

**LAUNCHING OF
THE SOCIAL POLICY AND DEVELOPMENT CENTRE
PROJECT**

**SPECIFICATION OF THE INTEGRATED
SOCIAL POLICY MACROECONOMIC MODEL**

By

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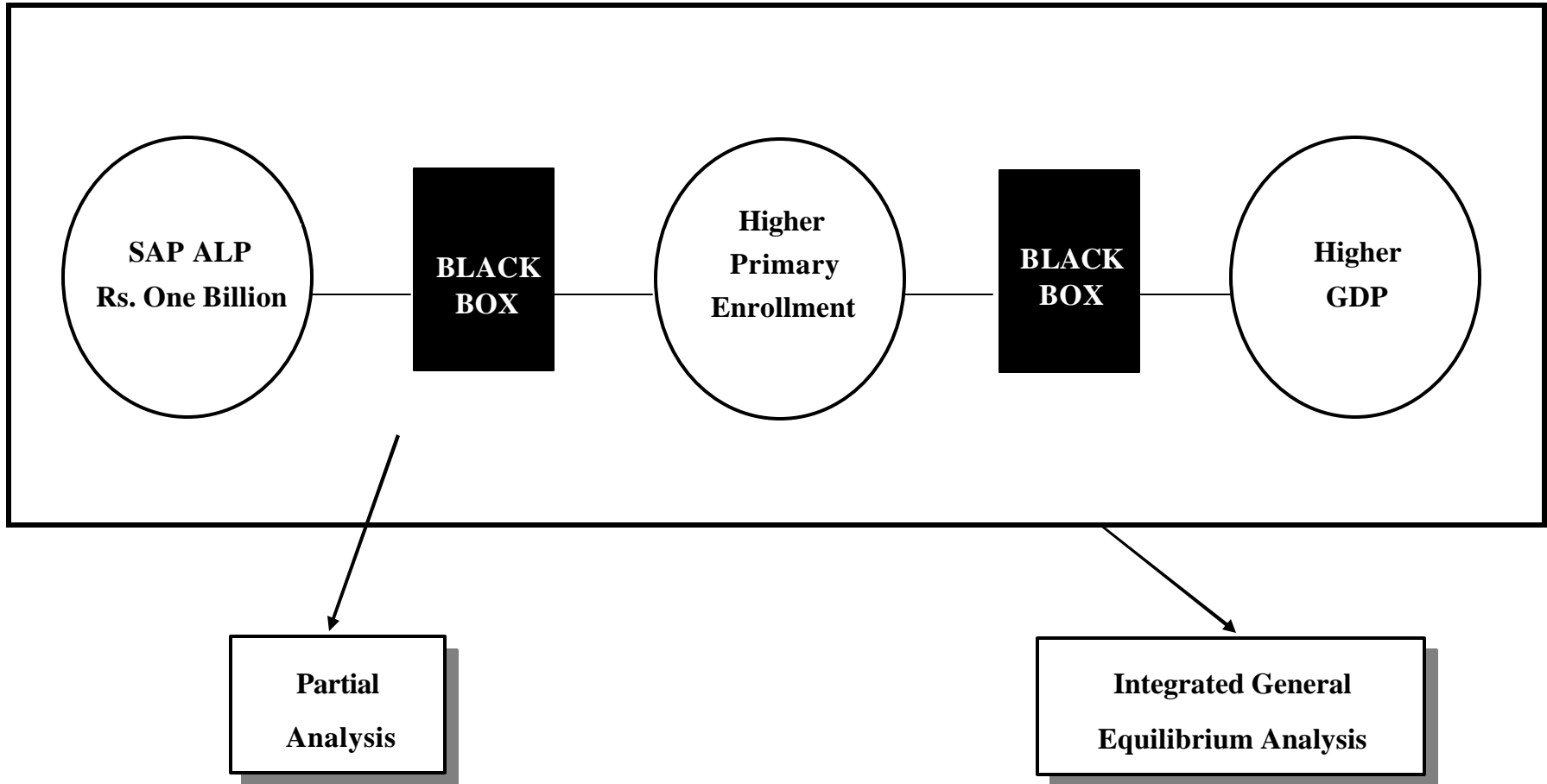
SPECIFICATION OF THE
INTEGRATED SOCIAL POLICY
MACROECONOMIC MODEL

INTRODUCTION

***WHY INTEGRATED APPROACH
TO SOCIO-ECONOMIC
PLANNING?***

WHY INTEGRATED APPROACH TO SOCIO-ECONOMIC PLANNING

PROBLEM: Analyse the Impact of SAP (Rs. 1 billion for Girls Primary education)



