of *lassi* consumed during the day (iv) Number of times during the day lentils or vegetables are eaten along with *chappatis*. Similarly, an improvement in the quantity of diet refers to an increase in the quantity of one or more of the above items, without a reduction in any.

2. Quality of Diet. A reduction in quality of diet refers to a change of one or more of the following: (i) A reduction in the quantity of milk with an increase in the quantity of *lassi*, (ii) A reduction in the frequency of meat consumption per month by the peasant household, (iii) A replacement of home-made butter and ghee with canned vegetable cooking oil purchased in the market. The latter has a much lower fat content than home-made ghee and is also often adulterated according to the respondents.

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- ⁷ Ibid.
- ⁸ Akmal Hussain: "Technical Change ..." op. cit. Page 336, Table 1.
- ⁹ Akmal Hussain: D. Phil. Thesis, op. cit.
- ¹⁰ Akmal Hussain: "Technical Change...." op. cit., Table 6.