

## Inaugural Address

SYED NAVEED QAMAR

Dr Ishfaq Ahmad, Deputy Chairman, Planning Commission, Dr Rashid Amjad, President, Pakistan Society of Development Economists, Dr G. M. Arif, Secretary Pakistan Society of Development Economists, Excellencies, Ladies and Gentlemen!

It is indeed a privilege and honour to address this distinguished gathering of economists and social scientists.

Over the years the Annual Conference of the Pakistan Society of Development Economists has become one of the leading events on the calendar of meetings where experts from various disciplines discuss cutting edge issues that confront developing economies in general and Pakistan's economy in particular.

I want to especially congratulate the Society and the President on completing 25 years as it celebrates its Silver Jubilee. I am very happy that the founding President, Prof. Dr Nawab Haider Naqvi is with us today and that some of the past Presidents are also present. The Pakistan Institute of Development Economics, the home of the Society, also needs to be congratulated for holding such conferences on an annual and regular basis.

I am very happy that this meeting as in the past is being attended by internationally acclaimed economists and academics from both within and outside the country. I am especially heartened to see that students of economics from all over Pakistan have been especially invited to attend this meeting.

The theme of this year's Meeting "Investing in People" captures not only the most pressing need and challenge the country faces but is also at the heart of our Government's and our Party's economic philosophy.

As you are aware and as I became acutely aware when I took over as Finance Minister that our government inherited a very fragile economy. The unprecedented hike in oil and food prices during the second half of 2007 and early 2008 created severe macroeconomic imbalances. Poor economic management and inaction by the previous government had further worsened the situation. If immediate action had not been taken the country would have faced default and economic crisis.

Over the past two years we have tried to grapple with this difficult situation. There were difficult choices to be made and our government gave priority to restoring macroeconomic stability rather than opt for short-run political expediency.

Syed Naveed Qamar is Federal Minister for Petroleum and Natural Resources (and former Finance Minister), Government of Pakistan, Islamabad.

The Prime Minister has recently pointed out that with the Grace of God and support of the people and our friends we have achieved our short-term economic goals which the Government had set for itself. Let me elaborate on them:

- First and foremost, the economy has moved significantly towards macroeconomic stability in terms of key economic variables especially balance of payments and the fiscal deficit. We have built up our foreign reserves and remittances and portfolio investment have increased significantly. We are now moving decisively to revive economic growth and bring inflation further down. We are committed to ensuring a stable macroeconomic environment as this is essential to revive business confidence, both foreign and domestic, and to engage the multilateral and donor agencies in providing us critical support.
- Second, by taking significant steps to reverse the anti-agricultural bias of the past and by providing incentives to farmers higher agricultural prices and timely provision of inputs we have had three bumper crops and on current indications a good wheat harvest is expected. At a time when most developing countries have faced food insecurity due to shortages we have had sufficient food grains not only to meet our domestic needs but also if need be for exports. Our policies have brought economic prosperity to our farmers and the rural population, where the bulk of the people live.
- Third, given our commitment to improve economic conditions of the poor people of Pakistan, the government launched for the first time in Pakistan's history a major direct income support programme for the vulnerable and those most in need. This is reflected in a eight-fold increase in resources earmarked for social protection over the past two years. The Benazir Income Support Programme is the leading programme, under which Rs 70 billion have been earmarked for 2009-10. The programme will benefit 7 million poor households this years and this number will be increased further next year.
- Fourth, there are distinct signs of recovery in the large scale manufacturing sector after recording negative growth last year due to the unprecedented global economic recession, the contraction of the domestic market and energy shortages. This year we hope growth in manufacturing will return to its past average drawing on a revival in textiles as well as consumer durables such as automobile manufacturing.
- Fifth, we have given the highest priority to accelerate development in Balochistan, FATA and other backward regions by accelerating development projects in these areas.

While I list these achievements, I am acutely aware that the country still faces difficult challenges especially in overcoming the energy crisis. Here we have opted for transparency in overcoming our short-term power needs. We are, however, taking steps under an integrated plan to overcome energy and water shortages through fast track energy projects and building of small dams.

The financial crunch due to increased military expenditure on the war against terror has put enormous pressure on the development budget as the Deputy Chairman of the Planning Commission is acutely aware. We need to prioritise development projects.

The Prime Minister has at the same time in face of financial stringency instructed the Finance and Planning Ministries that expenditure on education and health must be protected to the maximum. I believe that this is essential to ensure long-term development and for us to compete in the global economy.

Overall, despite the global recession and domestic imperatives the economy has shown resilience under difficult circumstances. We are hopeful of positive economic growth of around 3.5 to 4 percent this year.

We look to the economists of the country to contribute to the development of a Medium-term growth strategy and to assist us in ensuring timely and efficient implementation of our policies and plans. We have mostly had good plans. What we need to ensure is that they are translated into concrete outputs which lead the way to improved living conditions and sustained and equitable growth.

This meeting therefore takes place at an opportune time as its deliberations and recommendations can feed into the framing of the 10th Five Year Plan (2010–15) “Investing in People”.

Let me in the end wish you the best in your deliberations.