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ABSTRACTS

Gender and Ultimatum in Pakistan: Revisited

SAIMA NAEEM and ASAD ZAMAN

Razzaque (2009) studied the role of gender in the ultimatum game by running experiments on students in various cities in Pakistan. He used standard confirmatory data analysis techniques, which work well in familiar contexts, where relevant hypotheses of interest are known in advance. Our goal in this paper is to demonstrate that exploratory data analysis is much better suited to the study of experimental data where the goal is to discover patterns of interest. Our exploratory re-analysis of the original data set of Razzaque (2009) leads to several new insights. While we re-confirm the main finding of Razzaque regarding the greater generosity of males, additional analysis suggests that this is driven by student sub-culture in Pakistan, and would not generalise to the population at large. In addition, we find strong effect of urbanisation. Our exploratory data analysis also offers considerable additional insights into the learning process that takes place over the course of a sequence of games.

JEL Classification: C78, C81, C91, J16

Keywords: Ultimatum Game, Gender Differences, Exploratory Data Analysis

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The Impact of Institutional Quality on Economic Growth: Panel Evidence

SAIMA NAWAZ, NASIR IQBAL and MUHAMMAD ARSHAD KHAN

The aim of the present study is twofold. First, we develop a theoretical model which incorporates the role of institutions in promoting economic growth. The theoretical model predicts that rent seeking activities decrease as institutional quality improves, and hence income increases and vice versa. Second, we conduct an empirical analysis to quantify the impact of institutions on economic growth in selected Asian economies over the period 1996-2012 by employing both static and dynamic panel system Generalised Method of Moments (GMM) technique with fixed effects. The empirical results reveal that institutions indeed are important in determining the long run economic growth in Asian economies. However, the impact of institutions on economic growth differs across Asian economies and depends on the level of economic development. The results reveal that institutions are more effective in developed Asia than developing Asia. This evidence implies that different countries require different set of institutions to promote long term economic growth.

Keywords: Institutions, Economic Growth, Panel Evidence, Asia

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Is Negative Profitability-Leverage Relation the only Support for the Pecking Order Theory in Case of Pakistani Firms?

ATTAULLAH SHAH and JASIR ILYAS

Previous studies on capital structure in Pakistan have reported evidence in support of the pecking order theory. However, this evidence is largely based on testing one dimensional relationship between leverage ratios and firms' profitability. The objective of this paper is to extensively test the pecking order theory in Pakistan with well-known pecking order testing models. Specifically, we use a sample of 321 firms listed on the Karachi Stock Exchange from 2000 to 2009 and test pecking order theory with models suggested by Shyam-Sunder and Myers, Frank and Goyal, Watson and Wilson, and Rajan and Zingales. Results of these models indicate that there exists only weak evidence in support of pecking order theory in Pakistan. However, strong support is found for pecking order theory when leverage ratios are regressed on profitability ratio, along with a set of control variables. This discrepancy in the results of the two sets of models needs further investigation, as well as care in interpreting the results of existing studies on capital structure in Pakistan. Our results show robustness even after controlling for possible profits understatements or weak corporate governance practices.

JEL Classification: G10, G21, G32

Keywords: Pecking Order Theory, Profitability-Leverage Relation, KSE

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Trade Liberalisation, Health Care and International Fragmentation: The Role of Health Capital Mobility

TONMOY CHATTERJEE and KAUSIK GUPTA

This paper delves into the complex relationship between health trade through international fragmentation and health trade through commercial presence. A neo-classical full employment four sector static general equilibrium model has been developed, where the three sectors produce final products except the health intermediate goods producing sector. The paper shows that expansion of health trade through commercial presence implies, under some reasonable conditions, enhancement of the volume of health trade through international fragmentation. It also shows that the composite volume of trade in health services through international fragmentation and commercial presence increases the size of the health care in our stylised small open economy.

JEL Classification: I10, F11, F21, D58

Keywords: Health Sector, Health Intermediate Sector, International Fragmentation and International Health Capital Mobility

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