

The Politics of Poverty Reduction Strategy Papers

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Abstract

This paper offers a critique on the politics of the Poverty Reduction Strategy Papers and their framework, processes, and content. The paper challenges the fundamental assumptions of the poverty reduction approach and the underlying politics of the international financial institutions with a view to seek the answer to question as to why the development programmes initiated under the auspices of the World Bank and IMF failed to address the issue of poverty in the developing countries, especially in Pakistan. The ontological and epistemological basis of poverty as defined in poverty reduction strategies are of a special interest. The paper focuses on measures such as trade liberalization, free market and privatization of public sector institutions, suggested as remedies to treat the menace of widespread poverty, and reviews the min the backdrop of Western cultural ideals such as political liberalism, the instrumental conception of social action and value neutrality of scientific knowledge.

Key Words: Politics, Poverty, privatization, Political Liberalism, Positivism, Value-neutrality

Introduction

Widespread poverty has been Pakistan's chronic and persistence problem since independence. Whether taking micro perspective of poverty using the narrow definition of lack of adequate food and income or the macro perspective of lack of access to opportunities, the number of people in poverty in Pakistan falls between the range of a quarter to a half of the total population. The Human Development Report 2014 ranks Pakistan at 146th position out of total 187 countries. Multidimensional Poverty Indices (MPI) records that 45.6 percent population in Pakistan lives below the poverty line. While an additional 14.9% of the total population of the country lives near poverty line. MPI further highlights that the breadth of deprivation, indicating an average of deprivation scores experienced by people, stands at 52 percent. During 1980 and 2013 Pakistan's Human Development Index value increased from 0.356 to 0.537, which indicates an increase of 50.7 percent or an average annual increase of about 1.25 percent. According to Clustered Deprivation Report issued by the Sustainable Policy Development Institute, disparities are more pronounced in rural areas. It is estimated that around 46 percent of rural households as compared to only 18 percent urban households fall below the poverty line.

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Since inception, Pakistan, under different political regimes, implemented various development plans and strategies to trigger economic growth and alleviate poverty. Haq (1983) summarizes few of the ideals of development which held sway in the world, and particularly in Pakistan: 1948-55 emphasize remained on import substitution industries and they were considered as the key to development, 1960-65 focus was shifted from import substitution and export expansion was considered the real answer to growth and development, 1966-67 industrialization was termed as illusion; while rapid agricultural growth was taken as an alternative, 1967-68 having sensed the danger of bulging population, top priority was assigned to population control policies and during 1971-75 it was believed that the poor masses had not been benefitting from development process based on the premise of trickle-down effect. Therefore, GNP growth model was rejected and distribution of income was brought to the fore. 1980s and 1990s witnessed the onslaught of the political agenda of international financial institutions in the shape of Structural Adjustment Programs, emphasizing on deregulation of economy and privatization of state-owned enterprises, as an ideal of economic growth and increase in per capita income. Likewise, the first decade of twenty first century dawned with the emergence of the Poverty Reduction Strategy Papers with attached policy matrix delineating the political interests of the lending institutions. Ironically, none of the development paradigms discussed and practiced in Pakistan could succeed to bring about desired change. Though some improvement at macroeconomic level and increase in the wealth of prominent industrialist families was noticed (Haq, 1983), yet it failed to leave positive mark on the life and earnings of the poor; rather the gap between the rich and the poor was widened with the passage of time. The paper offers a critical evaluation of the said development ideals, particularly PRSPs and the political motivations of the lending institutions in a bid to seek answers to the questions as to what went wrong and what prevented them to bring about positive change in the economic conditions of the developing countries and in the life of their poor masses.

Research Methodology

The paper follows descriptive research design and places reliance on the desk review of secondary data. Economic theories of poverty and related public policy prescriptions have been reviewed in order to have a comprehensive view of poverty and its various dimensions and classifications as envisaged under PRSPs. Policy initiatives undertaken by the World Bank and IMF aiming at economic growth and poverty alleviation since mid-forties has been analyzed critically. Aid programmes and their impact on economies of developing countries have been put to critical scrutiny. The primary thrust of the paper is on analysis of PRSPs and their political and philosophical

foundation. Western cultural ideals emerged during the eighteenth and nineteenth century, especially those promoting economic doctrine of capitalism and *laissez-faire* have been put to question and their impact on international politics of development; an attempt has also been made to trace their linkages with the poverty reduction measures proposed under the PRSPs.

