Latest Issue

THE PAKISTAN DEVELOPMENT REVIEW
Volume 46, Number 3 (2007)

ABSTRACTS

Assessing Labour Market Vulnerability among Young People

THEO SPARREBOOM and LUBNA SHAHNAZ

Labour market performance in Pakistan has improved markedly in recent years. This paper examines the extent to which young people have benefited from this improvement, using the labour market vulnerability framework that was recently introduced by the ILO. This framework can be used to assess the difficulties young people face on the road to decent employment, and may also serve as a basis for the development of appropriate policies and interventions. Drawing on empirical evidence from various surveys, in particular the Labour Force Survey, we conclude that vulnerability among the youth has generally been reduced since 1999-2000. Vulnerability of women has been reduced through higher enrolment rates in education, and unemployment among both men and women has declined. Far less progress has been made in reducing vulnerability among the employed, and youth still face numerous obstacles that hamper the attainment of decent employment. The paper offers recommendations on the role of labour market information in reducing youth vulnerability.

Foreign Aid—Blessing or Curse: Evidence from Pakistan

MUHAMMAD ARSHAD KHAN and AYAZ AHMED

The role of foreign aid in promoting economic growth is a debatable issue and remains unsettled at both theoretical and empirical levels. Pakistan has received a substantial amount of
foreign aid since its Independence in 1947 but little improvement has been observed in its socio-economic development. This study considers the question as to whether foreign aid is a blessing or a curse for Pakistan. The empirical analysis is based on the ARDL cointegration approach. We examine the aid-growth link at the aggregate and disaggregate levels for the period 1972–2006. The results show negative and insignificant effects of foreign aid on the growth at the aggregate as well as the disaggregate level. The findings further suggest that domestic investment, export growth, and inflows of foreign direct investment are important contributors in enhancing economic growth in Pakistan.

**Self-reported Symptoms of Reproductive Tract Infections: The Question of Accuracy and Meaning**

**DURR-E-NAYAB**

Verbal surveys are the most common way of gauging any population’s health status, but questions remain regarding the accuracy of the responses they elicit. The present paper compares women’s self-reports regarding their experiences with reproductive tract infections (RTIs) and the medical diagnosis that they went through to ascertain the presence or otherwise of the infections. Weak concordance was found between women’s self-reports and the medical diagnosis, with the former over-representing the presence of infections. Some of the self-reported symptoms were pathogenic in nature, as represented by the true positive reports, but the majority of the self-reports were false positives when compared to medical diagnosis. The conventional health surveys, relying solely on verbal responses, thus, do not essentially represent the actual health situation of a population studied, and any policy intervention formulated exclusively on this information would be flawed. There is a need to understand the non-medical context of illnesses to understand the disease fully.

**International Competition, Debt, and Uneven Development in a North-South Macroeconomic Model**

**TARO ABE**

This paper examines whether the intensification of international competition widens the gap between developing and developed economies. The intensification of international competition with an influential trade union in the North is known to lower the North’s markup rate. This paper is unique because it points out that the intensification of international competition can widen the North-South gap when the Southern debt is taken into consideration. It also shows that the egalitarian policy in the North as influenced by trade unions is compatible with its international policy: relief of interest payments.
The Economic Determinants of Foreign Direct Investment in Developing Countries and Transition Economies

ISMAİL ÇEVİS and BURAK ÇAMURDAN

The economic growth rates have dramatically increased in developing economies, such as in Latin American, Asian, and Eastern European countries, following the financial liberalisation attempt, especially during the 1990s. Foreign direct investment (FDI) has become an increasingly important element for economic development and integration of developing countries and transition economies in this period with the world economy. The main purpose of this study is to develop an empirical framework to estimate the economic determinants of FDI inflows by employing a panel data set of 17 developing countries and transition economies for the period of 1989:01-2006:04. In our model there are seven explanatory economic variables. They are, respectively, the previous period FDI (the pull factor for new FDI), GDP growth (measures market size), Wage (unit labour costs), Trade Rate (measures the openness of countries), the real interest rates (measures macroeconomic policy), inflation rate (as country risk and macroeconomic policy), and domestic investment (Business Climate). Hence, throughout the paper, only the economic determinants (being separated and apart from the other studies in the literature) of FDI inflows to developing countries and transition economies are studied. It is found out that the previous period FDI which is directly related to the host countries’ economic resources is important as an economic determinant. Besides, it is also understood that the main determinants of FDI inflows are the inflation rate, the interest rate, the growth rate, and the trade (openness) rate and FDI inflows give power to the economies of host countries.