

**Editorial Board:**

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# AERC VOICE

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**From the Desk of Editor and  
Incharge AERC:**

*Nighat Bilgrami-Jaffery*



I am pleased to note that the inaugural issue of the newsletter AERC VOICE has been published. This will give an opportunity to highlight the extra curricular activities, achievements and progress of AERC in addition to its main commitment of extending quality Education and Economic Research. I appreciate the initiative of the team and wish them every success in their endeavors in the future.

**Message from Senior Fellow:**

**Dr. Eshya Mujahid-Mukhtar**  
AERC Alumnus & Ex-SRE/  
Associate Professor

Congratulations. The launching of a quarterly *Newsletter* by AERC is, indeed, good news. The *Newsletter* will serve as an invaluable channel in providing regular information to interested individuals and organizations, both at home and abroad, on the status and progress of teaching and research activities of the AERC. Under the present economic situation, there is a need to strengthen independent research organizations such as the AERC. It is hoped that the *Newsletter*, in this context, can prove instrumental in disseminating information helpful to students, academicians, researchers, employers, planners and policy makers. I wish the *AERC Voice* every success.

**SOCIAL CAPITAL AND ECONOMIC DEVELOPMENT**

*Nighat Bilgrami-Jaffery*

The concept of social capital is not new, introduced sometime back in 1890 (Shahjahan Bhuriyan). This term has attracted the developing world during the last 3/4 decades but not very common. Social capital may be defined operationally as resources embedded in social networks and assessed and used by actors for actions (Lin, 2001). Thus consist of dual functions: (i) It emphasizes on social relations; and (ii) to access and use the resources possessed by the actors. The role of human and social capital in the process of economic development is crucial. The differences in physical capital stock only partially elucidates cross-county differences in income levels and economic growth rates while human and social capitals are expected to participate a considerable role in economic development not only directly but also through interaction with each other. Consequently, there involves lower transaction cost and achieve higher productivity levels [Kaasa and Parts (2008)]. Both institutions and social capital contributed to economic growth

by reducing the transaction costs and increasing efficiency.

In building social capital it is believed that it requires active participation of all individuals in the community [Onyx and Bullen (2000)]. It helped in raising the importance of community building which means providing/allowing individuals in a community with free choice, helping each other, so that a more cohesive society can emerge. It is evident from the review of literature that for economic development through social capital there are some pre-requisites that need to be taken care of. The community comes first in this regard which include interaction of individuals with GOs and NGOs, and other civil groups which consist of clubs, associations, etc. Then the networking comes, that is, interaction of individuals among different groups of the society, community and firms. It helps in bridging the gap between middle class community and poor class communities.

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**PROBLEM OF FOOD INSECURITY IN PAKISTAN**

*Akhtar Abdul Hai*

The present grim situation with regard to food insecurity facing the country is unique in terms of its composition. The mere fact that it is a culmination of a number of domestic as well as international level factors, it requires a deeper understanding of the underlying factors in order that a sustainable solution is formulated. In the light of the above AERC prepared a report, on the basis of the information gathered from different stakeholders including policy makers, growers, processors and general public. The research team covered the districts of Mirpurkhas and Sukkur in Sindh province and the districts of Quetta and Chaman in Balochistan province. At the three places, focus

group discussions were conducted thereby having interactive sessions with different stakeholders and the civil society. The report emphasizes mainly on the issues related to food items like wheat flour, rice, edible oil, sugar and milk.

The recent food crises in the country, characterized by extreme shortages and consequently significant price hike of the basic commodities like wheat, edible oil, milk, pulses and sugar, remain unmatched in its past 60 years of history. A deeper understanding of the crises traces its roots to domestic as well as international market distortions. What remains

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**IN MEMORY OF**

**Syed Muqet Ahsan  
Mr. Shoukat Ali  
Mr. Mansab Ali**

Syed Muqet Ahsan and Mr. Shoukat Ali joined AERC in 1979 and 1981 respectively while Mr. Mansab Ali joined AERC in 1989. They all served the AERC with honesty and devotion. They had full command in their fields. They were always considered as core persons in research activities. Their services as survey specialists were highly recognized among the AERC faculty. As survey specialists they visited almost all the far flung areas of Pakistan including Thar, Jiwani and mountaneous areas of NWFP and Kashmir. Their courage and determination (especially of Mr. Soukat and Muqet Ahsan) led to the completion of many projects.

