

# Media Coverage

**Lahore School of Economics – Thirteenth Annual  
Conference on the Management of the Pakistan  
Economy**

**Held on March 29, 2017**

March 30, 2017

  
**J. WALTER THOMPSON WORLDWIDE**

# Press Clipping

**March 29, 2017**



لاہور سکول آف اکنامکس کے زیر اہتمام 13 ویں انٹرنیشنل کانفرنس میں یونیورسٹی آف آکسفورڈ کے ڈاکٹر میتھیو مک کارنی، یونیورسٹی آف کولمبو کے ڈاکٹر سریمال ابیرتنے خطاب کر رہے ہیں، سٹیج پر ریکٹر لاہور سکول آف اکنامکس راشد امجد اور دیگر بیٹھے ہیں (فوٹو پاکستان)

## LSE holds conference on Pakistan economy

**LAHORE (PR):** The Lahore School of Economics (LSE) has hosted its Thirteenth International Annual Conference on Management of the Pakistan Economy at its Main Burki Campus on Wednesday.

The theme of this conference was “Igniting Technology led growth in Pakistan: Role of Monetary, Fiscal and Investment Policies”. The two-day event will be devoted to discussions on past successes and constraints on technology-led growth and to draw guidance on how macro and micro level policies can contribute to accelerating economic growth in Pakistan.

The conference started with a keynote address by Dr. Shahid Amjad Chaudhry (Rector, Lahore School of Economics) to set the stage for the detailed discussions held at the conference to explore how monetary, fiscal, investment and governance policies can help ignite Technology Led Growth in Pakistan.



لاہور سکول آف اکنامکس کی عالمی کانفرنس میں میتھیو میکارٹن، ٹرل اپیرانٹے خطاب کرتے ہوئے جبکہ سٹیج پر ریکٹر راشد امجد بیٹھے ہیں

## LSE hosts 13th international moot on management of Pakistan's economy



Staff Report

**LAHORE:** The Lahore School of Economics Wednesday held 13th international annual conference on 'Management of the Pakistan Economy' at its Main Burki campus.

The theme of this conference is 'Igniting Technology led growth in Pakistan: Role of Monetary, Fiscal and Investment Policies'. The two-day event will be devoted to discussions on past successes and constraints on technology-led growth and to draw guidance on how macro and micro level policies can

contribute to accelerating economic growth in Pakistan.

The conference started with a keynote address by LSE Rector Dr Shahid Amjad Chaudhry to set the stage for detailed discussions held at the conference to explore how monetary, fiscal, investment and governance policies could help ignite technology-led growth in Pakistan. He remarked that the timing of the this year's conference fit well with the need of the hour, as all the issues the conference aimed to address were relevant to the issues confronted by Pakistan's economy at present.

Sharing his experience when he was the Pakistan's adviser on finance, revenue, planning, economic affairs and statistics in the caretaker government in 2013, he said in April 2013, when Pakistan was facing severe foreign exchange crises, as both the World Bank and the Asian Development Bank (ADB) had stopped new adjustment lending to Pakistan, he led an economic team to the International Monetary Fund (IMF) that successfully negotiated an Extended Fund Facility (EFF) on more favourable terms than the previous three years IMF standby.

Giving full credit to the government of Pakistan's finance team led by Finance Minister Ishaq Dar, which subsequently held detailed negotiations with the IMF, and subsequently signed the IMF 2013-16 EFF Programme, he said to maintain the current turnaround in the economy, "we should focus on technology, especially in the context of the China-Pakistan Economic Corridor (CPEC)". "We have mastered and excelled in all technologies that we have considered essential. Yet in the other 90% of the economy our technology is 50-80 years behind the times."

Dr Shahid summarised the belief held by economists at the LSE that absence of modern technology adoption was due to

factors that we normally do not focus on when discussing technology adoption - that is the monetary, fiscal, investment and governance policy frame-work - which drives the economy.

The first session of the moot focused on ensuring macroeconomic stability with micro firm level dynamism. Dr Rashid Amjad (professor of economics) began the session with his presentation on 'Pakistan: How macro-micro interaction has resulted in an undervalued, underperforming economy'. He emphasised the need to analyse the macro-micro interaction in the economy to fully understand the dynamics of growth and recommended that such an analysis was necessary to frame appropriate policies.

Dr Ahmed Khalid (professor of economics at the University Brunei Darussalam) discussed the importance of financial integration and stability for sustainable economic growth. He used data on key financial and real sector indicators from 130 countries in the Asia Pacific over 1989-2013 to establish the link between finance and sustainable growth.

