

Need to increase public investment

OUR STAFF REPORTER

LAHORE - Amidst distinguished economists, academicians and policymakers from both the national and international platform, the Lahore School of Economics hosted its Eighth Annual Conference on Management of the Pakistan Economy. The theme of this Conference was "Towards Accelerated Economic Growth: Its Need and Feasibility", with the first day of the Conference being devoted to discussions on the challenges and constraints faced in accelerating economic growth in Pakistan.

Dr Shahid Amjad Chaudhry, Rector, Lahore School of Economics, inaugurated the Conference by welcoming all the speakers and guests. He remarked that the timing of this year's Conference fit well with the need of the hour as all the issues the Conference aimed to address are very relevant to the issues confronted by Pakistan's economy at present.

The opening session of the Conference focused on A Heterodox Strategy for Stabilisation and Economic Growth. The first speaker, Dr Irfan ul Haque, Special Advisor, Financing for Development, South Centre, Geneva, remarked that a strategy for accelerated growth for Pakistan is both necessary and feasible as Pakistan's macroeconomic conditions are broadly similar to some of its more rapidly growing neighbours. In



LAHORE: Participants of a seminar organised by LSE.

light of this, Dr Irfan proposed a Heterodox Scenario, which showed that macroeconomic adjustments can be phased over the next few years and will be easier to make if the economy were to grow more rapidly.

Carrying forward the discussion on Pakistan's growth strategy, Dr S. Akbar Zaidi, Visiting Professor, School of International Public Affairs, Columbia University, presented a critical analysis of the Planning Commission's Framework for Economic Growth launched a year ago (May 2011).

According to him, the Framework avoids tackling core issues of taxation, distribution and equity, and privileges the market and free enterprise over the role of the state.

The second session of the day discussed the Economic Growth-Employment-Poverty Nexus. Dr Ashwani Seth, Professor, Institute of Social Studies, Erasmus University Rotterdam presented some agnostic reflections on the "new notion of in-

clusive growth". Dr. Rashid Amjad, Vice Chancellor, Pakistan Institute of Development Economics (PIDE) presented an overview of the macroeconomic performance of Pakistan from 1980-2011 stating that Pakistan is currently experiencing stagflation: high inflation accompanied by high unemployment and poverty.

He stated that even today there are in Pakistan between 20 to 30 million people living in absolute poverty (Rs.55 a day) and around 3.5 million unemployed, implying that poverty and employment issues need to be urgently addressed. Dr Moazzam Mahmood, Director, Economic and Labour Market Analysis Department, International Labour Office, took the discussion further by elaborating upon global growth, employment, and macro policy options in 2012, especially for Pakistan. He believed that in light of the economic crisis faced, Pakistan should increase investment especially public investment.

ECONOMIC GROWTH

Conference on managing Pakistan held

LAHORE. Amidst distinguished economists, academicians and policymakers from both the national and international platform, the Lahore School of Economics (LSE) hosted its eighth annual conference on 'Management of the Pakistan Economy', according to a press release. The theme of this conference was "Towards Accelerated Economic Growth: Its Need and Feasibility", devoted to discussions on the challenges and constraints faced in accelerating economic growth in Pakistan. LSE Rector Dr Shahid Amjad Chaudhry inaugurated the conference by welcoming all the speakers and guests. He remarked that the timing of this year's conference fit well with the need of the hour as all the issues the event aimed to address are very relevant to the issues confronted by Pakistan's economy at present. The honourable speakers critically analysed topics such as 'Heterodox Strategy for Stabilisation and Economic Growth', 'Framework for Economic Growth', 'Economic Growth-Employment-Poverty Nexus' and 'International Competitiveness for Sustainable Growth' among other economic matters. PRESS RELEASE

The News
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LAHORE: 8th Annual Conference on the Management of the Pakistan Economy at the Lahore School of Economicsa Dr. S. Akbar Zaidi, Visiting Professor, School of International Public Affairs, Columbia University, Dr. Rashid Amjad, Vice Chancellor PIDE Dr. Shahid Amjad Chaudhry, Rector, Lahore School of Economics, Dr. Naved Hamid, Director CREB, Lahore School of Economics, Dr. Irfan ul Haque – Special Advisor Financing for Development South Centre Geneva, Dr. Ashwani Saith, Professor, Institute of Social Studies, Erasmus University, Rotterdam, Dr. Moazam Mehmood, Director, Economic and Labor Market Analysis Department, ILO, and Dr. Azam Chaudhry, Dean of Economics, Lahore School of Economics. **