Theories and definitions of poverty

Classical theories of economics, influenced by the work of Adam Smith, J.S. Mill and David Ricardo, view the poverty as an outcome of the failure of individuals to make rational choices that affect their productivity negatively. They maintain that genetic makeup of the individuals among others play an important role in causing poverty (Davis & Martinez, 2014). Esping-Anderson (1990) argues that classical political economists' views on poverty are analogous to *laissez-faire* model of economic market which holds the individuals responsible for the outcome of their economic choices. As such, causes of poverty are embedded in individual preferences and inability to make rational decisions. This capability failure has ultimately been linked to individual deficiencies. Rank et al. (2003) argues that these individual characteristics can range from the lack of commitment and hard work or upright mortality to lack of education or a skill-mix needed in the competitive market. Behavioral view generally believes that poverty is an essential prerequisite in order to keep the laborers motivated to work (Townsend, 1979). This view point maintains that poverty is not the result of market failure, but the shortcomings of the individual efforts and their capabilities. Neoclassical theories consider the role of the initial differences in individual potential, skill-mix and resources, which, in turn, determine effectiveness of an individual in causing poverty or otherwise, within in a free market based on open competition (Davis & Martinez, 2014). One strand of this view point emphasizes on individual preferences in terms of education, training and mobility (Becker, 1964). Liberal/Keynesian theory emphasizes on market externalities, while also considers underdevelopment among the causes of poverty and suggests that economic growth can play a role in triggering economic development, leading to poverty reduction (Davis & Martinez, 2014). It is evident that all major classical political economists consider poverty as a consequence of individual choices and ignores the role of social and economic structures in causing and perpetuating poverty. This episteme of poverty has its roots in one of the important Western cultural ideal namely existential individualism. Bishop (2007) points out that existential individualism values a kind of self-creation, repudiating any notion of pre-given inner directive or objective values. He further observes that we can take a kind of total responsibility for the basic choices that 'invent' the ultimate value and

fundamental projects of our lives. While viewing the natural and social worlds as resources to be manipulated instrumentally is crucial to his/her project of radical change.

Embedded in the assumptions of positivist knowledge paradigm, classical political economics defines poverty as an inability of an individual to purchase basic necessities of life as required by the nature or custom (Adam Smith, 1776). Townsend (1979) defines poverty as dearth of resources necessary to enabling participation in the activities, customs and diets commonly sanctioned by the society. The World Bank (2004), while defining poverty, includes low-incomes and the inability to have an adequate access to the basic goods and services, essentially required to live with dignity. UN(1995) holds that poverty includes lack of income and productive resources to ensure sustainable livelihoods. Joseph Rowntree Foundation (2013) equates poverty with a situation where resources in the command of an individual, mainly material resources, are not sufficient to meet his/her minimum needs.

It clear that positivist episteme of poverty views it only in terms of economic inequalities and opportunities. Nonetheless, the role of social, cultural and political structures responsible for creating and perpetuating poverty has either been ignored or downplayed. Consequently, economic growth, skill development, and free market mechanisms have been proposed as remedies under various poverty alleviation initiatives to increase the income of marginalized groups, rather than going for structural and philosophical shifts. It is evident that indicators used under these economic models to measure the intensity of poverty rely on univocal nature of brute data with positivist ontology and objective epistemology. It is evident that natural scientific criteria have been used to define and identify indicators of poverty; and very little has been said to contextualize the challenges of poverty.

The dominance of natural scientific method and its influence on social science The context independent and economic based definition of the poverty traces its history in the fourteenth and fifteenth centuries Europe. During this period, the continental Europe, and the English society witnessed profound changes in their conception of reality. This change process revolutionized the social, cultural, economic and political structures of their societies. The changes in intellectual and philosophical outlook of this period laid the foundation for the development of modern science (Gordon, 2003). The contribution of Leonardo, Vesalius and Galileo were of paramount importance in shaping the new outlook, purely embedded in objective observation and rational theoretical analysis. While, the '*deism*' of the seventeenth century played its role in promoting scientific investigation of natural phenomena; the Protestantism denied the necessity of a priest mediating between the ordinary

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man and Holy Writ. The idea of progress was also redefined by considering the present as superior to the past and the belief that the future will be better still (Gordon, 2003). Likewise, with the dawn of scientific and industrial revolution in seventeenth and eighteenth century, it was believed that the natural sciences would provide the best perhaps, the only, model of inquiry (Bishop, 2007).

