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PIDE News

JULY 2015

PSDE Core Committee Meets Prof. Ahsan Iqbal



The meeting of the Core Committee of the Pakistan Society of Development Economists (PSDE) with Prof. Ahsan Iqbal, Minister of Planning, Development and Reforms was held on July 30, 2015 at 05:30 p.m. in the Minister's Office. The following members attended the meeting:

Prof. Ahsan Iqbal
Patron in Chief, PSDE

Mr. Hassan Nawaz Tarar
Secretary, PD & R

Dr. Asad Zaman
President, PSDE

Dr. Munir Ahmad
Secretary, PSDE

Dr. G. M. Arif
Joint Director, PIDE

Dr. Muhammad Nadeem Javaid
Chief Economist, PD & R

Dr. Usman Mustafa
Chief of Trainings, PIDE

Dr. Mahmood Khalid
Joint Secretary, PSDE

Dr. Junaid Alam Memon
Joint Secretary, PSDE

Mr. Ahmad Waqar Qasim
Joint Secretary, PSDE

Dr. Iftikhar Ahmed
Joint Secretary, PSDE

Mr. Nabeel Anwar
Assistant Registrar, PSDE

Reforms discussed in detail various important segments of the conference including invited speakers for distinguished lectures, panellists and regarding sending invitation to the Prime Minister to chair the inaugural session.

The idea to utilize the forum of Pakistan Institute of Parliamentary Services (PIPS) to arrange discussions of Foreign Invited Speakers with Parliamentarians was also discussed.

It was also proposed that relevant officers of the Ministry of Planning, Development and Reforms may also present progress on implementation of Vision-2025 in relevant panels during the conference.

Participants of the meeting also discussed to invite relevant federal secretaries to chair technical sessions.

Prof. Ahsan Iqbal, Minister of Planning, Development and

PIDE in Press

The following articles of Dr Asad Zaman were published in the Express Tribune. These articles can be accessed from <http://tribune.com.pk/epaper/>.

DR ASAD ZAMAN

Let a thousand flowers bloom

Can we create a society full of visionaries and dreamers, who seek to change the world for the better? The first step is to understand what every child needs to be potential. We need to provide the right environment to allow these seeds to grow. A crucial element of the right environment is education, the birthright of every child. There are lots of statistics currently in use to compare nations. To my mind, a crucial question is: how much care, attention and love do we provide the children of Pakistan? There is no doubt that our current score on this count would be very low. Maturation and thriving among children in Pakistan is a concern. The question is, what can we do to change things?

Research coming out of Poverty Action Lab at MIT and Harvard EGS and Abhijit Banerjee suggests that we need to radically rethink current approaches. They identify three I's – Ideology, Ignorance, and Inertia – as the obstacles to progress. Ideology here refers to the battle over private schools versus public schools. All over the world, including Pakistan, one can find excellent examples of both kinds. The fact is which model schools a success are committed and inspirational teachers and community involvement. The ideology battle is between education versus government provision of services distract from the real issues at hand, and hence creates an obstacle to progress.

Inertia refers to the desire for small, incremental big changes. The old and familiar is comfortable, and innovative ideas always carry the risk of failure. On the other hand, top down reforms and existing methods are not working well can create that impetus for change. Ignorance is the most interesting in that it can be the driving force. Some people as keys to the education puzzle in the Duflo-Banerjee research are rather surprising and unexpected. First, surveys in the Third World show that the most common dreams of the poor is that their children will have government jobs. Second, colonial educational systems were designed precisely for this purpose; to groom a small minority to pass

certain difficult exams and join the colonisers in the job of governing the colony. Colonisers are long gone, but the institutional structures have remained. This idea of education as a lottery which gives huge rewards to a few winners is extremely damaging. It can lead parents to compete with each other, while depriving others of educational opportunities.

The high rates of teacher absenteeism in village schools is also because teachers think that their efforts will not be rewarded if their children don't have the material to make it. Duflo-Banerjee find that the problem lies not in poor infrastructure, lack of books or classroom materials, rather it lies in low expectations. The teachers don't believe in their students, the parents don't believe in their children, the students don't believe in their environment, the children fail to believe in themselves.