Carrying forward the discussion on macro and micro dynamism, Dr Matthew McCartney (associate professor at the University of Oxford, UK) explored the 'middle income trap' under which growth

and development indicators stagnate. He cited the example of Bangladesh, where exports seem to be stuck in a low cost, low productivity cycle. He challenged the orthodox view of encouraging growth via competition and technology adoption.

"For a developing country, technological transfers may perpetuate dependence on imports and may inadvertently transfer resources back to developed countries in the form of patents and royalty payments. He argued that attempts to boost productivity would be met with limited success unless they are supplemented with old-fashioned efforts to induce structure change, breaking away from the dependence on agriculture and low-tech manufacturing.

Dr Sirimal Abeyratne (professor in economics at University of Colombo) drew attention to the rapid expansion in network trade based on the formation of regional supply chains in South Asia.

The second session of the conference focused on monetary policy, external capital and exchange rate management. The first presentation, by Dr InayatMangla (professor of finance) and senior economist Dr Kalim Haider used quarterly data to explore the role that monetary policy can have in the presence of macro-level uncertainties such as

volatile capital flows, falling remittances and declining exports.

Dr GhulamSaghir of the Punjab University presented a research on external debt management and capital flows.

The second session concluded with a presentation by Dr Naved Hamid of the LSE on his co-authored work with Azka Mir (research assistant at the LSE) on exchange rate management, structural change and economic growth.

The last session of the day discussed the role of fiscal policy in economic growth. Shabbar Zaidi (CA and senior partner, A F Ferguson and Co Karachi) contended that the role of fiscal policy in Pakistan was largely of a revenue collection measure only.

The session was concluded with a presentation by Dr Nasir Iqbal, director of research, Benazir Income Support Programme, in which he draw attention of the audience to the fiscal deficit target set under the Vision-2025 and discuss if this arbitrary target is sustainable in the macroeconomic and institutional environment in Pakistan.

The conference will continue today (Thursday), where experts would present their recommendations for CPEC-related industrial initiatives.

## Moot on 'Management of Pakistan economy' held at LSE

HASSAN ABBAS

LAHORE: Pakistan's economic system is stable and the country's \$300 billion economy in current dollar terms and \$ 1 trillion economy in Purchasing Power Parity terms is growing under the impact of the sizable purchasing power of a huge middle class (roughly 50 percent of the population), a very large urban population (60-65 percent of the population) and a self-sufficient agricultural economy.

Rector Lahore School of Economics (LSE) Dr Shahid Amjad Chaudry said this on Wednesday while speaking at the opening session of the two-day 13th International Conference on Management of the Pakistan Economy organised by Lahore School of Economics with the theme of "Igniting technology led growth in Pakistan: Role of monetary, fiscal and investment policies."

Dr Shahid questioned the audience should we carry on doing what we are doing currently, especially with the arrival of the Chinese Pakistan Economic Corridor (CPEC) foreign investment of about US \$50 billion? The answer, as most observers would agree, is that we must, and can do better.

A good starting point is to focus technology.

He said we have mastered and excelled in all technologies that we have considered essential. Yet in the other 90 percent of the economy, our technology is 50-80 years behind the times.

The conference is aimed at exploring the reality of Pakistan's macro-economic frame-work which has been badly battered by the security situation and economic mismanagement and learn from the experience of other countries. Pakistan has focused on basic, fiscal deficit reduction, free trade and globalisation through free trade agreements and tariff reduction and left it to the market to take care of the rest.

"We are discovering as Trump's America has done that macro-economic stability and free trade are not enough to ensure equitable and high productivity growth for all sectors of the economy productivity in the productive sector," Shahid said.

While sharing his experience as Pakistan's Advisor on finance, revenue, planning, economic affairs and statistics in the caretaker government of 2013 he said that in April 2013 Pakistan was facing a very

severe foreign exchange crises and Pakistan's international reserves had been run down to negligible levels to about 4 to 5 billion dollars. Both the World Bank and ADB had stopped new adjustment lending to Pakistan and as a result Pakistan was making a net transfer of about \$2 billion to these institutions.

Giving full credit to the Government of Pakistan's finance team led by Finance Minister Ishaq Dar, which subsequently held detailed negotiations with the IMF and subsequently signed the IMF 2013-16 EFF Programme, he said it was important to note that the present Government implemented this program.

Dr Rashid Amjad, Professor of Economics and Director, Graduate Institute of Development Studies, Lahore School of Economics emphasized the need to analyse the macro-micro interaction in the economy to fully understand the dynamics of growth and recommended that such an analysis is necessary to frame appropriate policies. Over the last 15 years, poverty has decreased significantly as remittances have increased.