Given the domination of natural sciences in the intellectual climate during eighteenth and nineteenth century, the early social scientists including economists and political scientists conceived of themselves as examining social and political phenomena in the spirit of the natural scientific mode of inquiry. Early social scientists like Emile Durkheim, Herbert Spencer, and Max Weber applied scientific methods to explain the laws governing society and individuals. They drew analogies between sociology and other natural sciences, particularly biology and came up with concepts like *verstehen* and *conscience collective* to study and explain the roots of social phenomena (Gordon, 2003). Use of positivist ontology and objective epistemology to study the cause and effect of social action and believe in availability of brute data and its univocal characteristics set the bases of new Western cultural ideals including: instrumental conception of human action, methodological individualism, political and individual liberalism (Bishop, 2007).

In the latter half of eighteenth century, the French Physiocrats presented the first systematic and comprehensive theoretical model of economics, emphasizing the idea that goods and services are produced not for the direct use of their producers but for sale to others. This definition of market views the economy as a system of money. This model of the economy promoted the *laissez-faire* (leave us alone) behavior of the market: the economic process is governed by the laws of nature and is a system of spontaneous order, not man-made or man-governed (Gordon, 2003). Simultaneously, Adam Smith presented the concept of '*invisible hand*' that economic process is governed by laws similar to that of laws governing natural phenomena. David Ricardo, J.S. Mill, maintained that market system was capable of providing a perfect mechanism of economic organization with no more assistance from the state. The concept of free market and the interplay of market forces to achieve harmony also have a sound connection with Leibnizian doctrine of pre-established harmony. It is important to take note that one of the important intellectual streams of the era was the theory of '*anarchism*' presented by William Godwin, maintaining that any interference on the part of political elites with individual freedom is both unnecessary and unjust (Gordon, 2003). It was in this background that the capitalism was emerged as the dominant economic system, having strong belief in free market, trade liberalization and rational economic choice of the individual; exchange of goods and services was

considered the coordinating and cooperating mechanism in the market in order to achieve a state of equilibrium.

Politics of development

Community development spurred in the Third World countries in the 1950s and early 1960s was influenced by the experiences gained from community improvement and social welfare programs initiated in the United States and Britain in the 1930s (Holdcroft, 1982). Focus of community development programs in 1930s was on improving the conditions of rural communities; while, welfare programs were geared towards poverty relief, focusing mainly on urban areas. It is worth taking note that community development programs in developing countries have also been influenced by the experiences of India in rural development in the 1920s and 1930s (De Beer & Swanepoel 1998:2). However, the term “community development” itself gained popular use in the late 1940s.

The late 1940s witnessed the emergence of a new priesthood of development planners who had tremendous confidence in themselves but little confidence in the societies and political structures which they wanted to transform in a hurry (Haq, 1983). It was argued that the private foreign investment in capital goods such as infrastructure in developing countries would create more employment opportunities, leading to increased domestic savings (Beer & Swanepoel, 2009). Having firm belief that capital formation is at the heart of the development process, the investment rates going up or down remained the focus of development experts (Haq, 1983). It was, however, realized that expectations of the modernizers held with development aid to bring about a change in economic indicators were not realized. It became increasingly clear that foreign investment was rather helping multinationals to increase their influence over local politics and economics (Beer & Swanepoel, 2009). In the early 1970s, there was a general consensus among the political elites that these development strategies had failed to deliver any real improvement in the living conditions of the vast masses (Haq, 1983). While, the debt crises in developing countries reached such a serious proportion that it turned the world upside down and the flow of resources was reversed (Regan, 1996). It is important to take note that cheap loans were become available due to fourfold increase in the oil price in 1973, and the profits were deposited in the Western banks. (Somers, 1996).

Structural Adjustment Programmes

Having sensed the gravity of debt crises of 1950s, 1960s and 1970s and its consequences for the banking sector, the World Bank and the International Monetary Fund (IMF) started rescheduling the debts and lending money to the

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states facing balance of payment challenges (Beer & Swanepoel, 2009). In 1979, the Bank and the Fund introduced Structural Adjustment Programmes (SAPs) aiming to restructuring the economic, political and governance structures of the south to lend them stability(Beer & Swanepoel, 2009). SAPs were designed to bring about a deliberate change in the nature of economic structures of the countries benefiting grants and loans under the SAPs (Sparr, 1994). Under the SAP, there was a consensus between the Bank and Fund on reducing the role of the state and to enhance the role of the market in resource allocation (Beer & Swanepoel, 2009). Economic problems of the south were attributed to the heavy involvement of the government in the economy(Sparr, 1994). In the 1980s, the Bank managed to put a great deal of pressure on the developing countries to change their policies and opt for more open economies (Dornbusch,1995). It was argued that by allowing a country to become capitalist and letting the free market (rather than governments) take over economic relations will make the economy a stronger, more efficient mechanism for meeting people's needs, enabling it to cope better with future external shocks, especially to their exports (Sparr, 1994). Epistemological foundations of the concept of least government and free trade are rooted in the cultural ideal of political liberalism. The political liberalism emphasizes that government should be neutral to all conceptions of the good life(Bishop, 2007). Strings attached to these stabilization loans were based on rational choice theory, promoting the ideals of the free market and less government. For example, conditionalities include devaluation of local currency, cutting subsidies on services such as education and health, removal of ceiling on the interest rates and the abolition of price control. In line with the modernization theories, emphasize of the SAP was that the benefits of economic growth would spread from the national level, all the way to individual households. However, it is widely accepted that the SAPs impacted the poor more badly, especially the women (Beer & Swanepoel, 2009).

