



# CDPR

## NEWSLETTER

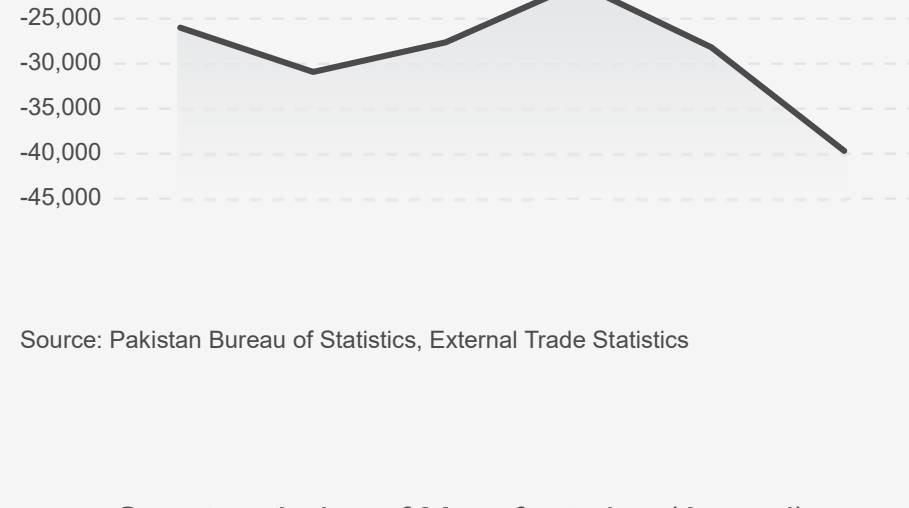
### SEPTEMBER 2023

## TABLE OF CONTENTS

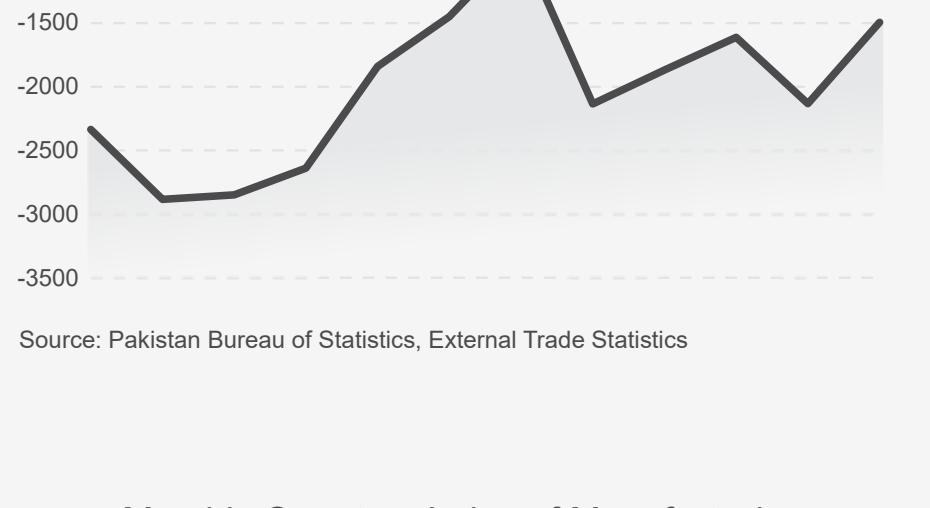
- 1 Macrodata**
  - 1.1 Trade
  - 1.2 Balance of Payments
  - 1.3 Prices
- 2 Insights for Change**
  - 2.1 Towards Industrial Policy 2.0 (Part 2)  
**Dr. Ishrat Husain**
- 3 Policy Analysis**
  - 3.1 White paper: Innovation, Growth, and the Environment
- 4 Events**
  - 4.1 LSE Environment Week 2023
- 5 Let's Talk Development**
  - 5.1 Leveraging Alliances to Resolve Pakistan's Conflicts
- 6 Fellows' Articles**
  - 6.1 **Faisal Bari**  
Inflation and Desperation
  - 6.2 **Riaz Riazzudin**  
Economic Transformation
  - 6.3 **Umair Javed**  
Burning Bills

