

Umaima Imran

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Department of Economics

Toronto Metropolitan University,

350 Victoria Street Toronto, ON, M5B 2K3

Education

May 2024
(expected)

PhD in Economics

Toronto Metropolitan University, Toronto, Canada

Dissertation “Misallocation of Resources, Political Connections and Effective Tax Rates in the presence of External Flows”

October 2011

M.Sc. in Finance and Economics (Distinction)

Queen Mary University of London, UK

Dissertation “Empirical evidence of the existence of a bilateral ‘J Curve’ in emerging market countries”

May 2009

B.Sc. in Economics and Management (First Class Honors)

London School of Economics, University of London, UK

Research Assistant

Associate Professor Claustre Bajona, Department of Economics, Toronto Metropolitan University (2019-2023)

Research papers

- Misallocation of Resources, Political Connections and External Flows (Job Market Paper)([Click here for the latest draft](#))
- Modelling corporate tax rates in the presence of political connections and external assistance
- External Debt, Political Connections and Effective tax rates: Evidence from Pakistani firms

Research Fields

Applied macroeconomics, development economics, international finance, macroeconomics, political economy, public policy.

Professional Teaching Experience

June 2022 - present

Contract Lecturer, The Chang School

Toronto Metropolitan University, Canada

CECN 600 Macroeconomics II

September 2018 – present

Teaching Assistant (TA)

Toronto Metropolitan University - Toronto, Canada

TA for Undergraduate courses: Principles of Microeconomics, Basic Mathematics, Economic Development, Intermediate Macroeconomics II, Economics of Information, Intermediate Microeconomics I & II, Principles of Engineering Economics {ECN101, ECN 109, ECN 503, ECN 504, ECN 600, ECN 601, ECN 700, ECN 801}. Master courses: Macroeconomics {EF8902}. PhD Courses: Macroeconomic I and II {EF 9902, EF 9922}

August 2016 - July 2017

Visiting Faculty Lecturer of Economics

Emirates Institute of Finance- Abu Dhabi, UAE

April 2013 - February 2016 **Lecturer Economics, Business and Sociology**
Knowledge Quotient FZ LLC – Dubai, UAE

Publications and Articles

An active writer about current global economic affairs, have published articles both on LinkedIn and Daily Times Pakistan. Below are a few of the selected publications.

- **Trump's changes to the immigration policy**
- **What does the rupee's latest devaluation mean?**
- **The Chinese debt crisis**
- **Economic prosperity of a debt ridden Nation**

Presentations

2020-2023 Brown bag, Macro reading group Toronto Metropolitan University
(TMU) Economics department seminar, (TMU)
2023 Canadian Economics Association Conference (Winnipeg, Canada),
Canadian Development Economics Study, TMU
2023 International Atlantic Economic Conference (Philadelphia, USA), TMU

Awards and Honors

- Recipient of the Toronto Metropolitan University Department of Economics Top PhD student, 2nd Year 2019
- TMU Graduate Fellowship 2018-2019-2020
- Ryerson/TMU/Ontario Graduate Scholarship 2020-2021-2022-2023-2024
- Secured top marks in HR amongst 60,000 external LSE students in the world (2009)
- Academic excellence award and prize for obtaining distinction in Diploma in Economics by University of London (2007)

Information Technology/ Computational Skills

- STATA, R, E Views, MATLAB, LATEX, MS office
- Introduction to Programming with MATLAB certification from Coursera in association with Vanderbilt University

References

Name Claustre Bajona (Supervisor)
University Toronto Metropolitan University
Position Associate Professor
Contact cbajona@torontomu.ca

Name Hyunju Lee (Co supervisor)
University University of Houston
Position Assistant Professor
Contact hlee73@uh.edu

Name Yu Wang
University Toronto Metropolitan University
Position Assistant Professor
Contact wangyu5@torontomu.ca

Abstracts

Misallocation of Resources, Political Connections and External Flows (Job Market Paper) ([Click here for the latest draft](#))

This paper shows that the current design of foreign aid and loans may impede growth in developing economies with weak political institutions. First, the paper provides empirical evidence that politically connected Pakistani firms pay lower effective taxes and this tax differential increases with the public external debt to GDP ratio. I then develop a political economy model in which, agents connected with the government receive lower taxes and barriers to entry in exchange for political support, causing misallocation in the economy. High external flows give the government more room to lower taxes on connected entrepreneurs, which keeps low productivity, connected firms in the market. I calibrate the model to the economy of Pakistan and show that reducing flows by 30% reduces inequality and generates an output gain of 12%. I also show that a similar outcome could be obtained by, adding conditions to existing external flows that require a higher level of fiscal revenues or that reduce barriers to entrepreneurship.

Modelling corporate tax rates in the presence of political connections and external assistance

This paper develops a static political economy model to show that in an environment of weak political structures that provide an economic advantage to politically connected, external assistance (aid and loans) may not encourage economic growth. In the model, endogenous tax differential arises between the agents which are connected and non connected with the Elite, due to the Elite's dependence on the political patronage to stay in power, causing resource misallocation. I show that if the tax differential is large enough, then depending on the parameters of the economy, it is possible to get an equilibrium with misallocation: a situation where low skill entrepreneurs remain or enter in the market. I calibrate the model to Pakistan and get an equilibrium with resource misallocation. I show that decreasing non-tax government revenue such as external debt and aid by 71%, increases tax differentials, eliminates resource misallocation, and increases output by 11%.

External Debt, Political Connections and Effective tax rates: Evidence from Pakistani firms (Working Paper)

Preferential treatment received by the politically connected firms in an economy has been identified as one of the potential causes of the misallocation of resources in developing economies restricting growth. Pakistani politics has suffered with increasing corruption and rent-seeking in the last few years. It has also been consistently dependent on external debt, loans, and bailouts. Using data from 268 publicly listed Pakistani firms and elections data for the period of 2013-2019, this paper identifies the politically connected firms as those with key board members taking part in an election. The paper finds that politically connected firms pay 8.32 percentage points lower effective taxes. It also finds that a 0.1 increase in the external debt to GDP ratio decreases the tax rates for politically connected firms by 6.81 percentage points. The decrease in the tax rates for the connected is higher when the public external debt to GDP ratio is used.