Launch of the PRSPs

After the widespread failure of the SAP, the PRSPs were conceived in the headquarters of the Bretton Woods Twin in September 1999.The PRSPs claimed to have been developed by national governments, having poverty reduction at its core (Malaluan & Guttal, 2003).The Bank and Fund made their lending programs contingent upon a country's PRSP. Soon the PRSP framework became the centerpiece for dialogue and negotiation for the countries intending to receive financial assistance under the Bank's International Development Association (IDA)¹.Pakistan signed three PRSPs

¹Still Sapping the Poor: A critique of IMF Poverty Reduction Strategies, Charles Abugre, ISODEC, June 2000

with the Fund: Interim PRSP(2001-2003), PRSP-I (2004-2006) and PRSP-II (2008-2010). The PRSP-II comprises nine pillars and two specific objectives: (i) to restore the confidence of domestic and external investors by addressing macroeconomic imbalances through tightening of fiscal and monetary policies; and (ii) to protect the poor and preserve social stability through a well-targeted and adequately funded social nets².

Analysis and discussion on PRSPs

Apparently, the PRSPs claim to have been “locally generated and owned,” framed on the basis of “wide ranging participatory dialogue,” while focusing on both micro and macro policy levels. The PRSP framework is supposed to “encourage the accountability of political governments to their own people and domestic constituencies rather than to external funders,” whereby, “the poor become active participants, not just passive recipients.”³ However, it is evident from the experiences of many countries across Asia, Africa, and Latin America that the political leadership of recipient countries has had little leverage in shaping the structure, content and policy treatments recommended in these papers. Whereas, in reality, the PRSPs and PRGF frameworks are in contravention with national priorities aiming at reducing poverty, promoting economic development aligned with national agenda, encouraging equality and equity and ensuring wide range participation in the design of national development policies and frameworks. ⁴ Decontextualizing the definition of poverty and the proposed remedies under the PRSP regimes have a direct connection with subject-object ontology and the belief that human behaviors can be predicted and explained on the bases of objective and brute data. The concept of poverty reduction abstracts itself away from the context and emphasizes on the production and availability of univocal data and universality of laws governing human behaviors (Bishop, 2007).

The vision of PRSP-II comprises: regaining of macroeconomic stability; creation of adequate employment opportunities; deregulation and transparent privatization; improving income distribution; enhancing global competitiveness through economic liberalization. The vision has been strategized through a policy matrix, setting out the tranche conditionalities and time journals for meeting reform agenda. It is worth taking note that the PRSPs approved by the Bank and Fund serve as a key document for the donor community and aid

² The Poverty Reduction Strategy Paper-II (2008-2010)

³ Participation in Poverty Reduction Papers, Caroline M. Robb, Africa Department, International Monetary Fund, August 2000

⁴ The World and the PRSP: Flawed Thinking and Failing Experiences, Jubilee South, Focus on the Global South, AWEAPON, Centro de Estudios Internationals. November 16, 2002. PRSP – Politics, Power and Poverty: A Civil Society Perspective. Economic Policy Empowerment Program, European Network on Debt and Development (EURODAD).

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consortia to relating themselves to low-income countries. There is a consensus among the donors to align their aid initiatives on the approved PRSPs, including co-financing the poverty reduction credits, grants and technical assistance (Malaluan & Guttal, 2003).

