

CONTENTS

- A Session with Prof. Ahsan Iqbal, Patron-in-Chief, PSDE/Federal Minister, (PD&R)



- Vice-Chancellor presents a paper titled "On the Nature of Modern Money" at (10th ICIEF) Conference
- Special Issues of the PDR



- Climate Change Working Papers Published



- PIDE Library



- ICT organised Workshop



- QEC on Campus Training



PIDE News

March 2015

BRAINSTORMING SESSION HELD TO FINALISE THEMES FOR AGM AND CONFERENCE OF THE PSDE

The preparatory meeting of Pakistan Society of Development Economists' (PSDE) Core Committee was held on February 20, 2015 at Pakistan Institute of Development Economics (PIDE). The meeting was chaired by Prof. Ahsan Iqbal, Patron in Chief, PSDE / Federal Minister, Planning, Development and Reforms (PD&R). Renowned development economists and social scientists also participated on special invitation. The agenda of the meeting was to brainstorm the theme and sub-themes for the annual general meeting and the conference of the Pakistan Society of Development Economists.

Professor Ahsan Iqbal advised to constitute a committee to extract practical insights and key policy messages from the last 8-10 proceedings of the PSDE Conferences. Professor Iqbal further advised that the author(s) may be communicated to write applied research articles following spirit of "Knowing to Doing" (K2D).

Dr. Asad Zaman proposed that themes for 31st AGM and Conference can be "Capacity Building and Empowering the Community" or the Vision 2025. Dr. Durr-e-Nayab suggested that the pillars of Vision 2025 may be further selected as sub-themes of the conference. Dr. Asad Zaman further emphasised that in order to get diverse view points on various pillars of Vision 2025, the

audience could be divided into different sessions. Dr. Munir Ahmad suggested that sessions should be chaired by the Secretaries of concerned ministries.



Prof. Ahsan Iqbal informed the house that the Planning Commission of Pakistan and the USAID have jointly organised Pakistan Strategy Support Program (PSSP) and Research Proposals have been invited on the topic of 'how to enhance economic growth of Pakistan' which is significantly relevant to the themes/pillars of Vision 2025. Prof Iqbal suggested that the review committee of the PSDE may select some papers from these studies for the Conference.

The "Vision 2025" was unanimously selected as the theme for the 31st AGM and Conference. After thorough discussion and suggestions from all the members, the following theme for the 31st AGM and Conference was finalised. "Vision

2025: Effective Strategies for Transformational Growth". Regarding the sub-themes, it was unanimously decided that seven pillars of the Vision 2025 should be taken as sub-themes of the conference. It was also decided to hold the 31st AGM and Conference of PSDE from December 17 to December 19, 2015.



Vice-Chancellor presents a paper titled "On the Nature of Modern Money" at (10th ICIEF) Conference

Dr Asad Zaman, Vice-Chancellor, PIDE presented a paper titled "On the Nature of Modern Money" at the 10th International Conference on *Islamic Economics & Finance (10th ICIEF), Institutional Aspects of Economic, Monetary and Financial Reforms*, held on 23-25 March 2015, Doha, Qatar.

The paper examines the process of money creation in the modern financial systems and highlights its flaws. The author explains how monetary theory texts teach that governments create money and control monetary policy. Researchers at the Bank of England, IMF and many others show that fractional reserve banking allows the private sector to create money. Most money

currently in existence is created by the private sector, through the process of lending on interest. Thus creation of interest based debt is intimately connected to the process of money creation in the modern financial system. It should be obvious that giving the privilege of money creation to private parties motivated by the profit motive would lead to massive concentration of wealth. Current efforts to adapt the Sharia' (Islamic Law) to allow for modern banking are harmful, since modern banking itself is harmful to economies. The author discusses numerous advantages that adherence to Islamic principles would produce. These benefits may include elimination of banking crises, stabilisation of economy, reduction of income inequalities, provision of economic justice, and greater investment in projects of high social benefit, rather than private benefits.

PIDE Economy Watch Published

PIDE Economy Watch provides an overview of Pakistan's economic performance. The full text can be accessed from pide.org.pk.



PIDE Economy Watch

July – December 2014

ECONOMIC PERFORMANCE

The short-term macroeconomic scenario looks apparently fine. Driven by low oil prices, inflation is at all times low and the current account deficit is in check despite the blip in exports. With current level of oil prices, foreign reserves seem enough to cover 3 month of imports and the exchange rate is stable. The fiscal deficit is also low and within the limit prescribed by the IMF.

The country just weathered the severe oil crisis with pumps failing to meet demand. While one can pick up causes like increase in demand, non-availability of CNG, liquidity issues of PSO and problems with the supply chain, but only a thorough study can pin-point the exact cause(s) of the crisis and inform us what factors contributed to the crisis. However the fact that PSO defaulted on her LCs makes it clear that poor liquidity of PSO had played some role in precipitating the crisis. PSO's poor liquidity, increment in circular debt, focus on keeping fiscal deficit low and IMF's conditions for release of loan tranches under the standby agreement, all seem related.

The fine macroeconomic numbers

Independent estimates suggest that the raise in GST on oil will more than compensate for loss of revenue due to oil price decline. The more than required raise in GST on oil will help comply with the IMF demand that compensatory revenue measures be instituted if the imposition of Gas Infrastructure Development Cess (GIDC) remains held up due to judicial review.

Inflation at 6.1 percent was recorded during the first six months of FY15 with CPI registering growth rate of mere 4.3 percent in December 2014. The inflation rate has been on the decline since the beginning of FY15 even when the oil prices had not registered a decrease in Pakistan. In August 2014, inflation rate touched the lowest level of 7 percent in 14 months rising slightly to 7.7 percent in September but then the oil driven price plunge began contributing to the steep decline in inflation.