## MACRODATA

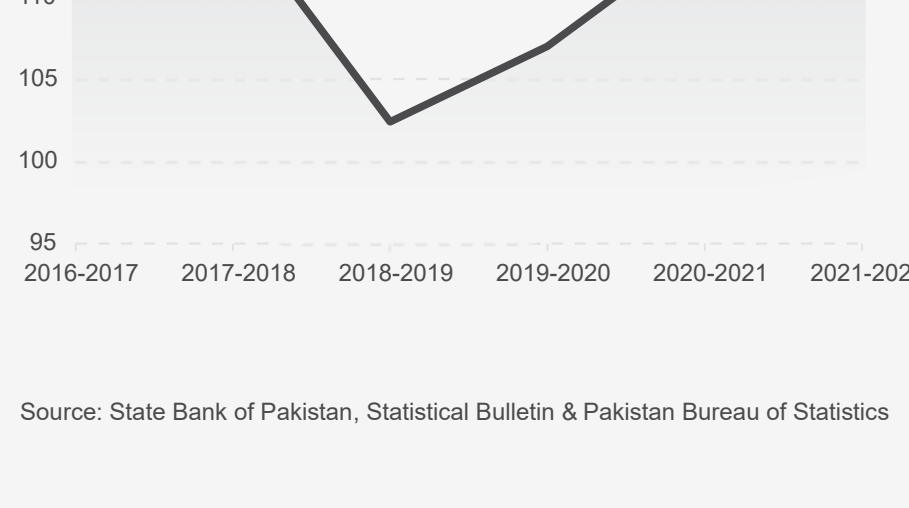
### TRADE



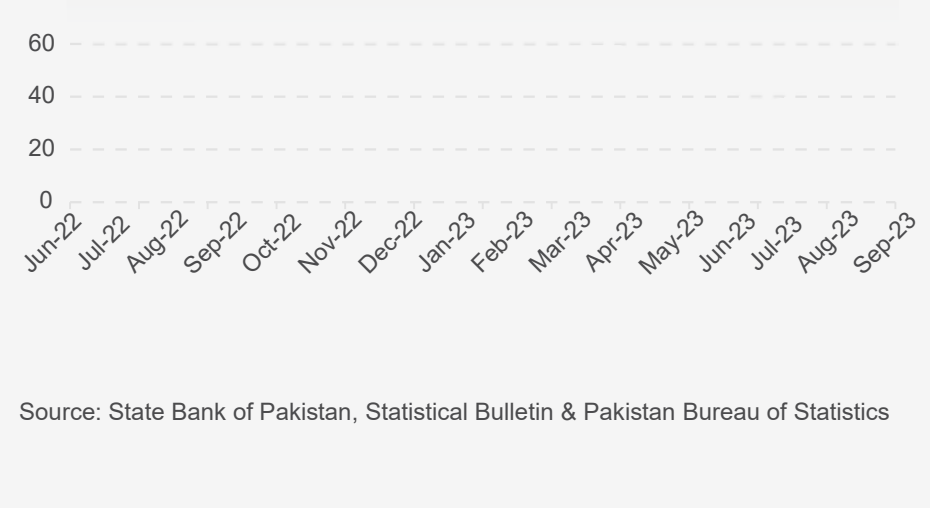
Source: Pakistan Bureau of Statistics, External Trade Statistics



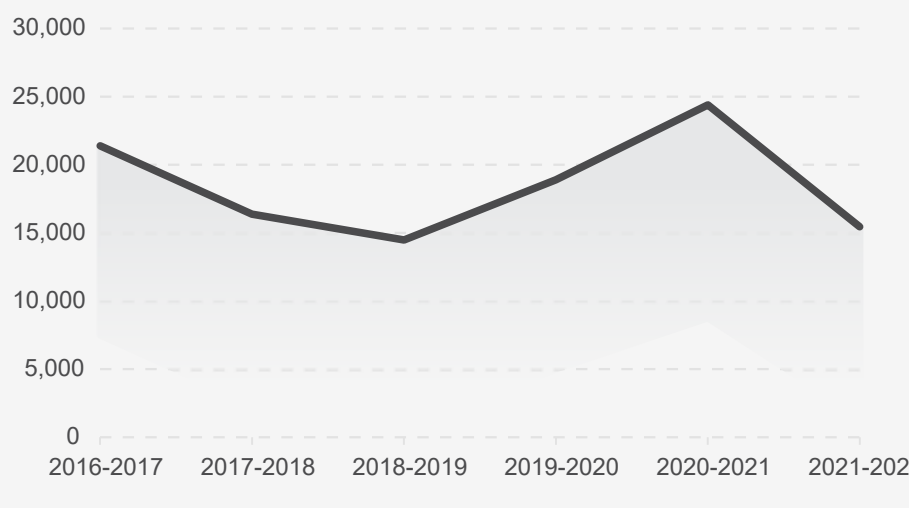
Source: Pakistan Bureau of Statistics, External Trade Statistics



Source: Pakistan Bureau of Statistics, External Trade Statistics



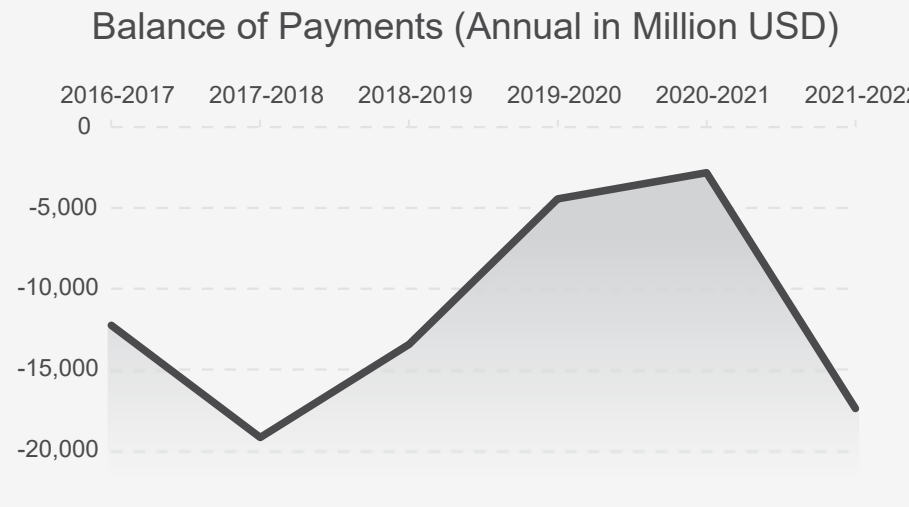
Source: Pakistan Bureau of Statistics, External Trade Statistics