Experiences show that low-income countries, having left with no other alternative to fulfill their urgent financial needs, have been obliged to bring their important national policies such as governing trade and investment, assets and natural resources management, fiscal and revenue generation, basic governance and political structures, social uplift, and even those dealing with the dispensation of justice in line with the Bank, Fund and donor conditionalities rather than embedding them in national priorities and aspirations (Malaluan & Guttal, 2003). For example, the IMF attached its one billion US dollar debt relief package for Zambia with the sale of the state-owned Zambia National Commercial Bank; though, it was vehemently opposed by the Zambian parliament.⁵In Pakistan, a range of civil society and rights activists including trade unions and journalists highlighted that the PRSP is a continuation of already tried and failed paradigm of development. It was perceived as a threat to country's nascent political and democratic process and debilitating for the sovereignty of the state. They objected to the reform agenda of privatization, liberalization, deregulation and regressive taxation as envisaged under the PRSP and the unwarranted pressure of International Financial Institutions (IFIs) on the state of Pakistan.⁶The emphasize of the Bank and Fund is still on structural changes aiming at trade and investment liberalization, privatization, deregulation, reducing government expenditure, restructuring of public service and sectors, low inflation and rapid economic growth with little focus on targeting the poverty. Further, the Bank and Fund have been using these policy reforms as a condition to oblige the low-income countries to abide by them, disregarding their national priorities.⁷

Tersely stated, PRSPs have been built on the principles of classical political economy and doctrine of *lassies faire*. Disregard to domestic and national priorities in the economic agenda is a clear manifestation of a universal conception of science and the instrumental picture of human action. Bishop (2007) highlights that the universal conception of science emphasizes on discovery and production of universal laws to explain predict and perhaps control behavior of objects. It is also important that methodological conception

⁵MPs Stop Zambia National Commercial Bank Privatization. December 5, 2002. The Post, Lusaka; Opposition MPs against ZNCP Sale. December 6, 2002.

⁶Letter to the Ministry of Finance. Advocacy Program, Sustainable Development Policy Institute, No. 3, UN Boulevard, Diplomatic Enclave 1, G-5 Islamabad, Pakistan. December 20, 2002.

⁷Poverty Reduction Strategy Paper – Operational Issues, IMF-World Bank, December 10, 1999.

is operative in the PRSPs at the level of defining economic and poverty indicators; hence univocal character of brute data is at the heart of the PRSPs policy matrix. Methodology used in the PRSP is also based on Max Weber's *zweckrational* explanation of social action, where emphasis is placed on selection of rational ends and equally rational means to achieve the ends (Bishop, 2007). Reliance on positivist ontology of poverty and objective epistemology to uncover its various dimensions is evidence unto itself that solutions of economic challenges of developing countries proposed under the PRSPs have a complete disconnect from the local environment and peculiar dimensions of the poverty. While, authors of PRSP claims that objective indicators have been employed to measure economic progress and increase in per capita income, but in reality in the guise of objectivity they promote a new set of cultural ideals based on the principle of economic rationality of the human action (Bishop, 2007).

Experiences across Asia, Africa and Latin America testify that ownership in the PRSPs means assurance of a country to abide by a strategy approved by the Bank-Fund, no matter how little it resonates with socio-economic, political, historic and geographic peculiarities of recipient countries.⁸The PRSPs believe in promotion of rapid economic growth, the development and expansion of private sector, good governance, deregulation, trade and investment liberalization, fiscal stability, macroeconomic management, public expenditure management and consultation with NOGs.⁹Contrary to the claims of the Fund, most of the PRSPs are identical in using their poverty analyses approach and policy recommendations, supposedly aimed at poverty alleviation (Malaluan & Guttal, 2003). Vividly, it is clear that natural scientific mode of inquiry, emphasizing on the abstraction of phenomena from its context, form the centre piece of the PRSPs. Bishop (2007) points out that the natural science in its quest for uncovering the universal laws governing the behavior of matter abstracts itself from the phenomena of interest at two levels; disengagement from physical context and subjective features of embodied experiences. Bishop (2007) further highlights that influenced by this mode of scientific inquiry social scientists attempt to treat human behavior like law governing molecules in physics in order to quantify and map its causal path. The same context-free conception of poverty is easily discernible in PRSPs. There are instances when national plans were to be adjusted to the

⁸Poverty Reduction Strategy Paper – Operational Issues, IMF-World Bank, December 10, 1999.