The good news is that there are remedies for this low expectation trap. A large number of successful experiments have been carried out which dramatically increase the educational performance of children. There are three underlying principles behind successful interventions. The first is an incremental education. Instead of a big prize at the end of a long journey, we can reward and make every day worth while. Many curricula exist which ensure that children learn something interesting every day, despite the lack of adequate local conditions, teaching agriculture and botany in villages for example. The second principle is even more important. We must make sure that teachers and children realise that every child is an infinitely precious gift from God. Given a nurturing environment, each child is capable of developing in ways that we cannot imagine. The third principle is to understand our collective responsibility as a society for all children. We must learn to think of all children as our own, and to facilitate, nurture and love them as our own.

There are numerous examples of how love has changed the lives of those without hope. One

inspiring example is that of Kiran School in Lyari, one of the areas of Karachi notorious for gang violence. With courage and dedication, Sabina Khatri started her school to give the rights of the students and their parents. She realised that if the children were given more love and attention at school, they had better at home, they would start to have doubts about their family. This was not a desirable outcome, since the family is the foundation upon which one needs to build. To resolve this problem, she decided that the parents must be educated as well. This radical approach has paid off, and hundreds of children have received scholarships to better education in Karachi. By investing in the potential of her children to achieve, she enabled outstanding achievements from a poor, vulnerable group.

There are many people like Sabina Khatri, who have invested in unpromising areas in Pakistan, and tried to give the love and attention to students. The for-profit private sector cannot do this job, since one cannot make money by educating the poor, they cannot pay for an education. To improve government schools, it is essential to enable local communities to be part of the decision-making process, by putting them on school boards for example. But above all, we cannot wait for the government. We must realise that the treasure buried in the hearts of the children of Pakistan is far greater than any oil or gas reserves. We must become the change that we want to see in the world. After all, what is the point of development, if it is to produce a society where children can't afford to devote our lives to the process? We can do a little bit. Every reader can easily change a few habits, encourage and inspire their neighbours' efforts. If we do this, we will create an unstoppable dynamic for change. A large number of small changes can create a revolution.

The writer is vice-chancellor of the Pakistan Institute of Development Economics

'Small Good Deeds' by Dr Asad Zaman, published in the daily

Tribune on July 13, 2015

DR ASAD ZAMAN

Small good deeds

As the end of Ramazan approaches, it is good to remember that our deeds will be weighed and not counted. Many Muslims find the answer to 'which deed will carry the greatest weight?' surprising. First, it is not necessarily the big deeds, like spending one's whole life on good causes, such as the search for knowledge, or spending generously on others in need. As a well-known Hadith states, these deeds will go to waste if they are done for seeking fame and popularity. In contrast, a very small deed, such as giving a date to the needy, if done with a sincere desire to please Allah, will carry great weight. This is why it is important to work on our sincerity, to ensure that our deeds are not contaminated with the desire for fame, popularity, or the seeking of any kind of reward in this world. This understanding illuminates the Hadith: Do not regard any good deed as insignificant, even meeting your brother with a cheerful face.

The contrast between the teachings

of Islam and the current understanding of piety appears to be very large. The Companions of the Holy Prophet (peace be upon him) asked about a woman who would fast every day, and stand up in worship every night. Upon being informed that her housework was done by friendly neighbours, to allow her to do this, he said that the neighbours were superior, since by their act of service, they received the rewards of the worship performed by her, in addition to the rewards of serving others. Service to others is a deed of great value. On many occasions, the Holy Prophet (peace be upon him) himself did many acts of service towards his companions, stating that the leader of the people is their servant.