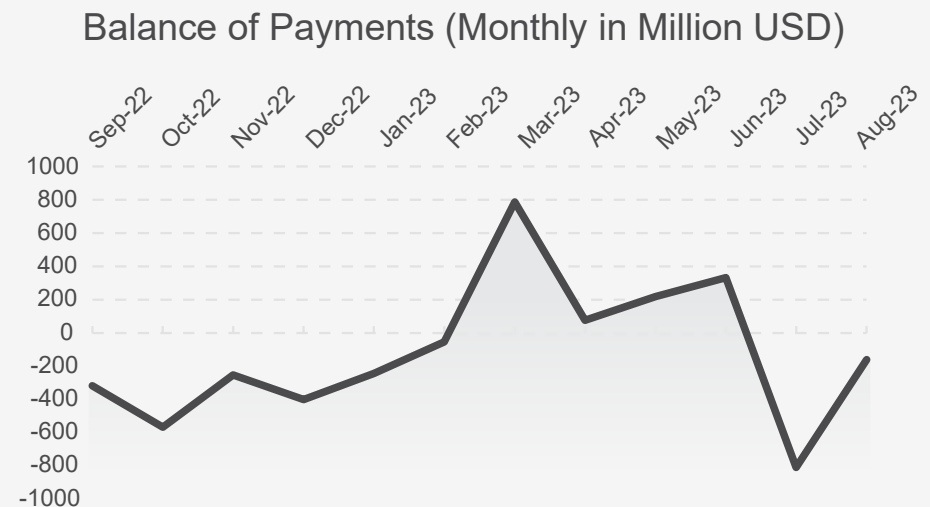
Source: Pakistan Bureau of Statistics, External Trade Statistics



Source: Pakistan Bureau of Statistics, External Trade Statistics



Source: State Bank of Pakistan, Statistical Bulletin & Pakistan Bureau of Statistics

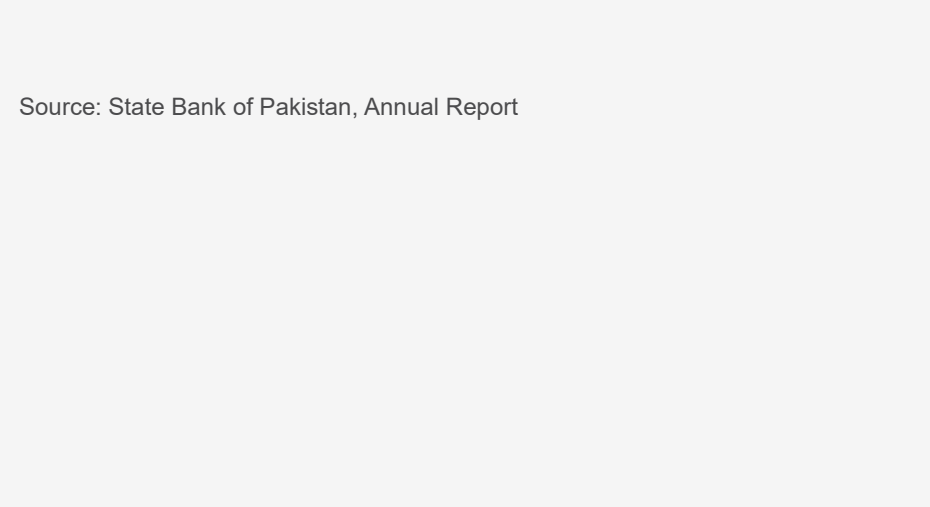


Source: State Bank of Pakistan, Statistical Bulletin & Pakistan Bureau of Statistics