In his paper Dr Naved Hamid

Professor, Lahore School of Economics discussed recent exchange rate management in Pakistan and drew attention to the change in government priorities since 2013, which has switched focus from stabilising the real exchange rate to the stabilising the nominal exchange rate.

He showed his reservation that reversal in policy has had an adverse impact on exports and manufacturing; while non-oil imports have expanded significantly. A balance of payment crisis at this point could bring the present economic expansion to a halt.

Dr Matthew McCartney Director of South Asian Studies and Associate Professor in the Political Economy and Human Development of India, University of Oxford, UK talked on the 'middle income trap' under which growth and development indicators stagnate. He used the example of Bangladesh, where exports seem to be stuck in a low cost, low productivity cycle. He challenged the orthodox view of encouraging growth via competition and technology adoption.

For a developing country he said technological transfers

may perpetuate dependence on imports and may inadvertently, transfer resources back to developed countries in the form of patents and royalty payments. He argued that attempts to boost productivity would be met with limited success unless they are supplemented with old-fashioned efforts to induce structure change, breaking away from the dependence on agriculture and low-tech manufacturing.

Shabbir Zaidi CA and senior partner, A F Ferguson and Co, Karachi talked in detail about the role of fiscal policy in Pakistan is largely of a revenue collection measure only. He said it is currently being used as protective tool for traders through the 'Presumptive Taxation Regime', where the burden of indirect tax falls on the consumer. A presumptive tax regime, perpetual amnesty and non-availability of asset database have resulted in a tax regime that provides competitive advantage to a large undocumented segment of the economy that lies outside the fiscal regime and has lead to growth that excludes a large proportion of people.

Dr Inayat Mangla Professor of Finance, LSE and Dr Kalim

Haider senior Economist, Monetary Policy Department, State Bank of Pakistan used quarterly data to explore the role that monetary policy can have in the presence of macro-level uncertainties such as volatile capital flows, falling remittances and declining exports.

They also said that rising federal interest rates combined with low growth, for instance, can lead to grater pressure on the external accounts and uncertainty for the monetary policy of Pakistan. Findings from an econometric analysis of data from 1991-2016 suggests that real interest rates and real exchange rates increase in response to international demand shocks. However, external demand does not significantly impact inflation or domestic growth in Pakistan. They emphasised that monetary and fiscal policy coordination is essential for the country to fully capitalise the benefits of positive shocks in the external economy.

Dr Nasir Iqbal Director of Research, Benazir Income Support Programme draw attention towards the fiscal deficit target set under Vision 2025 and discuss if this arbi-

trary target is a sustainable in the macroeconomic and institutional environment in Pakistan. He used data from 1972 to 2016 to understand the relationship between government deficit and economic performance in Pakistan and find a threshold level of 5.57 percent of GDP for Pakistan.

Dr Ahmed Khalid Professor of Economics, University of Brunei Darussalam discussed the importance of financial integration and stability for sustainable economic growth. He used data on key financial and real sector indicators from 130 countries in the Asia Pacific over 1989-2013 to establish the link between finance and sustainable growth. Results show a positive and significant relationship between financial integration, foreign direct investment and economic growth for this sample.

Dr Sirimal Abeyaratne drew attention towards the rapid expansion in network trade based on the formation of regional supply chains in South Asia. These supply chains focus on trade in parts and components and are highly sensitive to trade barriers. In spite of its entry into regional and bilateral trade agreements, Sri

Lanka has not integrated into regional supply chains and this may explain why the trade performance has remained limited. Presently, non-tariff barriers make it easier for traders to trade outside of South Asia than within the region. His findings recommend a more coordinated regional effort that facilitates trade to achieve regional growth.

Dr Ghulam Saghir Assistant Professor, University of Punjab, Lahore presented research carried out by Dr Jamshed Uppal Associate Professor of Finance, Catholic University of America on External Debt Management and Capital Flows. There is, however, a general downward trend since Jan 2012 to the accompaniment of improvements in the credit ratings and decrease in the CDS spreads. Therefore, the key to further driving the yields lower may be in ameliorating domestic economic, political and security conditions.

These key factors may be even more pertinent in light of changing global financial environment and financing requirements of projects such as China-Pakistan Economic Corridor (CPEC).