Small acts of kindness towards others receive great emphasis in the teachings of Islam. In another striking narration, Hazrat Ibn Abbas, a paternal uncle of the Holy Prophet (peace be upon him), was sitting Aitkaf (seclusion for the sake of worship) in the Mosque in Medina. He saw another man come in to the Mosque and said that he appears

to be worried. The man said that he had a debt to pay, but had no means to pay it. Hazrat Ibn Abbas offered to go and talk to the person to whom the debt was owed. The man accepted the offer, but asked "Have you forgotten that you are sitting in Aitkaf?" Hazrat Ibn Abbas said that the Holy Prophet (peace be upon him) had stated that to take a few steps to help a brother in need was superior to 10 years of Aitkaf. This is true even though Aitkaf is a highly recommended and extremely valuable deed of worship. Note that the man did not ask for help; rather, Hazrat Ibn Abbas noticed his worry from his appearance. In addition to service, being sensitive to the concerns of others is an important part of Islamic teachings. Causing distress to a fellow Muslim is considered to be even worse than destroying the Ka'aba, the sacred house of God. A Hadith states that if you buy fruit, share them with your neighbour. If you cannot afford to do so, then bury the peel so that the neighbour will not know and feel regret. A verse of the Holy Quran asks

us to respond to evil with good acts, as that will turn enemies into friends.

It was prophesied that Islam came as a stranger, and will become a stranger. Today these teachings are barely remembered, let alone acted upon. Yet, these small acts of kindness and service have a powerful effect and can transform our homes, families and ultimately society. In each meeting with our near and dear ones, let us avoid saying anything which is hurtful, and make an effort to say something kind and appreciative. Children are powerfully affected by encouragement, and equally powerfully hurt by unkind words. If someone has 99 faults and one virtue, we should praise the virtue, and ignore the faults. Appreciating the good in others, and looking at our own faults, has a transformative effect. It encourages others to acquire virtues and motivates us to shed our faults. Seemingly insignificant acts, like appreciating the gifts we enjoy instead of grousing about what we lack, can enrich our hearts and bring about the big changes that we all want to see.

'Ecological Suicide' by Dr Asad Zaman, published in the daily

Tribune on July 27, 2015

DR ASAD ZAMAN

Ecological suicide

The mounting evidence that we are moving along the fast track to ecological suicide can no longer be denied. A new word 'endling' has been coined to describe an individual which is the last of its species. There are too many recorded tragedies of endlings who issued mating calls, but there was no one left to answer them. In *Crit For History*, author Eric Freedman writes that "It is deep-to-the-bone chilling to know the exact date a species disappeared from Earth. It is even more ghastly to ... know that nobody knew or cared." Elizabeth Kolbert details the depressing facts in her book entitled *The Sixth Extinction: An Unnatural History*. She estimates that about half of the species of plants and animals currently in existence will die out by 2050. This is not due to any natural catastrophe, but rather due to destructive effects of human activities.

Human beings use the world's atmosphere as an open sewer for the daily dumping of more than 90 million tonnes of gaseous waste. Unless we can urgently change this pattern, the resulting rise in

global temperatures will melt polar ice, resulting in permanent and catastrophic changes. According to reputable climatologist James Hansen, the man-made pollution already in the atmosphere traps as much extra heat energy every 24 hours as would be released by the explosion of 400,000 Hiroshima-class nuclear bombs. The resulting rapid warming of both the atmosphere and the ocean, which Kolbert notes has absorbed about one-third of the carbon dioxide we have produced, is wreaking havoc on earth's delicately balanced ecosystems. It threatens both the web of living species with which we share the planet and the future viability of civilisation. "By disrupting these systems," Kolbert writes, "we're putting our own survival in danger."

The most recent parallel to the current mass extinction occurred some 66 million years ago when a six-mile-wide asteroid collided with earth, wiping out the dinosaurs, and vast numbers of plant and animal species. Today, Kolbert documents a similar mass extinction event, which is happening in the geologic blink of an eye. The present extinction rate

in the tropics is "on the order of 10,000 times greater than the naturally occurring background extinction rate". This time, we cannot blame a giant asteroid. We have caused this catastrophe by altering environmental conditions on our planet so swiftly and dramatically that a large proportion of other species cannot adapt. Our own future is at risk as well, since we have fundamentally altered the fragile climate balance which fostered the flourishing of the human civilisation.