Conference on Management of Pakistan Economy

Economic growth is feasible for Pakistan: speakers

KARACHI: The solid strategy for accelerated economic growth for Pakistan is feasible as the country's macroeconomic conditions are broadly similar to some of its more rapidly growing neighbours. Geneva South Centre Financing for Development Special Adviser Dr Irfan ul Haque said this while speaking on the opening session of the Eighth Annual Conference on Management of the Pakistan Economy hosted by Lahore School of Economics.

In light of this, Dr Haque proposed a Heterodox Scenario, which showed that macroeconomic adjustments can be phased over the next few years and will be easier to make if the economy were to grow more rapidly.

He, however, stressed that for accelerated growth to materialise, as a minimum, determined steps are needed to overcome the energy crisis, sharply raise the investment rate (particularly, private investment), and strengthen Pakistan's competitiveness in the world market.

Distinguished economists, academicians and policymakers from both the national and international platform attended the conference with theme 'Towards Accelerated Economic Growth: Its Need and Feasibility'.

Columbia University Visiting Professor School of International Public Affairs Dr S Akbar Zaidi presented a critical analysis of the Planning Commission's Framework for Economic Growth launched a year ago (May 2011). Upon Pakistan's growth strategy, he said, the framework avoids tackling core issues of taxation, distribution and equity, and privileges the market and free enterprise over the role of the state. It undermines and dismisses the significant role and contribution of government and the state in promoting growth in Pakistan.

Dr Zaidi termed this document of the Planning Commission as a 'technicist script, which has little value to the messy world of real politics'.

Pakistan Institute of Development Economics Vice Chancellor Dr Rashid Amjad presented an overview of the macroeconomic performance of Pakistan from 1980-2011 stating that Pakistan is currently experiencing stagflation: high inflation accompanied by high unemployment and poverty. He stated that even today there are in Pakistan between 20 to 30 million people living in absolute poverty (Rs 55 a day) and around 3.5 million unemployed, implying that poverty and employment issues need to be urgently addressed.

Dr Amjad further commented that the overwhelming expected negative impact of low growth, high double digit inflation, poverty and crippling energy shortages on the labour market were to some extent cushioned by very large increase in remittances by the Pakistan diaspora, improved terms of trade for agriculture and possibly Benazir Income Support Programme and other support programmes. He believed that

there is a strong need to analyse labour market and poverty issues taking into account the dynamics of and structural changes in the Pakistan economy with an 'open' mind rather than pre-conceived fixed position.

International Labour Office Economic and Labour Market Analysis Department Director Dr Moazzam Mahmood took the discussion further by elaborating upon global growth, employment, and macro policy options in 2012, especially for Pakistan. He believed that in light of the economic crisis faced, Pakistan should increase investment especially public investment. He stated that private savings in Pakistan are greater than private investments resulting in capital outflows from the economy. Therefore, there is a need to provide political security for this capital so that it is channelled towards propelling economic growth. The next session of the day was devoted to discussions on International Competitiveness for

Sustainable Growth. World Bank former principal economist Sikander Rahim pointed out that there has been a fair amount of industrial development in Pakistan but it has given rise to disappointingly little increase of income.

Rahim proposed that acquiring technology through collaboration and subcontracting is a plausible opportunity for Pakistan. This is because subcontracting manufactured components for foreign firms has the advantage that it is difficult to discriminate against the products in the way that textiles and ethanol have been discriminated against because they are parts of other products. In the long run its advantage is that stable subcontracting relations can expand production of more complex articles for which the Pakistani subcontractors get more value added and joint ventures with investment by the foreign partners.