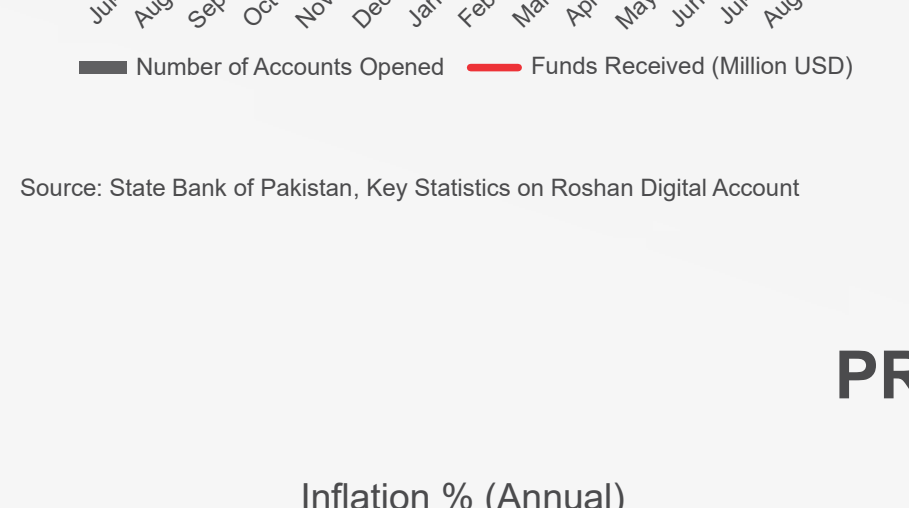
## BALANCE OF PAYMENTS



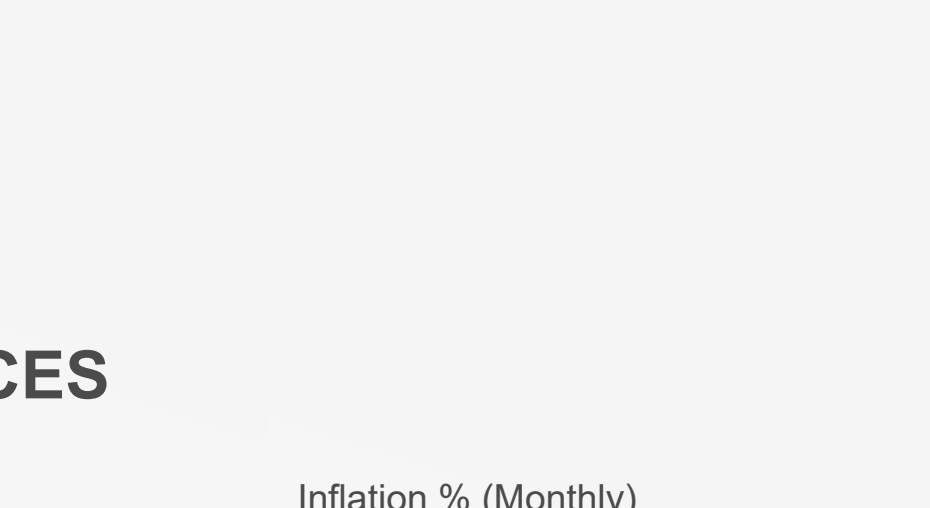
Source: State Bank of Pakistan, Foreign Exchange Reserves



Source: State Bank of Pakistan, Foreign Exchange Reserves



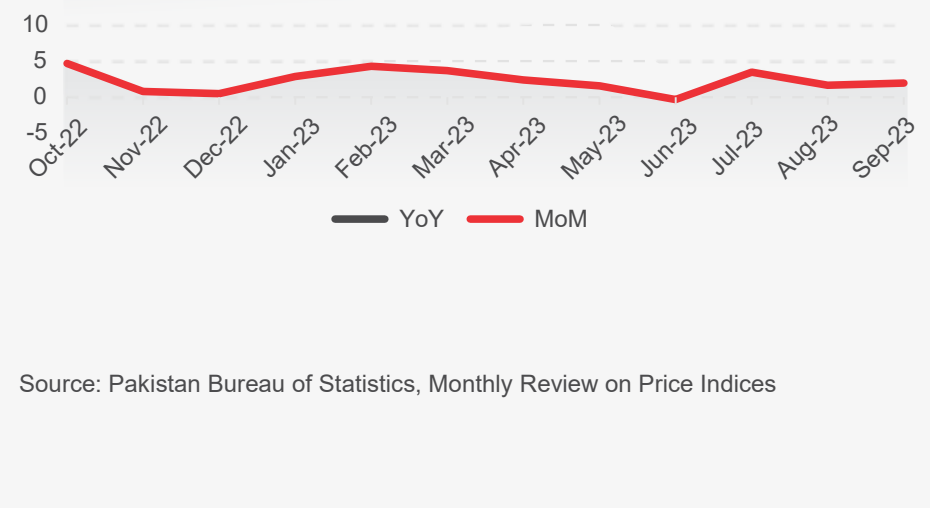
Source: State Bank of Pakistan, Annual Report



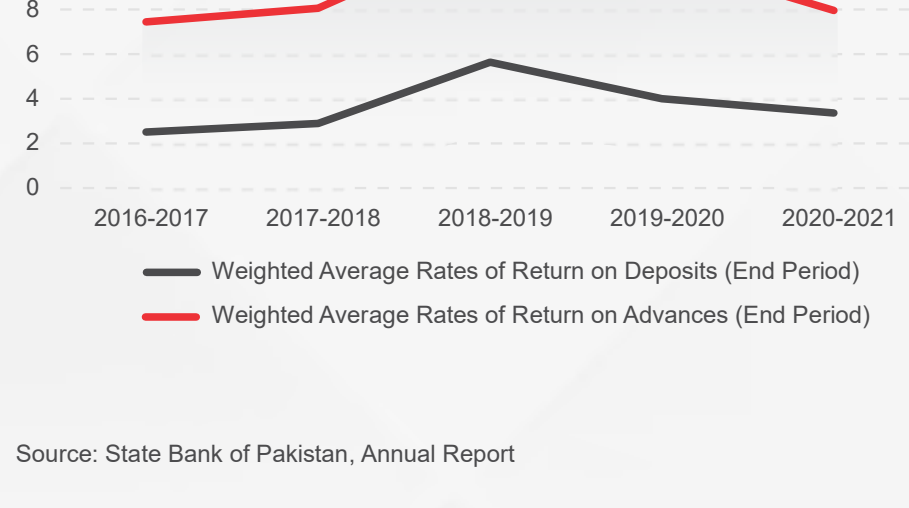
Source: State Bank of Pakistan, Annual Report