⁹Guidelines for Joint Staff Assessment of Poverty Reduction Strategy Paper, IMF-World Bank, April 18, 2001

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PRSP and not the vice versa. It means that priorities set in the PRSP take precedence over a country's indigenously prepared national plans.¹⁰

The PRSP document reads that the participation of civil society is assigned priority at all stages of strategy formulation. However, in reality, participation is usually restricted to soliciting comments of selected NGOs. Unions, workers' organizations, professional associations, women groups, and academia are hardly consulted. Not only local population is neglected at policy formulation stage, but they are not involved in monitoring the results of the policy reforms (Abugre C. , 2000). Usually, the document is presented in the local language only at its final stage, thus limiting the local input at initial stages. Therefore, the PRSPs lack the participation of genuine stakeholders. Rather, the participation is used as a gimmick to make the hidden agenda of economic liberalization and privatization palatable to the people of borrowing countries. The report of UN special rapporteurs Joseph Oloka-Onyango and Deepika Udagamahas termed the Bank and Fund's policy of free market reforms as contrary to the communities' rights to health, education and welfare.¹¹ It is also a clear manifestation of the instrumental conception of human action that all available resources including human beings are used as means to achieve ends. In this case, so called participation of civil society in policy formulation has been used as a tool to accord legitimacy to the economic agenda of the Bank and Fund. Instrumental conception of human action maintains that all actions are merely means or instrument for achieving our aims with little if any thought for the morality of our action (Bishop, 2007). Actions are valued and chosen for not themselves, but as more or less efficient means to a further end, where the ends are not evaluated for their worth (Jon Elster, 1989).

The policy matrix attached with the PRSPs is an operational document, providing a roadmap to recipient country to introduce policy reforms within a given timeframe. The borrowing countries are obliged to comply with the conditions set out in the matrix. Despite different historical background and diverse political and socio-cultural and socio-economic milieu, the set of policy matrices attached with the PRSPs implemented in Asian, African and Latin American countries share the same common elements (Malaluna & Guttal, 2002). This one-size-fits-all approach has its roots in the Western cultural ideal of instrumental reasoning which believes in availability and univocal interpretation of brute data and considers human activity, but a chain of cause and effect. It dehumanizes the social context and grants individuals full

¹⁰ Poverty Reduction Support Credits, World Bank Operations Policy and Country Services, May 11, 2001.

¹¹The Sub-Commission on Human Rights Resolution 2001/5 and Progress Report by Joseph Oloka-Onyango and DeepikaUdagama

autonomy to choose means to achieve desired ends (Bishop, 2007). Further, rapid economic growth and macroeconomic stability is what the PRSPs are all about. The adherence to growth is driven by the belief in trickle-down effect – an approach failed to yield the significant result in Pakistan in 1960s (Haq, 1983). Overemphasize on this approach limits the role of the public and political institutions responsible for reaching the poor and renders them almost incapacitated in the development agenda initiated for the welfare of the poor. The philosophical roots of the economic growth with minimum interference of government can be traced to *laissez-faire* approach ubiquitous in the seventeenth century literature and in the concept of utilitarian economics. As noted above, in the guise of poverty reduction, the PRSPs have been launched to take forward the agenda of the erstwhile SAP, promoting liberal individualism and securing more space for the private entrepreneurs in the third world countries. The concepts of free trade and foreign investment envisaged under PRSPs are the legacy of modernization theories of 1950s and 1960s. These theories are based on the assumption that foreign investment in developing countries would lead to increase in their per capita income by way of creating employment opportunities. Underlying assumptions of using economic indicators in terms of increase in GNP and per capita income as a measure of growth are based on the concepts of classical political economy, emphasizing on free trade and market economy (Gordon, 2003).

The PRSPs policy matrices provide a range of privatization processes to be followed by the client countries. These, inter alia, include corporatization, equitisation or the conversion of a state owned enterprise into public limited company, liquidation, sale, lease, divestiture, and contracting out. It is evident that emphasize of poverty reduction measures is clearly on recasting and reducing the role of the state in the economy and to redefine the control over national assets. The strategy clearly draws its association with tenants of a capitalistic economy, which, in turn, is rooted in political liberalism and individual autonomy. Bishop (2007) explains that idea of the individual autonomy is that a person is autonomous if he/she identifies with his/her desires, goals, and this identification is not influenced by any factor in the socio-cultural milieu. The core of idea of autonomy is a person's capacity to exercise the power of self-government. While, political liberalism emphasizes that government should not interfere with the individual freedom and should give every citizen the right to choose his future course of action. It seems that the entire focus, under the garb of poverty reduction, is on introducing a *laissez-faire* economic order – leaving everything at the disposal of the forces of market and thereby in the hands of those who have control over means of production and have dominating role in economic relations. There are no ethical and moral standings of this approach. Rather, it reflects *zweckrational*

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(technocratic thinking) approach, means and ends must be chosen on empirical bases. This is a classical example of reliance on brute data to understand the cause and effect mechanism, and then manipulate the cause to achieve desired effects of the action. Since the privatization has been conceived as a sure recipe of poverty reduction and economic growth across the globe, paying no heed to socio-cultural factors responsible for causing poverty also refers to the universal conception of science. There is a strong conviction behind this universality of scientific mode of inquiry that data is univocal and can be gathered and analyzed using context-free methods of natural science. Valid data is not considered the one which is morally good, but the one which is scientifically good. Data collection instruments and analysis techniques are chosen to ensure the objectivity of data and its interpretation. The phenomenon of interest is treated like any other physical object (Bishop, 2007).