## **LSE holds conference on economy**

LAHORE. The Lahore School of Economics (LSE) hosted its 13th International Annual Conference on Management of Pakistan Economy at its main Burki Campus on March 29, 2017. The theme of the conference is “Igniting technology-led growth in Pakistan: role of monetary, fiscal and investment policies”. The two-day event is devoted to discussions on past successes and constraints to technology-led growth. The conference started with keynote address of Dr Shahid Amjad Chaudhry, Rector LSE, to set the stage for comprehensive discussions to explore how monetary, fiscal, investment and governance policies could help ignite technology-led growth in Pakistan. He pointed out that the issues the conference aimed to address were very relevant to the issues confronted by Pakistan’s economy at present. The first session focused on ensuring macroeconomic stability with micro firm level dynamism. The second session of the conference focused on the monetary policy, external capital and exchange rate management. PRESS RELEASE

## LSE holds 13th annual conference on management of Pakistan's economy

LAHORE

STAFF REPORT

The Lahore School of Economics (LSE) hosted its 13th annual international conference on management of the Pakistani economy at its Main Burki Campus on Wednesday.

The theme of the conference is 'Igniting Technology led growth in Pakistan: Role of Monetary, Fiscal and Investment Policies'.

The two-day event is devoted to discussions on past successes and constraints on technology-led growth and to draw guidance on how macro and micro level policies can contribute to accelerating economic growth in Pakistan.

The conference started with a keynote address by Lahore School of Economics Rector Dr Shahid Amjad Chaudhry to set the stage for the detailed discussions held at the conference to explore how monetary, fiscal, investment and governance policies can help ignite technology-led growth in Pakistan. He remarked that the issues the conference aimed to address are very relevant to the issues confronted by Pakistan's economy at present. The first session of the conference focused on ensuring macroeconomic

stability with micro firm level dynamism. Dr Rashid Amjad (Professor of Economics and Director, Graduate Institute of Development Studies, Lahore School of Economics) began the session with his presentation on Pakistan: How macro-micro interaction has resulted in an undervalued, underperforming economy. He emphasised the need to analyse the macro-micro interaction in the economy to fully understand the dynamics of growth and recommended that such an analysis is necessary to frame appropriate policies.

Dr Ahmed Khalid (Professor of Economics, Universiti Brunei Darussalam) discussed the importance of financial integration and stability for sustainable economic growth. He used data on key financial and real sector indicators from 130 countries in the Asia Pacific over 1989-2013 to establish the link between finance and sustainable growth. Results show a positive and significant relationship between financial integration, foreign direct investment and economic growth for this sample.

The second session of the conference focused on monetary policy, external capital and exchange rate management. The first presentation, by Dr Inayat Mangla



(Professor of Finance, Lahore School of Economics) and Dr. Kalim Haider (Senior Economist, Monetary Policy Department, State Bank of Pakistan) used quarterly data to explore the role that monetary policy can have in the presence of macro-level uncertainties such as volatile capital flows, falling remittances and declining exports.

Dr Ghulam Saghir (Assistant Professor, University of Punjab, Lahore) kindly presented research by Dr Jamshed Uppal (Associate Professor of Finance, Catholic

University of America) on external debt management and capital flows. The presentation discussed recent strong growth in the financial sector of Pakistan and the how it has impacted the capital flows. The authors posit that an increase on the country's Eurobond yields or an increase in the spread of the credit default swaps (CDS) can be taken to be a measure of the sustainability of external debt levels.

The last session of the day discussed the role of fiscal policy in economic growth. Mr Shabbar Zaidi (CA and Sen-

ior Partner, A.F. Ferguson & Co, Karachi) contended that the role of fiscal policy in Pakistan is largely of a revenue collection measure only. The session was concluded with a presentation given by Dr Nasir Iqbal (Director of Research, Benazir Income Support Programme) on his co-authored work with Dr Musleh ud Din (Pakistan Institute of Development Economics, Islamabad) and Dr Ejaz Ghani (Pakistan Institute of Development Economics, Islamabad). In particular, they draw attention to the fiscal deficit target set under Vision 2025 and discuss if this arbitrary target is a sustainable in the macroeconomic and institutional environment in Pakistan.

Discussions on the second day of the conference will focus on the role that trade openness, technology and institutions can play in job creation and equitable growth. Of particular interest is the work by Dr Azam Chaudhry (Dean, Faculty of Economics), Dr. Theresa Chaudhry (Professor, Faculty of Economics) and Nida Jamil (Faculty of Economics) on the impact the 2006 Pakistan-China Free Trade Agreement (FTA). The authors will use their results to draw policy-related conclusions for CPEC related initiatives.

***Thanks***