Source: State Bank of Pakistan, Annual Report

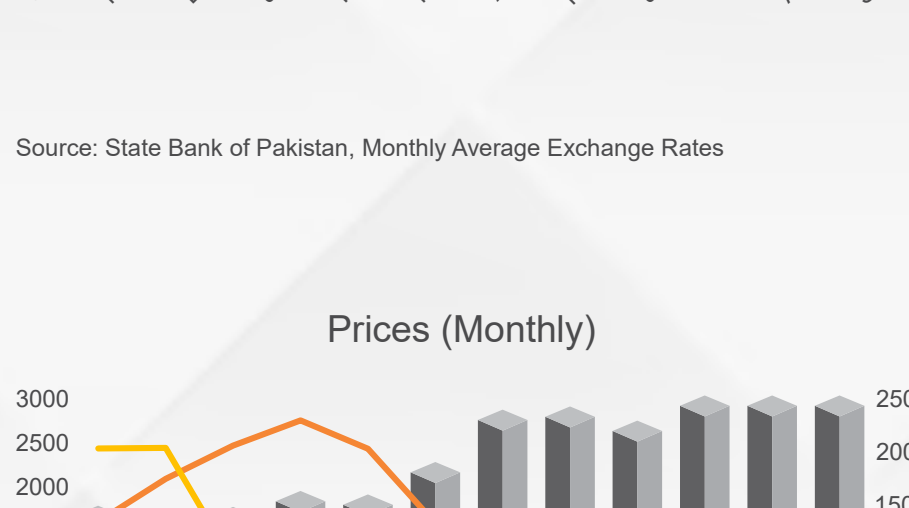


Source: State Bank of Pakistan, Annual Report

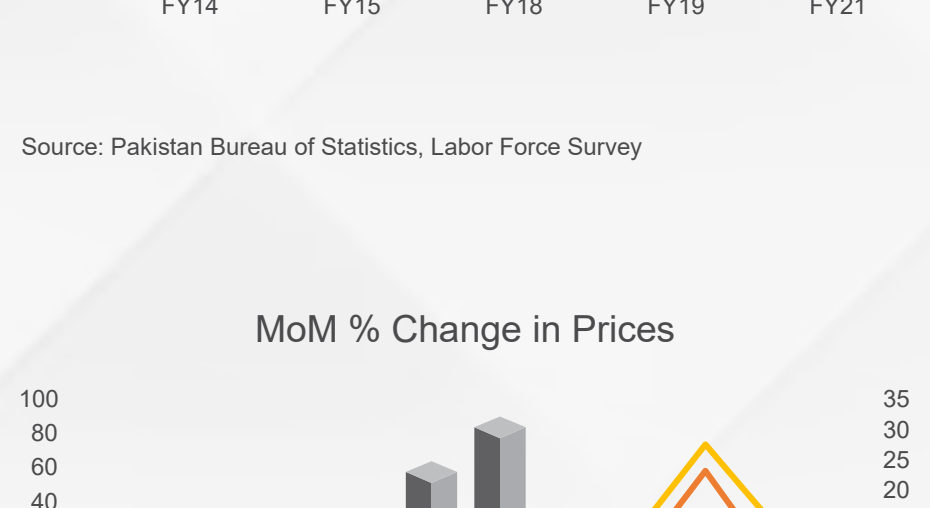


Source: State Bank of Pakistan, Key Statistics on Roshan Digital Account

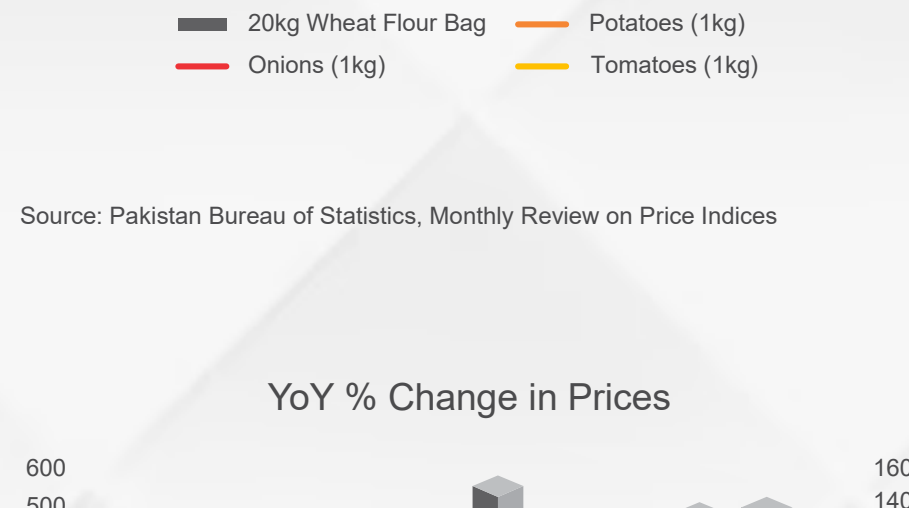
## PRICES



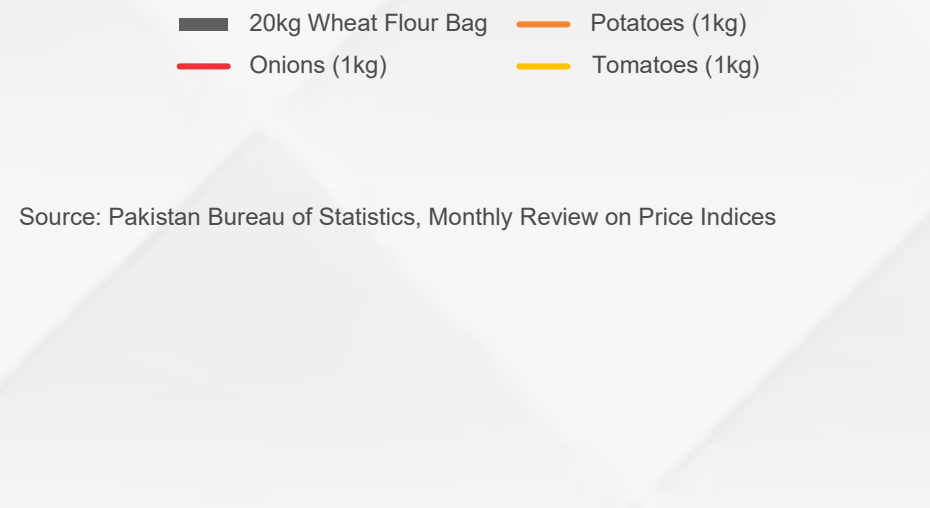
Source: State Bank of Pakistan, Annual Report



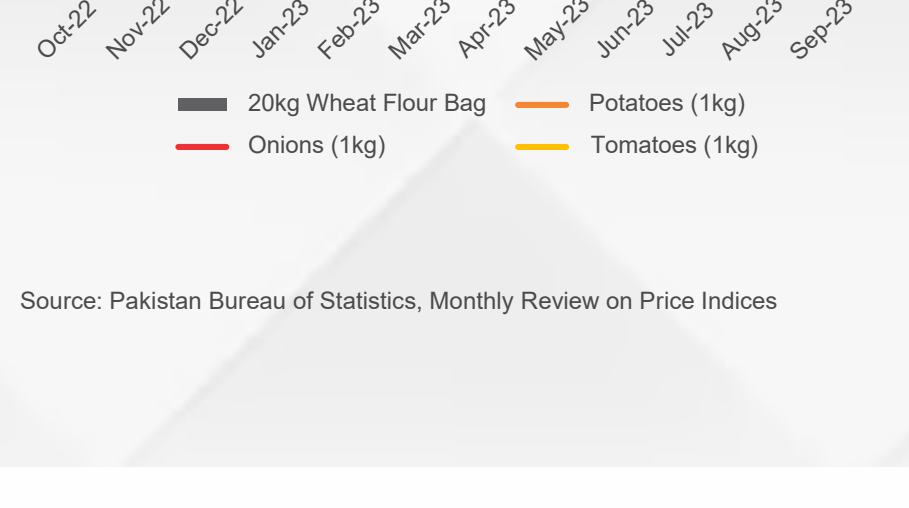
Source: Pakistan Bureau of Statistics, Monthly Review on Price Indices



Source: State Bank of Pakistan, Annual Report



Source: State Bank of Pakistan, Annual Report