Focus of PRSPs on the expansion of the private sector and deregulation of economic sector has also been grounded in the philosophy of minimum government, particularly in the realm of market. Physiocrats' model, invisible hands of Adam Smith and *lassies-faire* doctrine of the seventeenth century all provide the philosophical foundation to PRSP to ask for the promotion of the private sector. The idea that interaction between market forces of supply and demand would ultimately attain a level where market would achieve a state of perfect equilibrium is a guiding philosophy behind the PRSPs focus on privatization and minimum interference of government. Exchange of goods and services has been taken for granted to be responsible to coordinate market forces in favor of buyer and seller (Gordon, 2003). It is also influenced by Darwinian Theory of evolution that the struggle for existence is the best methods to promote better species and to weed out the poor performers. Similarly, there is a war going on among the market actors and only those would succeed who would develop enough muscles to face the tough competition in the market (Gordon, 2003). This view point totally ignores the importance of the context and the social and political structures primarily responsible for causing poverty and creating other inequalities among workers and owners, between bourgeois and proletariats. Poverty is measured and defined in terms of universal criteria based on brute data rather than context specific conditions (Yapa, 1996). Further, the object of the inquiry is not the poor rather the academia who teach and write about the poverty. Yapa (1996) maintains that crude data alone cannot explore all dimensions of the poverty; rather discourse also needs to be questioned and analyzed to unmask the hidden causes of the poverty.

The Policy matrices attached with PRSPs developed for Asian, African and Latin American countries clearly dictate varying levels of wide-ranging

regulatory reforms in the key economic sectors such as agriculture, finance, water, power, transport, and telecommunication. It emphasizes on tradability and marketability of land, making it more attractive for investors. Nevertheless, the PRSPs fail to recognize that farmers have emotional affiliations with land and its trade may lead to serious socio-cultural issues. Further, economic concepts like user fee and cost recovery touched upon in the PRSPs reminds the resurrection of erstwhile SAP of 1980s.¹²It provides indubitable evidence that the real target is not to reduce poverty, but to rolling back the state sector and making room for foreign investors to invest in the public sector utilities and make money. The deregulation of economic sector also makes it clear that the PRSPs have very craftily been designed to promote the agenda of economic liberalism, using scientific data to prove that the private sector is more efficient than the public sector. However, it has been established by now that there has always been an objective to carry out a research project. For that matter collection of data which one way or the other determines the dimension of the research and development of data collection instruments, data classification procedures and finally data interpretation (Bishop, 2007). It is because of this value neutrality myth of the brute data collected by using scientific methods that misled the actual incidence of poverty and its available remedies in the local context.

It is worth taking note that cross conditionality aspect of the IMF-World Bank reads that the IMF has been assigned the role to take on the macroeconomic and short-term stabilization operations, while the Bank is supposed to take care of the long-term structural challenges. This all has been covered within a twin package supported by both the Bank and Fund. However, with the passage of time, the Bank and Fund have directed their policy prescription in favor of market mechanism at the cost of alternative policy measures. This has limited their repertoire to take into account the varied options for structural reform agenda. For instance, there could be many possible alternatives to address the fiscal burden of the public utilities; yet, it is only the privatization in its different shades that is always considered an elixir to deal with public sector inefficiencies (Malaluan & Guttal, 2003). While their documents talk about national ownership and participatory processes, they pay no respect even to the national constitutions and political preferences and insist upon making the necessary amendment to bring them in conformance with their conditionalities. This is a clear manifestation of means-end rationality – treat everything as objects and use them as means to attain the ends, no matter what it costs to the client countries. At times, it becomes such a compulsion

¹²Policies to roll-back the State and Privatize? Poverty Reduction Strategy Paper Investigated. World Development Movement, April 2001

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for the client governments that they have to lobby in the national legislature in order to get the desired amendments in the legal framework. The struggle, in most of the cases, results in horse-trading and using all illegal means to win the sympathies of the elected representatives in the favor of the proposed amendments. The most painful aspect of all this insensitivity is that all this is being done under the garb of poverty reduction.