The earth's water cycle is being dangerously disturbed, as warmer oceans evaporate more water vapour into the air. Global humidity has increased by an astonishing four per cent in just the last 30 years, causing larger and more frequent floods and mudslides. The extra heat is also absorbed in the top layer of the seas, which makes ocean-based storms more frequent and more destructive.

Our oceans, a crucial food source for billions, have become not only warmer but also more acidic than they have been in millions of years. We have overloaded their capacity to absorb excess heat and carbon pollution, causing destruction of entire

ecosystems like coral reefs and rainforests. The same extra heat pulls moisture from soil in drought-prone regions, causing deeper and longer-lasting droughts.

Flood crops are threatened by the disruption of long-predictable rainy-season-dry-season patterns, and also by the growing impact of heat stress itself on corn, wheat, rice and other staples. The melting Arctic ice cap is changing the heat absorption at the top of the world, which will lead to dramatic world-changing and irreversible climate change. In particular, the melting ice will accelerate the rise in sea level and drown low-lying coastal cities and regions. Everywhere the intricate interconnections crucial to sustaining life are increasingly being pulled apart. The individualist free-market system encourages all to pursue short-run growth without regard for long-term consequences. The Frankenstein's monster that we have created in the form of corporations is running on its own steam, pursuing profit without any social responsibility. Without making radical changes, we cannot avoid the complete "Collapse" that Jared Diamond has so graphically warned about.

An Article titled “Empty Chatter” published in the daily Dawn on July 9, 2015. The article can be accessed from the following link: <http://www.dawn.com/news/1193214/empty->

Empty Chatter

By Dr Idrees khawaja

The literacy rate declined by 2pc, reported the print media in mid-May quoting the Pakistan Standard of Living Measurement Survey. One would have expected the media and society to talk themselves hoarse and the political opposition to take advantage of the revelation. Nothing of the sort happened. Feeble mentions here and there were lost in the drumbeat of the metro's inaugural and the annual budget. No one thought of doing a talk show on why literacy declined. While celebrating the uninterrupted growth in foreign remittances for over 15 years, we turn a blind eye to the fact that children of overseas laborers are raised in the absence of fathers, young wives live without husbands and elderly parents have to do without children. The social consequences of remittances do not merit a talk show.

While celebrating every year the increment in allocation for the Benazir Income Support Program, the latter's impact on poverty alleviation is rarely debated. How about linking the program to sending children to school? No talk show again. The katchi abadis and the homeless day laborers living on green belts and verandahs of shopping centers are also not worth a talk show.

Why aren't so many important issues talk show material? The Right to Information Act has been enacted in Punjab and KP. Given the high level of corruption in the country, one would have expected a flood of requests. Journalists, in search of juicy stories, were expected to rush forth with

requests for information about this or that project. Nothing of the sort happened. Why? How about a talk show to find an answer?

While Punjab has access to sovereign guarantees required for foreign borrowings, other provinces face difficulties on this count: Sindh couldn't manage a sovereign guarantee for its circular railway while KP faces difficulties in obtaining guarantees for its hydel projects. This too is not talk show material. Why?

Electoral rigging is discussed endlessly on TV but electoral reform rarely debated. A useful starting point could be, how about public funding of political parties to curb the politicians' desire to recover the money spent on electioneering? Would such public funding, practiced in over 50 countries, work in Pakistan? Again no talk shows on potential electoral reforms.

Foreign agencies like Moody's, Standard and Poor's and IMF are upbeat about the country's recent economic performance; local independent economists, however, seem skeptical. Why this divergence in views? No talk shows on this either.

While we debate endlessly the concessionary SROs and the need to tax agricultural income, nobody asks why are there tax exemptions for some categories of government employees? Why was the need felt to reintroduce the two-pilot policy for Grade 22 bureaucrats, after being revoked in 2013? Is this an effort to co-opt bureaucrats? No talk shows again.

Why do we have only the kind of talk shows that we have? Why not talk shows on the kind of less discussed issues referred to here?