Source: State Bank of Pakistan, Monthly Average Exchange Rates



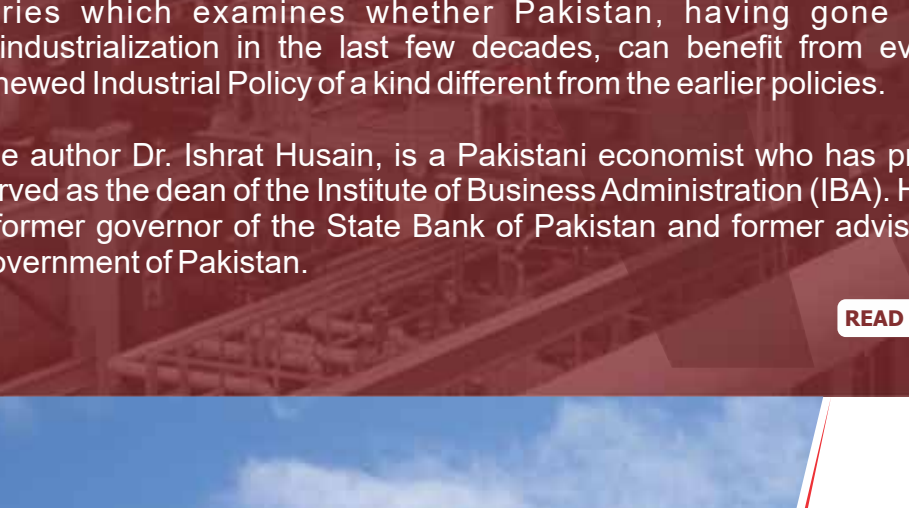
Source: Pakistan Bureau of Statistics, Labor Force Survey



Source: Pakistan Bureau of Statistics, Monthly Review on Price Indices



Source: Pakistan Bureau of Statistics, Monthly Review on Price Indices



Source: Pakistan Bureau of Statistics, Monthly Review on Price Indices

## INSIGHTS FOR CHANGE

CDPR's and IGC's 'Insights for Change' series attempts to take an analytical approach to devising action-oriented policy solutions. They are authored by economists and practitioners who are experts in their field.