Mr. Mansab Ali also contributed towards teaching programme of AERC. He introduced the Micro Finance Course for the first time in the history of AERC after acquiring the Master's degree from USA on Ford Foundation Scholarship.

Their contributions in AERC activities will always be cherished. Their departure has created a gap that would never be filled. Their absence will always be felt with sorrow and grief.

May their souls rest in peace.  
(Ameen)

**Food for thought**

*We at AERC must realize that we are called to make a commitment to service, courtesy, honesty and respect to oneself and to others, both on and off to AERC property.*

**Social Capital (continued from page 1)**

There are many examples of community building in the world. The Asian Productivity Organization started a Basic Research Project to recognize the role of social capital in Asia. This Basic Research Project was worked on different stages to examine the primary and strategic issues promoting productivity of individuals, institutions and nations. The purpose of this research project was to understand the concept of social capital and the application of this project in Asia. It defines the framework of social capital, its trail to measure trust and social norms, study its relationship with productivity and economic growth. It investigates the dimensions and sources of social capital in Asia, cost and benefits of social capital and impacts of social capital on productivity and economic growth in Asia. Social capital will help policy-makers if their objective is to help the individuals and society. For this purpose development of social norms, regulations trust and cooperation among the individuals in the society/community needed to be established. Through these the aim and objective of healthy living, improved school education, help in developing the human capital which leads to economic development.

**SEMINAR SERIES**

*Kamran Abbas*

Seminar series is one of the academic activities performed by AERC on continuous basis. In this regard AERC has already organized lectures from prominent economists and reputable scholars from all over Pakistan. On 12<sup>th</sup> September 2013 AERC organized a seminar at Rangoonwala Auditorium.

The title of the seminar was "Various Issues of Entrepreneurship Development and its Importance to Economy". The guest speaker was Dr. Shahid Qureshi, Associate Director of Center for Entrepreneurship Development (CED) at Institute of Business Management (IBA), Karachi. His presentation mainly focused the following key issues:

- ? **Promotion of Entrepreneur skills among students of business schools.**
- ? **Building ethical values in entrepreneurship**
- ? **Problems faced by entrepreneurs**
- ? **Efficient utilization of scarce resources etc.**

Dr. Shahid Qureshi stated that business and economics schools should emphasize on subject of

**ethics and creativity.** He also pointed out the difference between manager and entrepreneur, and reasons for lack of entrepreneurship in Pakistan. He also emphasized the efficient utilization of scarce resources. Finally, he answered to the queries of the audience.

**FACULTY DEVELOPMENT**

For the capacity building of any academic institution it is imperative to invest for the development of human capital. Keeping this in view AERC launched the Faculty Development Programme in 2006. Under this programme Ph.D scholarships were awarded to faculty members. The progarmme was further strengthened with by HEC Faculty Developemnt Programme. Till date nine faculty members were awarded the scholarship: five of the scholars were awarded through by the AERC scholarship programme while four were awarded the scholarships from HEC.

**Successful Candidates**

1. Dr. Samina Khalil  
(Ph.D from University of York, UK)
2. Dr. Shaista Alam  
(Ph.D from University of Karachi, Pakistan – HEC Indegenous Scholarship)
3. Dr. Anjum Aqeel  
(Ph.D from University of Nottingham, UK)
4. Dr. Ambreen Fatima  
(Ph.D from University of Nottingham, UK)
5. Dr. Syed Faizan Iftikhar  
(Ph.D from university of Leicester, UK)
6. Dr. Ashraf Wasti  
(Ph.D from Porstmouth University, UK)

**About to Return**

1. Uzma Iram  
(Ph.D from University of Kent, UK)

**Ph.D. in Progress**

1. Asghar Ali  
(Ph.D from University of Jillin, China)
2. Noman Saeed  
(Ph.D from University of Jillin, China)
3. Khurram Iftikhar  
(Ph.D from University of Bradford, UK)

Dr. Muhammad Pervez Wasim has completed his Ph.D. in 2011 (Non HEC funded) from University of Karachi and serving AERC as SRE/Associate Professor and Incharge GSP.