Figure 1: Year on Year CPI Inflation



Special Issues of *The Pakistan Development Review* Published



Special Issue on Poverty

The much awaited special issue of the Pakistan Development Review titled 'Poverty and Social Dynamic in Pakistan' has been published. This issue has been edited by Professor Gavin W. Jones and Dr Ghazala Mansuri as guest editors.

This special issue is collection of a diverse set of papers that highlight the type of work that only panel data makes possible. All of these papers use the Pakistan Panel Household Survey (PPHS). In their note, the guest editors write, "the panel data has 3 rounds, and covers the period between 2001 and 2010. The decade between 2001 and 2010 is one in which Pakistan has faced very significant challenges, but has also managed to reduce poverty quite substantially". The guest editors further explain that the determinant of this decline in poverty and its implications for economic and social mobility need to be examined carefully. According to the guest editors' note, the papers in this volume contribute to the small but growing literature which attempts to answer these questions. The papers explore the dynamics of poverty and mobility, examine the relationship between human development outcomes and income growth and assess the potential impact of major social protection programmes like the Benazir Income Support Programme, among other topics..



Special Issue on Energy

The Pakistan Development Review's Special issue on energy has been published. This special issue contains articles which significantly cover various aspects of energy sector. This special issue comprises the following four articles:

- (1) An empirical study of electricity theft from electricity distribution companies in Pakistan
- (2) Macro-economic policies and energy security – Implications for a chronic energy deficit country
- (3) Burning of crop residue and its potential for electricity generation
- (4) Mitigating vulnerability to oil price risk – Applicability of risk models to Pakistan's energy problem.

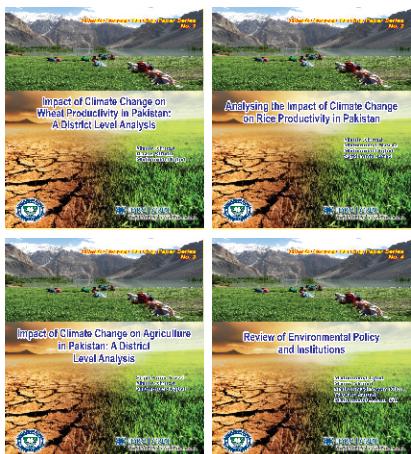
Upcoming articles of *The PDR Vol. 54, No. 1 (2015)*

- (1) Mediating Effect of Advertising Expenditure on Labour Productivity: A Case of Manufacturing Industries in Pakistan
- (2) From Chronic Disease to Food Poverty: Evidence from Pakistan
- (3) The Effects of Informational Framing on Charitable Pledges: Experimental Evidence from a Fund Raising Campaign
- (4) New Keynesian Macroeconomic Model and Monetary Policy in Pakistan

Climate Change Working Papers Published

The following four working papers have recently been published by the Agriculture and Environment division. These papers can be accessed from PIDE's web site i.e. pide.org.pk

- (1) Impact of Climate Change on Wheat Productivity in Pakistan: A District Level Analysis by Munir Ahmad, Hasan Siftain, and Muhammad Iqbal
- (2) Analysing the Impact of Climate Change on Rice Productivity in Pakistan by Munir Ahmad, Muhammad Nawaz, Muhammad Iqbal, and Sajid Amin Javed
- (3) Impact of Climate Change on Agriculture in Pakistan: A District Level Analysis by Sajid Amin Javed, Munir Ahmad, and Muhammad Iqbal
- (4) Review of Environment Policy and Institutions by Muhammad Iqbal, Munir Ahmad, Muhammad Azeem Khan, Ghulam Samad, and Muhammad Aslam Gill



PIDE Library Establishes Computerised Database

The Library has made a remarkable development in establishing its own computerised database, containing information about reading materials on the socio-economic development. More than 20 records were put into the library database during March, 2015. The number of total records now stands at 50691.

Digital Collection of Thesis:

Keeping in view the shortage of space and with an objective to provide easy access of resources to users, PIDE's library has started digitisation of theses. All theses produced by PIDE's PhD and, MPhil students have been digitised and made available on Local Area Network (LAN). At the moment, the total number of digitised thesis is 186.

ICT Division Organised Workshop on "Office 365 Suite" Introducing a Modern MS Office in Cloud Environment.

The ICT Division organised a workshop on Office 365 suite in collaboration with the Higher Education Commission. Staff members from almost all departments of PIDE attended the workshop to explore various options being provided by the new MS Office software in the cloud environment.



Quality Enhancement Cell Organised Indigenous On Campus Training

The Quality Enhancement Cell (QEC), Pakistan Institute of Development Economics (PIDE) organised a training on **Effective Communication Skills and Office Correspondence** at PIDE in collaboration with the Higher Education Commission (HEC). Prominent resource persons specialised in the provision of training were invited to impart training.



Row 1: Asif Ahmad, Farzay Arbab, Farzad Rehman, Aslam Ishaq, Ali Jaffar, Hassan Parvez, Imran Iqbal, Farzad Iqbal, Farzana Iqbal, Dr. Zafar Iqbal, Dr. Tariq Iqbal, Dr. Zia ul Haq, Dr. Riaz ul Haq, Dr. Aslam Iqbal, Dr. Mohammad Sohail, Dr. M. Maheen, Dr. Anwar Siddique, Mohammad Hussain, Mohsin Raas, Musseer Shah, Anjed Hussain, Adeeb Tariq, Asad Hussain, Naseer Hussain, Row 2: M. Zahira, Sardar Ali Khan, M. Yasir, Muhammad Ayub, Shukri Ahmad, Shaukat Afridi, M. Inam Ulhaq, Fazl Rasool, Syed Ghayoor Shah