***IS MACROECONOMETRIC
MODELLING A MEDICATION
FOR ALL SOCIO-ECONOMIC
PLANNING?***

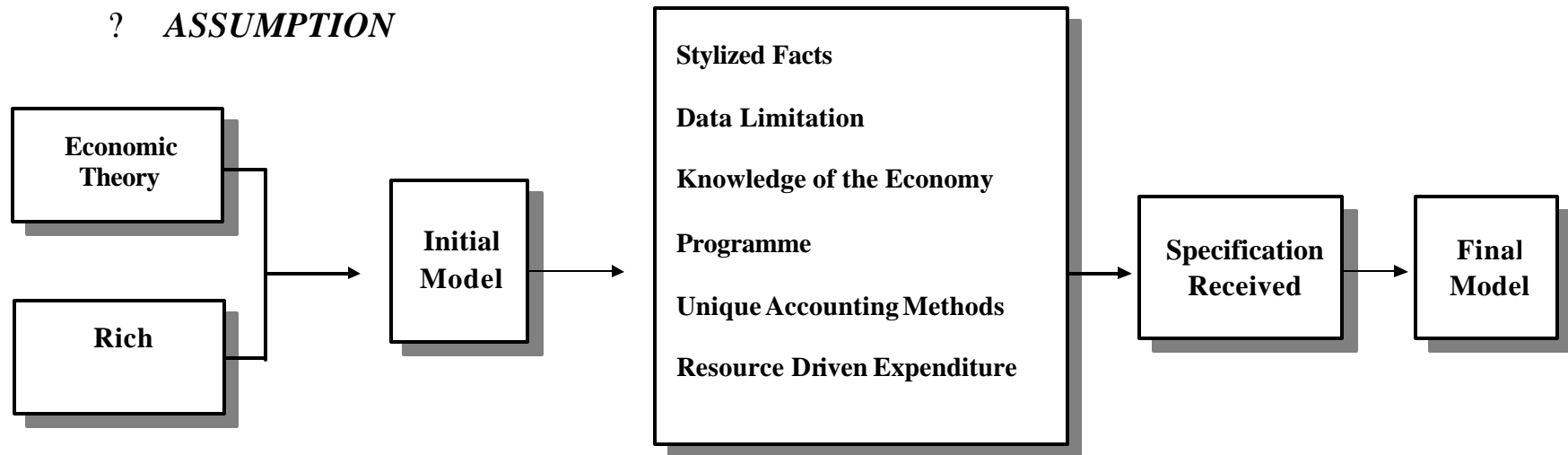
ASSUMPTIONS AND SOME LIMITATIONS OF THE MODEL

- ? **Is Macroeconometric Modelling a Medication for all Socio -Economic Planning**
- ? **Ideally, the Econometric Model should be based on:**

- a) **Sound Economic Theory**
- b) **Rich Specification**
- c) **Long Consistent Time Series Data Base**
- d) **Realism**
- e) **Dynamic**