## SUSTAINABLE DEVELOPMENT IN PAKISTAN IN THE CONTEXT OF ENERGY CONSUMPTION DEMAND AND ENVIRONMENTAL DEGRADATION

Shaista Alam, Ambreen Fatima & Mohammad S. Butt

Human-induced environmental degradation is the most troubling and complex global issue facing the world as a whole. The Earth's climate is changing at an unprecedented rate, and its future implications are wide-ranging, particularly, the security implications of changes in the natural environment. Environmental degradation is expected to have considerable impacts on natural resource systems, and thereby changes in the natural environment can affect human sustenance and economic activities. The unique combination of environment, economic and human security concerns embodied in the environmental damage. A growing body of research has developed to explore the concept of vulnerability and its link to recent environmental degradation. The question of link or the relationship between the global environmental degradation and the sustainable economic development becomes the major issue and comes to the focal point of research.

The aim of this study was to analyse the impact of population growth, economic growth, energy intensity growth and urbanization growth on environmental degradation in Pakistan by developing mathematical model and using the econometric techniques. In the model the environmental degradation is measured as rate of growth of *carbon dioxide emissions* as they have greenhouse effect among the gases produced by fossil fuels and a reference parameter for the aggregation of the other greenhouse gases (often measured in terms of tones of *carbon dioxide emissions equivalent*). To ensure the sustainable development of the economy, environmental degradation should not increase with time but need to be reduced or at least remained constant. If it increases, we will move further away for sustainability, while if it decreases, we will move closer towards it.

Based on the econometric analysis it was found that there exists stable long run, relationship among, growth rate of carbon dioxide emissions, economic growth, population growth, urbanization and energy intensity growth in Pakistan.

The result indicated that 1% increase in GDP growth leads to 0.84 % increase in growth rate of carbon dioxide emissions. For energy intensity the coefficient showed that an increase of 1% in the energy intensity growth rate causes almost 0.24% increases in growth rate of *carbon dioxide emissions*. The growth in Energy Intensity and *carbon dioxide emissions* were found to be affecting the level of development significantly and positively by 0.3% and 1.2% respectively.

This indicates that in Pakistan process of economic development is depended on the level of energy use and the resultant of this energy use, *carbon dioxide emissions* are significantly and positively related to economic growth. In addition to this the rapid urbanization and increased population growth further result in environmental degradation and thus resulting in hampering the process of economic development in the long run as indicated by the negative but significant coefficients of population and urbanization.

Although the results provide evidence of inefficient use of energy but based on EKC-hypothesis the study summarizes the findings as environmental pressure in Pakistan tends to rise faster than income growth as economy is in the early stages of development, but it will slow down, reaches a turning point and declines with further income growth. This last stage has been referred in EKC-hypothesis as the 'de-linking of environmental pressure from economic growth'. In the case of Pakistan this situation has not yet arrived.

In the last, the study was ended with the word of caution that the amount of carbon dioxide emission depends on the size of its economy, the level of industrialization, and the efficiency of energy use.

For the policy prescriptions the study suggests that country should protected and preserve own natural resources and find alternative sources of energy.

## FAREWELL PARTY



AERC staff organized its third farewell party on 24<sup>th</sup> August 2013 in honor of Professor Dr. Nuzhat Ahmad; then Director AERC. It was to acknowledge her 34 years of valuable services to AERC. Mr. Zia Abbas and Mr. Noman Saeed, both Staff Economists presented the welcome address. They praised Prof. Ahmad by saying that she performed her job assignments as Director with dignity and responsibility. The day was memorable in the sense that it was organized to give the opportunity to the staff of AERC to share their memories with the Director. The beauty of the programme was the tree plantation in her name, which she enjoyed. The speech from Dr. Ahmad was impressive and emotional. She informed about her new job assignment as Senior Research Fellow at International Food Policy Research Institute with the Development Strategy and Governance Division in Washington D.C.. Dr. Ahmad presented her feelings in a sentimental mood by saying that all her achievement is due to AERC. She has learned a lot while working here adding that she will always remember AERC fellows and will visit AERC whenever she will be in Pakistan.