Airing a good talk show demands an anchor's expertise in the

subject, the channel's money and the staff's effort. Ideally the anchor, producer and the participants would have discussed the subject in advance and each would have enough time to prepare. Instead, this is how a typical talk show is arranged. For a talk show at 8pm, a colleague of yours, known to someone among the channel's staff, gets a call at 4pm that day. We are having a live talk show on the budget today, we would like you to participate, says the person at the other end. No! No I can't handle TV, please don't ask me, responds your colleague. Ok! Do you know someone who can? Next you get a call with the same request. You ask, what time is the show? 8pm, sir, three and half hours from now, you are told. You respond with an, oh! Isn't the notice too short? Sir, you are an expert on the economy, you can speak off the top of your head, you don't need preparation, says the person at the other end. Flattered, you agree.

You reach the TV studio 15 minutes before the scheduled time; after some make-up you are ushered into the relevant studio, where the anchor is already present. You realize that yesterday you saw him hosting a show on 'guess why Zardari left for Dubai', the day before that on 'why PTI kept mum on 35 punctures before the judicial commission' and the previous day on 'the future of MQM'. You also recall having seen him a couple of months back anchoring shows on 'who fired the first shot in the Model Town incident' and 'has Imran Khan re-entered wedlock?'. Today he will host a talk show on the nitty-gritty of the budget. Brave indeed!

PIDE's Recent Research Publications:

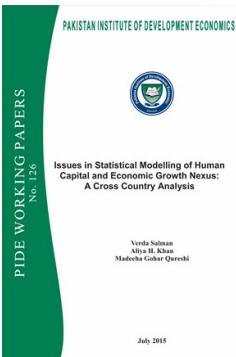
(PIDE Working Paper No. 125)

Profile of Educational Outcomes by Gender: An Age Cohort Analysis by Madeeha Gohar Qureshi



(PIDE Working Paper No. 126)

Issues in Statistical Modelling of Human Capital and Economic Growth Nexus: A Cross Country Analysis by Verda Salman, Aliya H. Khan and Madeeha Gohar Qureshi



Abstract:

How do we achieve target of universal primary education in Pakistan and how do we keep students that have enrolled to continue with schooling to higher levels are the most important policy questions which can only be effectively answered if one is well-informed about the trends in educational outcomes and of proportion of students indulging in continuation or discontinuation of schooling at critical transitions say from primary to secondary benchmark and higher. Hence an accurate description of patterns in educational achievements is crucial for both understanding the dynamic of low human capital stock build up and also for finding ways of getting out of such low-educational trap. In this context gender discrepancy in human capital building process plays an important role and in this paper an attempt is made to examine in-depth how gap in attained schooling measures for males and females at different levels of education have evolved in Pakistan through analyzing the varying behavior over age cohorts by gender. Further not only patterns of gender gap in achieved education are formulated for overall economy and across rural-urban divide both at national and provincial level but a rough estimate for attrition or continuation in studies as one move from lower to higher educational level for males and females within age cohort 15–19 are also evaluated so as to capture in totality the gender dynamics in education sector. Our findings show that though there is conspicuous deviations in percentage shares of population with completed grades by gender in favor of the males and against females at all levels of education from basic to higher studies within each province (only exception to this trend is at tertiary level of education within urban Punjab where females are in slightly higher proportion), however the analysis by age cohort show that as one move from oldest to youngest age group with individuals belonging to attained education from primary to tertiary level of education, there is a present a tilt towards university level of education for females within their own attainment distribution indicating that there is emerging a tendency of break in patriarchal force against female education. Further such tendencies are more apparent in urban parts of Pakistan and that too from mainly Province Punjab.