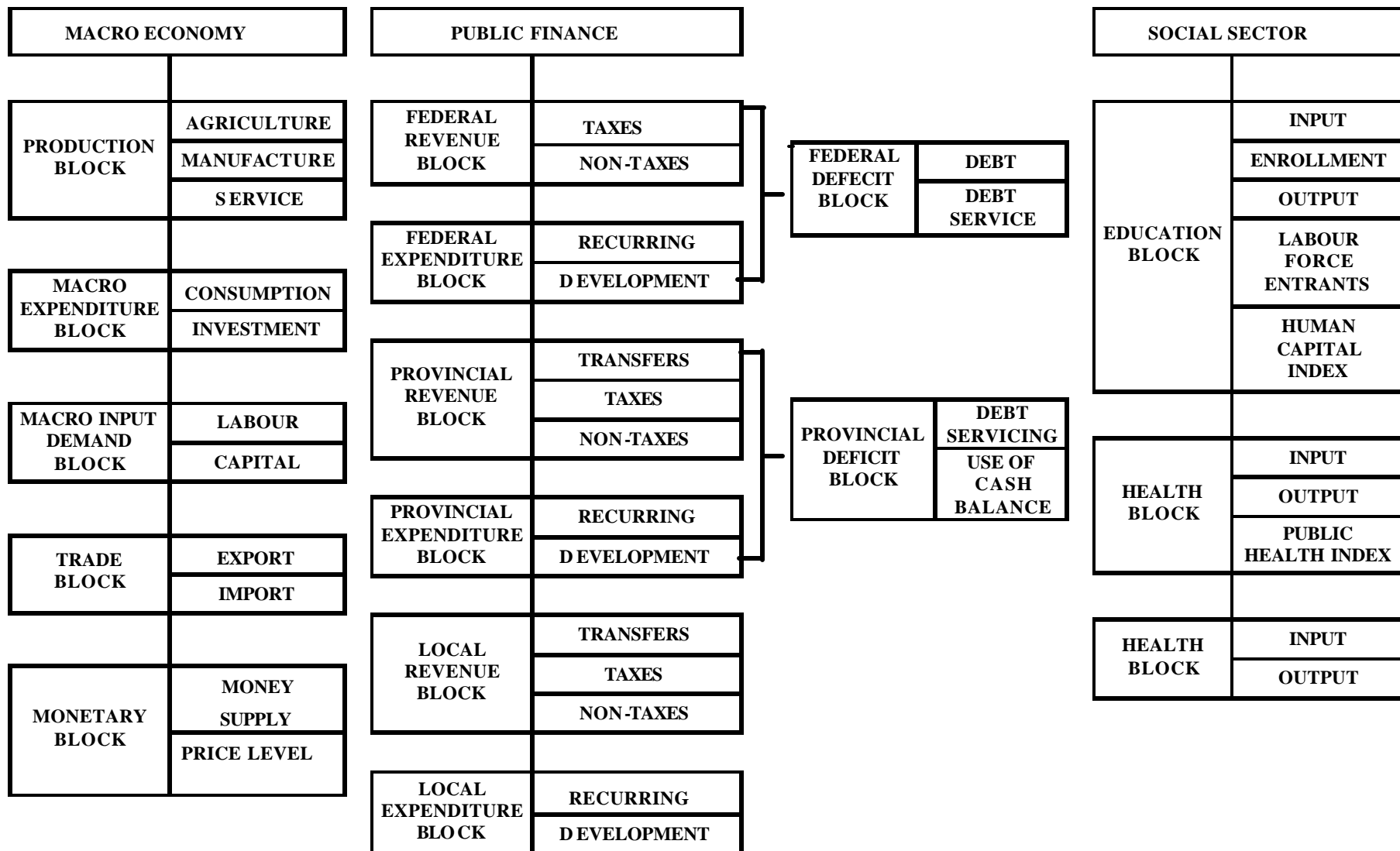
Incorporation of all these attributes may or may not be possible in the Model particularly for a less developed country like Pakistan.

? *ASSUMPTION*



***IS THE MODEL RICH IN
SPECIFICATION?***

STRUCTURE OF THE MODEL



***HOW LARGE IS THE
INTEGRATED SOCIAL POLICY
MODEL?***

LIST OF VARIABLES IN BLOCKS AND MODEL

BLOCK		Endogenous Variables			Exogeneous Variables		Lagged/Predetermine Variables		Total Variables in the Block
		Behavioral	Identity	Total	Block	Model*	Block	Model*	
A	Macro Economic Production Block	3	5	8	4	4	0	0	12
B	Macro Input Demand Block	4	5	9	2	2	4	4	15
C	Macro Economic Expenditure Block	4	7	11	4	3	5	5	20
D	Federal Revenue Block	5	4	9	9	8	4	4	22
E	Federal Expenditure Block	5	2	7	2	2	4	4	13
F	Federal Deficit Block	0	3	3	2	3	2	0	7
G	Provincial Revenue Block	4	7	11	6	3	0	0	17
H	Provincial Expenditure Block	10	3	13	1	1	10	10	24
I	Provincial and Total Budget Deficit	0	3	3	0	0	0	0	3
J	Local Revenue Block	3	4	7	1	1	1	1	9
K	Local Expenditure Block	8	4	12	2	1	8	8	22
L	Trade Block	3	3	6	4	3	1	1	11
M	Monetary Block	1	1	2	1	0	2	2	5
N	Price Block	6	1	7	4	0	6	4	17
O	Human Capital Index Block	18	36	54	22	20	22	22	98
P	Public Health Index Block	10	13	23	7	7	11	11	41
Q	Index of Economic Infrastructure Block	0	7	7	1	0	2	2	10
R	Index of Fiscal Effort Block	0	4	4	5	0	4	4	13
	Total Variables in the Model	84	112	196		58		82	

* = Whenever a variable is used in one block it is not replicated in the subsequent blocks

Total number of simultaneous equations =189

Total number of recursive equations =7

Total number of equations =196

CONCLUDING REMARKS