## FIRST AERC MAS/M.PHIL ALUMNI

By Uzma Iram

First Networking Event of MAS-Alumni was organized on 1<sup>st</sup> Nov 2009 by AERC graduates. It was the first time to invite all MAS graduates since 1978 at AERC premises. Till now around 500 students have been awarded MAS degree while 37 have been awarded M.Phil degree. Out of the 37 M.Phil students 24 were awarded in the last five years, depicting the growing repute of the Centre among the students.

The aim of this gathering was to provide a platform to scholars and practitioners in particular the Alumni of national program to disseminate their research through discussion. The environment was impressive with sounding of intellectual conversation among MAS graduates. All graduates seemed excited by meeting the guests and classmates after a long time.

Dr. Nuzhat Ahmad, then Director of AERC addressed as an Alumni of the first batch of MAS. She thanked all MAS graduates by saying that AERC feels proud with many well placed AERC graduates. It is giving an opportunity to Alumni for their suggestions to improve further quality of this networking. In response to given opportunity many Alumni provided wonderful suggestions not only to improve this event but also to facilitate the MAS graduates with relevance to different fields. In his speech Dr Ayub Mehar offered to sponsor the next Alumni meeting on behalf of FPCCI. The program was followed by a dinner.

## Food In-security (continued from page 1)

of international markets volatility, ineffective regulatory control at home, accumulated impact of ignorance perpetuated towards agricultural development and unrealistic domestic policies on subsidies and agricultural output prices. In addition, the geometrically progressing international oil prices and weak political structure at home further aggravated the situation. Under these circumstances it becomes increasingly difficult for any political government to fulfill one of its constitutional obligations i.e. to ensure satisfactory provision of basic food items to its citizens.

In this context, there is a clear and visible need to design rationalized policy structure which focuses beyond the conventional approaches stressing merely on achieving self sufficiency and food distribution mechanism. This is so because Pakistan is richly endowed with natural resources (which are though poorly managed). It further means that the productivity gains reposed in agriculture are not fully exploited and even the sub-optimal output currently achieved are not properly stored, processed and marketed. In summary, the production and post-production processes are marred with clear indications of inefficiency.

The report concluded by recommending following policy measures: Pakistani farmers should be paid output prices which commensurate to international prices. The farmers have started demanding international prices of the commodities they produce given the increased trade of agricultural inputs and outputs globally. This is more so in case of wheat because, in a given year, the gap between wheat procurement price and import price remains fairly large. This demand is understandable in this context. Moreover, as observed across many countries that a full up front payment for the purchase of a good or service is seldom followed. A part of the payment is suitably deferred. Such an approach, in case of wheat pricing policy in Pakistan, also seems extremely relevant. Finally, the recent crises arising out of food insecurity in the country call for some immediate solutions in order that such a situation is not repeated in this regard some short term measures such as improving the delivery of major food items through Utility stores and by implementing the old system of ration card seems better option.

## Research Grant Awarded to Ms. Fauzia Kamal Staff Economist, AERC



The Competitive Grants Program (CGP) is the largest capacity development project for policy analysis, established by the Pakistan Strategy Support Program. This project was initiated as a building block for the new *Framework for Growth* founded by the Planning Commission of Pakistan and implemented in the country with the help of International Food Policy Research Institute (IFPRI) and funded by United States Agency for International Development (USAID).

This program encourages graduates/Ph.D. students, faculty and staff members of Pakistani and foreign universities as well as research institutes to apply for the grants. This summer around 250 scholars from all over Pakistan applied for the research grant. However, only nineteen proposals were selected for grant after a thorough and careful review by Research Advisory Committee (RAC). Out of these nineteen successful scholars one is Ms. Fauzia Kamal, a faculty member of AERC. Ms. Kamal joined AERC in 2005 and since then she is actively participating in research and teaching activities. She is currently working as Lecturer/ Staff Economist.

Her research proposal titled "Productivity and Growth: A disaggregated analysis for manufacturing sector of Pakistan" was selected for the funding under Second Competitive Grant Program (CGP-2). The project is due to be completed within a year. Her study would be beneficial not only for research scholars but also for the policy-makers as well. Her study will focus on understanding the process of industrial growth, the sources of growth, how growth could reliably be measured, and the role of economic and industrial policies in facilitating or impeding industrial growth in Pakistan.