Abstract:

The human capital and growth relationship has been subject to a lot of debate in economic literature. The empirical growth models are beset with problems ranging from theoretical frameworks and statistical modeling to estimation procedures. Due to non-availability of precise human capital variable, theoretical knowledge fails when pitched against empirical data. This paper is an endeavor to answer four main questions that have prominently figured out in this debate: Is there a direct interplay between human capital and growth or not? Are parametric techniques incapable of capturing nonlinear aspects of human capital-growth relationship as compared to semi parametric techniques? Are estimates of human capital sensitive to proxy of human capital variables? Are estimates of human capital sensitive to estimation techniques? A data of 32 developing countries has been taken as sample for this study. Our findings reveal that human capital has a well-established role in accelerating growth through both its 'level effects' and 'rate effects'. The results are not sensitive to definition of education variable but are rather technique dependent. The semi parametric model provides sufficient evidence for non-linearity in human capital-growth relationship contrary to parametric models.

JEL Classification: C14, C23, O47

Keywords: Human Capital, Economic Growth, Total Factor Productivity, Semi Parametric

Agriculture and Environment Division

Project: Climate Change Adaptation, Water and Food Security in Pakistan

Dr Munir Ahmad and Dr Muhammad Iqbal supervised surveys being undertaken in five districts (6 villages in each district) of the provinces of Punjab and Sindh for the collection of data for joint research project of PIDE and IDRC; Climate Change Adaptation, Water and Food Security in Pakistan. The surveys include focus group discussions with women for the analysis of the gender dimension of climate change adaptation. Overall, the project aims at exploring responses of crop yields to changing climate and analyzing the adaptation strategies adopted by farmers. The insights provided by the studies being undertaken under the said project are that the farming communities in various regions of the country are cognizant of the overall change in climate and are accordingly employing various adaptation strategies. In the month of July, Dr Munir Ahmad and Dr Muhammad Iqbal spent time in Mithi, Sindh.

PIDE Economy Watch: Rafat Mahmood has conducted an analysis of the provincial budget of Punjab for the forthcoming Economy Watch. Ms Sundus Saleemi has conducted analysis of the provincial budget of KPK for the forthcoming Economy Watch July, 2014-June, 2015.

Department of Health Economics

Proposal Defense of the following MS student held on July 15, 2015:

S.No.	Name of Student	Title of MS. Thesis	Name of Supervisor/ Co. Supervisor
1.	Ms. Faham Masood	Catastrophic Health Expenditures and Poverty in Pakistan.	Dr. Shujaat Farooq Dr. Mahmood Khalid

Department of Econometrics and Statistics

Internal review of M. Phil theses of following students were conducted during the month of July.

S. No.	Name of Students	Thesis Title	Supervisor
1	Amjad Rizwan	“Asymmetric Analysis and Regime Switches for Marshal-Lerner Conditions: In Case of Pakistan”	Dr. Nasir Iqbal
2	Qasim Raza	“Fiscal Decentralization, Provinces Economic Growth and Spillover Effects: A Spatial Panel Data Analysis”	Dr. Hafsa Hina

Department of Development Studies:

M.Phil Thesis defense of the following students held during the month of July, 2015:

Name	Proposal Title	Supervisor
Ms. Sumera Iqbal	Return Migration and Entrepreneurship in District Jhelum	Dr. Ghulam Muhammad Arif
Mr. Yousaf Shah	Assessing the Post Conflict Impacts on Community's Attitude and Behavior: A Case Study of Swat Valley	Dr. Usman Mustafa
Ms. Mawish Iqbal	Unfolding Rural Dwellers' Perception of Development: Inferring a Native Model of Development	
Ms. Neha Riaz Khan	Invisible Workers: A Case Study of Unpaid Family Helpers in District Kasur and Lahore	

Mr. Anees Majeed will defend his M.Phil thesis entitled “*State of Public Service Delivery and Social Accountability: A Case Study of Union Council Shah Allah Ditta Islamabad*” on Friday, July 31, 2015 at 11:30 a.m. in the Ph.D Seminar Room.

PIDE's Nurturing Minds Seminars Series:

A seminar on “Effect of Peer Monitoring and Contract Choice on Repayment Rates under Group Liability Lending: A Laboratory Micro-finance Experiment from Australia” by Dr. Shahid Razzaque was organized on July 6, 2015.