Conclusion

Critical analysis of the basic tenants of the PRSPs makes it clear that it has little to do with poverty reduction, no matter how frequently the words poverty and poor have been used in the document. The PRSPs fail to appreciate the historical, political and long-term causes of the poverty. It conceives the poverty as a material condition experienced by the people of third world countries. It diagnosis the causative factors to explain poverty. At the third level, it suggests the solution based on the actions manipulating the factors which are deemed to be the most important causative agents. In the light of policy matrix, the remedies lie in economic growth and divestiture of the state-owned enterprises. It pays little attention to the context and the social construction of the discourse of poverty. Instead focusing on redistribution of income, wealth, land, employment and opportunity, the PRSPs seek to promote private property rights and oversimplify the more delicate social relations of use, exchange, tenure and ownership of commodities. From the critical theory's perspective, the PRSPs are responsible for aggravating the inequalities that exist in the prevailing patterns of the ownership of means of production and economic relations between *bourgeois* and *proletariats*. In this sense, the PRSP packages are promoting the cause of capitalists at the expense of the poor. In case of agricultural produce, the PRSPs focus on cultivation of cash crops and their export to markets which are alien to the poor population of the borrowing countries. This is a sure recipe of creating a shortage of essential food items in the local market and in raising their prices, rather than to reduce poverty as claimed in the PRSPs (Malaluan & Guttal, 2003). It is a clear manifestation of the capitalist mentality, Marx expressed as *Money-Commodity- Money* schema of capitalism. Everything is treated as a resource and is used to convert it into object, attaching the monetary value to it (Gordon, 2003).

The poor have been left at the mercy of social nets and the trickledown effect of the trade liberalization and privatization of the public sector enterprises (Haq, 1983). Transfer of even the most fundamental social and economic services to the private enterprises which are backed by the wealthy western government has serious implications to the government's role to ensure fair and equitable access to essential goods and services. As opposed to the

need of client governments in the creation of sustainable, secure and dignified livelihood opportunities, the PRSPs demand such structural adjustments that lead to widespread unemployment and underemployment. The workers are being deprived of fair wages, compensations, entitlements, workplace protection and the right to organize and negotiate. Take, for example, the contractual recruitment in the government sector, especially in education and health departments in Pakistan is depriving the employees of the benefits of pension, job security and fringe benefits attached with regular appointments¹³. Outsourcing of basic services to the private sector is yet another example of exploitation of the poor in the name of poverty reduction. As a matter of fact, this entire situation, in the name of policy reforms, is being created to make sure the entry of a private entrepreneur in the sectors, which hitherto had been served by the government.

The PRSPs, instead of guiding the client countries in developing the indigenous solution of their political and economic governance structures, call for the fragmentation of national institutions and the dismantling of domestic economic capacities. It directly challenges the political and economic sovereignty of client countries by imposing external agenda favoring the developed nations (Malaluan & Guttal, 2003). It enjoins upon the debit ridden countries to allow their land, environment, natural resources, and populations to feed and serve distant markets, often trans-national corporations. The rhetoric of poverty reduction in the PRSPs notwithstanding, it is no more a mystery that these papers are aimed at weakening the governance structures in the poor countries and extracting their resources to serve the benefits of capitalists, most of them are backed by their own investment arms (Malaluan & Guttal, 2003).

Free trade and globalization are some of the buzzwords of the PRSPs, which urge the poor client countries to reduce government's role in regulating the trade and investment and open their markets to global competition; while the poor countries lack required expertise and technological advances to face and compete the onslaught of the western multi-nationals. As such, this is virtually placing the resources at their disposal and dictating the government to relinquish their role as an allocator of resources. While the Bank and Fund, in the garb of the PRSP, are avidly looking for resources of the poor nations, these institutions, despite having tremendous resources at their disposal, do not seem to have been willing to assist countries to develop nationally relevant and locally responsive approaches to human development, well-being, poverty reduction and wealth creation. It would, therefore, be safe to conclude

¹³ The Contract Recruitment Policy 2004, Government of the Punjab

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that the PRSPs claim of being nationally owned and driven is nothing but an attempt to conceal ulterior motives of the Bank and Fund. The term poverty reduction has been used to camouflage the hidden motive of taking forward the unfinished reform agenda of SAPs. Further deconstruction of these structural reforms makes it obvious that the Breton Wood Institutions are bent upon introducing fundamental changes in the socio-economic and political structures of the developing countries, depriving them of their social, cultural and religious values. Interestingly, this is being done in the name of science and titled as value neutral and objective; while in reality these claims are heavily value- laden and are aimed at promoting a particular perspective – the perspective the rich north wants to impose on the poor south.

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