Analysing factors that hinder export competitiveness of manufacturers in Pakistan, Pakistan Institute of

Development Economics Faculty of Economics Chief of Research and Dean Dr Ejaz Ghani identified that at the macro level, GDP growth, level of industrialization, real effective exchange rate and physical infrastructure are the key drivers of export performance. He further stated that quality certification and adherence to health, labor, and environment standards is still a problem for exporters. A number of institutional rigidities, market imperfection, weaknesses in physical infrastructure, and lack of general business environment are features commonly perceived by firms as hurdles in export competitiveness. Earlier Lahore School of Economics Rector Dr Shahid Amjad Chaudhry inaugurated the conference by welcoming all the speakers and guests. He remarked that the timing of this year's conference fit well with the need of the hour as all the issues the conference aimed to address are very relevant to the issues confronted by Pakistan's economy at present. STAFF REPORT

LSE conference discusses ideas for economic growth

LAHORE

STAFF REPORT

Amidst distinguished economists, academicians and policymakers from both the national and international platform, the Lahore School of Economics hosted its eighth annual conference on 'Management of the Pakistan Economy' at its main Burki campus. The theme of this conference was 'Towards Accelerated Economic Growth: Its Need and Feasibility', with the first day of the conference being devoted to discussions on the challenges and constraints faced in accelerating economic growth in Pakistan.

LSE Rector Dr Shahid Amjad Chaudhry inaugurated the conference and remarked that this year's

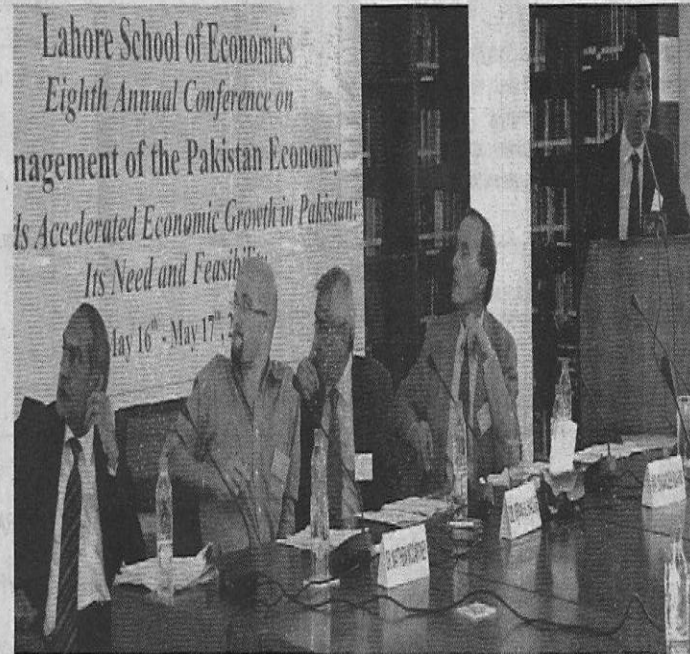
conference addressed issues relevant to the Pakistani economy.

The opening session of the conference focused on 'A Heterodox Strategy for Stabilisation and Economic Growth'. The first speaker, Financing for Development Special Advisor

Dr Irfan-ul-Haq remarked that a strategy for accelerated growth for Pakistan is both necessary and feasible as Pakistan's macroeconomic conditions are broadly similar to some of its neighbours.

He stressed that for accelerated growth to materialise, determined steps are needed to overcome the energy crisis, sharply raise the investment rate and strengthen Pakistan's competitiveness in the world market.

Columbia University School of



International Public Affairs Visiting Professor Dr Akbar Zaidi presented a critical analysis of the Planning Commission's Framework for Economic Growth. According to him,

the framework avoids tackling core issues of taxation, distribution and equity, and privileges the market and free enterprise over the role of the state and was a 'technicist script

with little value'.

Former World Bank Principal Economist Sikander Rahim pointed out that there has been a fair amount of industrial develop-

ment in Pakistan but it has given rise to disappointingly little increase of income.

Analysing factors that hinder export competitiveness of manufacturers in Pakistan, PIDE Faculty of Economics Dean and Research Chief Dr Ejaz Ghani said at the macro level, GDP growth, level of industrialisation, real effective exchange rate and physical infrastructure are the key drivers of export performance. Dr Azam Chaudhry looked at local and international factors that affect firm entry and survival in Pakistan. Oxford University Wolfson College Lecturer Dr Matthew McCartney stated that competitiveness has become a mantra and organising a framework for government policymaking in Pakistan and beyond.