### TOWARDS INDUSTRIAL POLICY 2.0 (PART II)

Recent developments in Western countries have reopened the discourse on the need for an industrial policy. This month's article is second in a two-part series which examines whether Pakistan, having gone through deindustrialization in the last few decades, can benefit from evolving a renewed industrial policy of a kind different from the earlier policies.

The author Dr. Ishrat Husain, is a Pakistani economist who has previously served as the dean of the Institute of Business Administration (IBA). He is also a former governor of the State Bank of Pakistan and former advisor to the Government of Pakistan.

[READ MORE](#)

## POLICY ANALYSIS

### WHITE PAPER: INNOVATION, GROWTH, AND THE ENVIRONMENT

This working paper was funded by the International Growth Centre (IGC). It was presented at the second Environment Week held at the London School of Economics and Political Science. The Principal Investigators are Robin Burgess (Director, IGC & Professor of Economics, LSE), Stefano Caria (Professor of Economics, University of Warwick), Tim Doberman (Researcher, LSE), and Allegra Saggese (Policy Economist, IGC).

Economic development is fundamentally about productivity growth. Productivity growth broadly defined, occurs mostly as the result of innovation. This includes technological, organisational, social, and political innovations. Innovation is held back by a combination of 'market failures' such as positive knowledge externalities, and 'government failures' which refer to barriers that prevent governments from setting up policies which correct existing market failures.

A fundamental challenge is that many of the standard economic solutions to environmental externalities such as carbon taxes, emission quotas, or deforestation bans – face enormous political opposition. This paper argues that innovation can help solve this political gridlock. This is chiefly because innovation – which, in developing countries, includes both primary innovation and the adoption of technologies and products from richer economies – can ease the growth-environment trade-offs that make political action on the environment so difficult. This paper lays out a new research agenda on understanding the key market failures preventing innovation for sustainable development.

Findings from the paper suggest that widespread innovations in energy and environment, firms, cities, and effective states have made sustainable growth increasingly attainable. Instead of sacrificing an intact environment for economic growth, there is now an opportunity to attain both. To achieve the necessary innovations, researchers need to collaborate across disciplines and across all fields of economics. It is only by mainstreaming environmental issues into economics and economic policy and working across disciplines that the opportunity of sustainable growth can be realized. This is the best way for the academic community to support policymakers in striking a balance between generating the economic growth needed to confront poverty and curbing the externalities that lie behind climate change.

## EVENTS

### LSE ENVIRONMENT WEEK 2023

The Economics of Environment and Energy Programme (EEE), International Growth Centre (IGC), and Programme on Innovation and Diffusion (POID) within the LSE Economics Department hosted the second Environment Week at LSE on 11-14 September 2023. Working with partners at the School and across the world, the goal of the Week was to encourage economists from all fields of economics to work on environmental issues and to connect this work to policy change.

### SESSION-1 THE WAR ON AIR POLLUTION

The global population is experiencing a reduction of approximately two years in life expectancy due to air pollution—a challenge of immense proportions confronting humanity. Despite significantly jeopardizing wellbeing, and contributing to climate change, this critical issue remains inadequately addressed.

**The presenters for this session included**

- Omar Masud**  
CEO, Urban Unit
- Clare Balboni**  
Injustice Kills Hope, LSE
- Michael Greenstone**  
Senior Minister and Special Advisor to Prime Minister of Ethiopia
- Namrata Kala**  
Associate Professor, MIT
- Robin Burgess**  
Director, IGC & Associate Professor of Economics, LSE

### SESSION-2 FROM ADVERSITY TO RESILIENCE: CLIMATE JUSTICE IN DEVELOPING COUNTRIES

This session engaged with advancing climate justice and enhancing resilience to the impacts of climate change. The focus was on the challenges faced by low- and middle-income countries, which are disproportionately affected by climate change.

**The presenters for this session included**

- Oriana Bandiera**  
Professor of Economics, LSE
- Asif Saleh**  
Executive Director, BRAC
- Chipokota Mwanawasa**  
Special Assistant for Public Policy to the President of Zambia
- Ali Sarfraz**  
Ambassador of Pakistan to World Trade Organisation
- Jonathan Leape**  
Executive Director, IGC & Associate Professor of Economics, LSE

### SESSION-3 AN INDUSTRIAL STRATEGY FOR THE GREEN ECONOMY

Achieving a net zero economy requires an innovative industrial revolution. How can the UK and other nations create impactful policies to facilitate this transformation? And what implications will the green subsidies introduced by the Biden administration in the Inflation Reduction Act have on the United States, Europe, and the global community?

**The presenters for this session included**

- Heather Boushey**  
Member of the Council of Economic Advisors, White House
- ED Miliband MP**  
Shadow Secretary of State of Climate Change and Net Zero, Labour Party
- Arkebe Qubay**  
Senior Minister and Special Advisor to Prime Minister of Ethiopia
- Anna Valero**  
Distinguished Policy Fellow, Centre for Economic Performance
- John Van Reenen**  
Ronald Coase School Professor, LSE

The blog series 'Climate Priorities in Developing Countries' will be populated with some of the discussions and key takeaways from the week

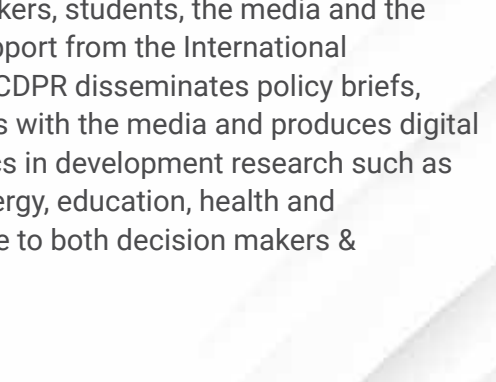


## LET'S TALK DEVELOPMENT

CDPR and IGC's latest podcast series called 'Let's Talk Development' is about understanding Pakistan's crucial economic and development problems. We engage experts in exploring critical development issues and trends in Pakistan. New episodes come out every two weeks.

### LEVERAGING ALLIANCES TO RESOLVE PAKISTAN'S CONFLICTS

The seventh episode of Let's Talk Development dropped on July 11, 2023. The recent global developments including the Russian invasion of Ukraine, China's growing regional competition in South Asia, and the intensifying global strategic competition between China and the United States reinforce new and significant geopolitical trends for Pakistan. Uzair Younus and Arifa Noor discuss how in this situation, Pakistan should leverage its relationships with its allies, including the United States and China, to ameliorate its various internal and external conflicts. They also discuss how the economic and political crises taking root in Pakistan affect the country's access to world capital for investment and growth starting with the resumption of the IMF program.



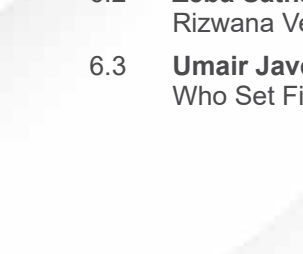
## FELLOWS' ARTICLES



### INFLATION AND DESPERATION

WHILE the debate on whether or not inflation and foreign currency and debt pressure will continue, and what effect they will have on aggregates like exchange rates, growth and solvency, is important, its real impact will be felt by the people of this country. Most of the impact is being felt by the lower-to-middle-income groups. We really have to start thinking about what can be done by the state and society to help address these issues.

**Faisal Bari**



### ECONOMIC TRANSFORMATION

BEFORE we dwell on Pakistan's 76-year economic transformation, it is important to review what it means in the context of countries that transformed themselves from mostly agriculture-driven to modern industrialised nations.

Nobel laureate Simon Kuznets described this long-term, complex structural transformation in terms of three simple shares of GDP of any country: agriculture, industry and services.

**Riaz Riazzudin**



### BURNING BILLS

RIOTS were triggered off by soaring prices, by malpractices, or by hunger. But these grievances operated within a popular consensus as to what were legitimate and what were illegitimate practices....

E.P. Thompson's influential 1971 piece on food price and scarcity riots documented a deeper sense of norms and obligations found within 18th-century English society.

**Umair Javed**

## CONTENTS OF LAST MONTH'S NEWSLETTER

- 1 Macrodata**
  - 1.1 Trade
  - 1.2 Balance of Payments
  - 1.3 Prices
- 2 Insights for Change**
  - 2.1 Towards Industrial Policy 2.0 (Part I)  
**Dr. Ishrat Husain**
- 3 Policy Analysis**
  - 3.1 Constructing Electricity as Entitlement: Energy Politics in Lahore, Pakistan
- 4 Events**
  - 4.1 Punjab's Air Pollution: Research, Policy, and Practice
- 5 Let's Talk Development**
  - 5.1 Why are Pakistanis Leaving the Country?
- 6 Fellows' Articles**
  - 6.1 **Faisal Bari**  
Injustice Kills Hope
  - 6.2 **Zeba Sathar**  
Rizwana Versus the State
  - 6.3 **Umair Javed**  
Who Set Fire to Jaranwala?

In Pakistan, policy decisions and public discourse are often uniformed by available research. The Consortium for Development Policy Research (CDPR) bridges this gap by communicating cutting-edge, evidence-based research on development issues in Pakistan to an audience of policymakers, students, the media and the wider public. With support from the International Growth Centre (IGC), CDPR disseminates policy briefs, hosts events, engages with the media and produces digital content to make points in development research such as economic growth, energy, education, health and governance intelligible to both decision makers & the public.

For regular updates regarding CDPR's policy and research work please follow us on:

