

Econ 122b: Economics of the Middle East

1) Course information

Econ 122b – Spring 2008

Instructor: Nader Habibi

Meeting Times: Block V - T, Th 5:10 PM - 6:30 PM

Location: Lown Center for Judaic Studies 201

Office location: Crown Center for Middle East Studies, (Heller building)

Office hours: Tuesday 11:00 am to 12:00 am

Thursday 1:00 pm to 2:00 pm and other times by appointment

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2. Text Books

1) A political Economy of the Middle East

By: Allan Richards and John Waterbury

Third Edition (2007), Perseus Press

2) Arab Economies in a Changing World

By: Marcus Noland and Howard Pack

First Edition (2007), Peterson Institute for International Economics

Description:

This course has two broad objectives:

1) To familiarize the students with the patterns of economic development and the evolution of economic institutions in the Middle East and North Africa region after World War Two. To the extent that political and social institutions are relevant for understanding of the region's economic development, the course will also cover these subjects selectively. For example the students will learn about how regional instability and political institutions of MENA countries have affected their ability to implement economic reforms. Another important topic that will be covered in detail is the impact of oil wealth on political and economic development of the region.

2) To familiarize the students with tools and procedures of country analysis and regional analysis and apply these tools to understanding the present conditions of the MENA countries with an eye to the future trends. This section will focus on understanding the short-term and long-term business climate of these countries. The emphasis will be on analysis of the main drivers of economic growth such as the leading economic indicators, prospects for macroeconomic stability, and major risk factors that could have an adverse effect on business climate (such as political risks, taxation risks and adverse government policy risks.) In the past ten years several MENA economies have increased their trade

and investment relations with rest of the world and there is a growing demand for analysis of economic trends in MENA countries among international firms and governments of industrial countries. Students will be required to choose one MENA country of their choice for detailed analysis. Assignments will include search for sources of economic data and development of simple EXCEL based economic data sets for analysis of economic trends in the selected country.

3) Lecture Format:

Students are expected to read the assigned material in advance. I will start each session with a 35-45 minute talk on the assigned topic of the week. This will be followed by one or two 15 minute student presentations on topics closely related to the reading assignments. The remaining 5-15 minutes will be spent on general class discussions. All students are strongly encouraged to participate in these discussions.

4) Grading

A) A term paper (10-20 pages) (20%)

B) One 15 minute presentation (15%). Each student is required to offer a short presentation on a topic of his choice (but related to the reading assignments for the presentation date) during the semester. This can be a presentation on one of the assigned papers for that week. This topic can also be the topic of the student's term paper.

C) A brief country analysis report on your selected country (15%) (5 to 10 pages)

D) Mid-term exam covering the first half of the reading materials (20%). The emphasis will be on reading assignments that have been covered in detail. It will not include mathematical or technical concepts.

E) Final exam covering the second half of the reading materials (20%): same style as the mid-term exam.

F) Class participation, attendance, preparedness (10%)

5) Academic Honesty: You are expected to be honest in all of your academic work and follow the university guidelines about academic honesty.

6) Disability Information: If you are a student with a documented disability at Brandeis University and if you wish to request a reasonable accommodation for this class please see me immediately.

- 7) **Topic Outline and Weekly Schedule** (Note: Most articles come with a hyperlink for internet access. The articles that have an (*) in front of their names are available online through Brandeis Library internet resources.) <http://lts.brandeis.edu/research/articles/index.html> . Other articles and book chapters are available on Latte (Econ 122) in PDF format.

Book name abbreviations: **PEME= Political Economy of the Middle East**
AECW= Arab Economy in a Changing World

Week 1: An overview of economic and political conditions in Middle East

Read: (PEME chapters 1,2) and (AECW chapter 1)

“The Economic Consequences of the Iraq Crisis on the Mashriq Countries” Onn Winkler, *Mediterranean Politics*, November 2006

Week 2: Economic Growth and Income

Read: (PEME chapter 3) and (AECW chapter 2)

“Challenge of Growth and Globalization in the Middle East and North Africa”, George T. Abed and Hamid R Davoodi, *International Monetary Fund*, 2003, <http://www.imf.org/external/pubs/ft/med/2003/eng/abed.htm>.

“Reviving Growth in the Arab World”, Ibrahim Elbadawi, *Economic Development and Cultural Change*, January 2005. 292-324.

“A Reexamination of the Political Economy of Growth in MENA Countries” Hadi Salehi Esfahani, *Quarterly Review of Economics and Finance* , Volume 46, Issue 5, February 2007, <https://netfiles.uiuc.edu/esfahani/www/IndexFiles/Political%20Economy%20of%20Growth%20in%20MENA.pdf>

“Reform and Elusive Growth in the Middle East: What has Happened in the 1990s”, Dasgupta, Dipak, Jennifer Keller, and T. G. Srinivasan, *Working Paper Series, no. 25*, World Bank (June 2005). 24 pages <http://siteresources.worldbank.org/INTMNAREGTOPTRADE/Resources/Keller-Dasgupta-Srinivasan.pdf>

Week 3: An overview of Economic and Political History of the Middle East

The Modern Middle East: A History, James Gelvin, Chapters 12,13 , 14 and the conclusion.

Timur Kuran: “Why the Middle East is Economically Underdeveloped?” Journal of Economic Perspectives, vol. 18, no.3, Summer 2004, pp 71-90. (*)

“Development, Growth and Policy Reform In the Middle East and North Africa since 1950”, Tarik Yousef, Journal of Economic Perspective, Volume 18, Number 3, Summer 2004, PP91-116. (*)

Week 4 Religion, Culture and Economic Development

Read: (AECW: Chapter 5) and (PEME: Chapter 14)

“A Disputed Utopia: Islamic Economics in Revolutionary Iran” Sohrab Behdad, Comparative Studies in Society and History, Vol. 36, No. 4. (Oct., 1994), pp. 775-813. (*)

“Islam, Globalization and Economic Performance in the Middle East”, Marcus Noland and Howard pack, International Economic policy Brief, June 2004. (*)

Islam and the Economic Challenge, M. Umer Chapra, pages 1-10.

“Islam and Mammon: The Economic Predicaments of Islamism” Timur Kuran, Chapter 1:Pages 1-37, Chapter 5:Pages 103-120.

Week 5: Demographic challenge and state of Human development

Read: (AECW: Chapter 4:pages 85-99) and (PEME: Chapters 4 and 5)

Arab human development Report 2005 (Published December 2006) (Will replace with the latest issue in December 2007)

Week 6: Trade and globalization

Read: (AECW: Chapter 4:Pages 99-111, Chapter 8)

“Recent US Free Trade Initiatives in the Middle East: Opportunities but no guarantees”, Robert Lawrence, Arab Competitiveness Report 2006, Chapter Two. http://www.weforum.org/pdf/Global_Competitiveness_Reports/Reports/chapters/12.pdf

Lawrence, Robert Z., *A US-Middle East Trade Agreement: A Circle of Opportunity?* (Peterson Institute, Washington, DC, 2006); Ch. 2: The State of Arab Economies: Global engagement, Reforms, and Regional Trade Agreements. http://www.bilaterals.org/article.php3?id_article=6645

Henry, Clement, "The Clash of Globalizations in the Middle East," *Review of Middle East Economics and Finance*, vol. 1, no. 1 (April 2003), pp. 3-16. (*)

Week 7: Political institutions and regime types in MENA

Read: (PEME: Chapter 11), (AECW: Chapter 10)

***Mid-term Exam**

Week 8: Public Sector, Fiscal Policy and the Economic Role of Government

Read: (PEME: Chapters 7 and 8), (AECW: Chapter 7)

"Failed Legacies: Escaping the Ghosts of Central Planning" by Adam Bennett, *Finance and Development*, March 2003, Volume 40, Number 1.

<http://www.imf.org/external/pubs/ft/fandd/2003/03/benn.htm>

"The Middle East Corruption Conundrum" Gillespie, Kate. *Current History*, Jan2006, Vol. 105 Issue 687, p40-46, 7p (*)

"Public Debt and Fiscal Vulnerability in the Middle East" Petri, Martin; Soderling, Ludvig; Maliszewski, Wojciech; Morsy, Hanan; Fouad, Manal; Hommes, Martin; 2007, pp. 36 pages, International Monetary Fund, IMF Working Papers: 07/12 <http://www.imf.org/external/pubs/cat/longres.cfm?sk=20210.0>

Week 9: Economic Reform and Development Strategies

Read: (AECW: Chapter 6) (PEME: Chapter 8 and 9)

"Restarting Arab Economic Reform" by Mustapha K. Nabli , in The Arab World Competitiveness Report 2005, (World Economic Forum, Palgrave MacMillan, 2005), pp. 11-19.

"Structural Reforms in Middle East and North Africa " John Page, The Arab World Competitiveness Report 2002-2003, (World Economic Forum, New York, Oxford University Press, 2002), pp.67-79

Globalization and Politics of Development in the Middle East, by Clement Henry and Robert Springborg, 2001, pages 1-29.

"A Reexamination of the Political Economy of Growth in MENA Countries" Hadi Salehi Esfahani, April 2006

<https://netfiles.uiuc.edu/esfahani/www/IndexFiles/Political%20Economy%20of%20Growth%20in%20MENA.pdf>

Week 10: Social Welfare, inequality and Urbanization

Read: (PEME: Chapters 6 and 9)

“Poverty, Inequality and Growth in Selected Middle East and North Africa Countries, 1980-2000”, The World bank, Washington DC, April 2003

<http://www.sciencedirect.com/science/article/B6VC6-49PYM3W-1/2/d61afd1be422a38aa904be027137076c>

“Globalization and Inequality in the Arab Region” Ali Abdel Gadir, Arab Planning Institute, September 2003. <http://www.arab-api.org/cv/aali-cv/aali/wps0307.pdf>

“Poverty and Neo-liberal Bias in the Middle East and North Africa”, Ray Bush, Development and Change, 2004 673-695. (*)

Week 11a: Financial markets, Islamic banking, Domestic investment and Foreign Investment

Read: (AECW: Chapter 4: pages 111-139, Chapter 9),

“The Arab World Competitiveness Report” Tariq Yousef and Margareta Drzeniek <http://www.weforum.org/en/initiatives/gcp/Arab%20World%20Competitiveness%20Report/index.htm> , April 2007.

Creane, Susan, et. al., “Measuring Financial Development in the Middle East and North Africa: A New Database” IMF Staff Papers, Vol. 53, No.3 2007 ,

<http://www.imf.org/External/Pubs/FT/staffp/2006/04/pdf/creane.pdf>

“Financial Sectors in a New Age of Oil” Middle East and North Africa Economic Developments and Prospects 2006 , World Bank pages 37-68

<http://siteresources.worldbank.org/INTMENA/Resources/MainReport.pdf>

Choudhury, Masudul A. “Introducing Islamic Political Economy,”

<http://www.iiibf.org/elibrary/islamic-economy/chap1/chap1index.html>

Siddiqi, Moin A, "The Growing Popularity of Islamic Banking," *The Middle East*, Issue 291 (June 1999), pp. 33-35

Week 11b: The Economics of Gender in the Middle East

UNDP, *The Arab Human Development Report 2005: Towards the Rise of Women in the Arab World* (Amman, Jordan, and New York, 2006), Executive Summary, pp. 1-24.

World Bank, *Gender and Development in the Middle East and North Africa: Women and the Public Sphere*, (World Bank, MENA Development Report, Washington DC, 2004), "Overview", pp. 1-14. http://www.medeia.be/files/WB_Gender_EN.pdf

"Arab Women's Development: How Relevant Are UNDP Measurements?" Nadia Ramsis Farah, *Middle East Policy*, Vol. XIII, No. 2, Summer 2006. (*)

"Gender, Aging, and the Evolving Arab Patriarchal Contract" Jennifer C. Olmsted, *Feminist Economics*, July 2005. (*)

Week 12: Oil and petrochemical sector, Domestic energy policy, regional energy cooperation.

"Global Oil Trends and their Effect on the Middle East" Gil Feiler, *Israel Affairs*, Vol. 12, No. 4 October 2006, pp. 698-714. (*)

"Searching for Oil: China's Initiatives in the Middle East" Henry Lee and Dan A. Shalmon, *Environment*, June 2007 Vol. 49, Number 5. (*)

"China and the Middle East: Energy First", Jin Liangxiang, *Middle East Quarterly*, Spring 2005, pp. 3-10. (*)

"Middle East: Growth and Issues for the Petrochemical Industry" A.A. Al-Ahmad, *Petrochemical Developments*, April 2005.

Oil Titans; National Oil Companies in the Middle East, Valerie Marcel, Brookings Institution Press, 2006. Introduction, Chapter one and pages 235-265.

"Worldwide Liquids Capacity Outlook to 2010-Tight Supply or Excess of Riches?", Peter M Jackson and Robert W. Esser. WWW.CERA.COM

Week 13: Country Analysis: Israel, Palestine And Turkey

“From Boom to Bust: The Israeli Economy 1990-2003”, Ben-Zion Zilberfarb, Israel Affairs, Vol. 12, No 2, April 2006. (Followed by several short articles that cover 2003-07.) (*)

“An International Comparison of Economic Growth in Palestine/Israel, 1922-98” Andrew Schein, Middle East Studies, Vol. 43, No. 2, 311-3230, March 2007. (*)

“The Palestinian Economy and the Second Intifada”, Salem Ajluni, Journal of Palestine Studies”, Spring 2003, Pages 64-73. (*)

Closures and Separation and Their Impact on East Jerusalem’s Economic Sectors”, Azzam Abu Saud, Palestine-Israel Journal, 2007, Volume 14.1. (*)

The Untapped Potential: Palestinian-Israeli Economic Relations, Policy options and recommendations. December 2006, available online, <http://www.peres-center.org/The%20untapped%20Potential.pdf>

Week 14: Country Analysis: Iran, Saudi Arabia

“Can Saudi Arabia Reform Its Economy”, Robert Looney, Strategic Insights, <http://www.ccc.nps.navy.mil/si/2004/jan/looneyJan04.pdf>

“The Saudi Arabian Economy”, 2007 <http://www.us-sabc.org/i4a/pages/index.cfm?pageid=3367>

“IMF Article IV Consultation with Saudi Arabia” _September 2006, <http://www.imf.org/external/np/sec/pn/2006/pn06108.htm>

“Myths and Realities about Unemployment in Saudi Arabia” Saudi American Forum , March 2003, <http://www.saudi-american-forum.org/articles/2003/030330-saudi-unemployment.html>

“Islamic Republic of Iran; Managing Transition to a market Economy”, Abdelali Djabili, IMF External papers , 2007, <http://www.imf.org/External/Pubs/NFT/2007/iran/market/market.pdf>

“Economic Trends and Macroeconomic Policies in Post-Revolutionary Iran” Hashem Pesaran, ERF Working paper (1999) http://www.erf.org.eg/cms.php?id=publication_details&publication_id=205

Institutional Change and Macroeconomic Performance in Iran Two Decades After the Revolution (1979-1999) , Hassan Hakimian, ERF Working Paper 1999, http://www.erf.org.eg/cms.php?id=publication_details&publication_id=212

“Is Iran facing an economic crisis”, Kelly Campbell, **United States Institute of Peace**, May 2007,
http://www.usip.org/pubs/usipeace_briefings/2007/0510_iran_economic_crisis.html.

“U.S. Imposes Strict Economic Sanction on Iran”, **Telegraph**, October 29, 2007.
<http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2007/10/25/wiran325.xml>

8) Useful Resources on the Middle East

(8.1) **Newspapers** (All accessible online without subscription)

Al-Ahram Weekly (Cairo, Egypt), Arab News (Saudi Arabia), Daily Star (Beirut, Lebanon), Gulf News (Dubai, UAE), Haaretz (Tel Aviv, Israel), Jerusalem Post (Jerusalem, Israel), Jordan Times (Amman, Jordan), Middle East Times (online newsletter), ASharq Alawast (Saudi Arabia), Turkish Daily News (Turkey), Iran Daily (Tehran), Khaleej Times (UAE), Gulf News (UAE)

(8.2) **Periodicals** (all are available online through Brandeis library website)

1. Arab Studies Quarterly
2. British Journal of Middle East Studies
3. International Journal of Middle East Studies
4. Journal of Palestine Studies
5. Middle East Journal
6. Middle East Policy
7. Middle East Quarterly
8. Middle East Report
9. Middle East Review of International Affairs
10. Middle Eastern Studies
11. Washington Report on Middle East Affairs

(The Central Banks of most MENA countries offer up to date statistics and economic analysis on their websites. The IMF and World Bank websites also have useful data, information and research papers on the region.)

(8.3) **Research Institutes with useful economic data and articles**

1. Economic Research Forum (Egypt) WWW.ERF.ORG.EG
2. Arab Planning Institute (UAE, Kuwait) WWW.Arab-api.org
3. Gulf Research center (UAE) WWW.GRC.AE
4. Energy Information Administration (USA) WWW.eia.doe.gov

8.4) **Internet TV and Radio programs about Middle East**

1. **Link TV (Mosaic)** <http://www.linktv.org/mosaic> A Selection of news reports from government and independent TV stations in the Middle East. (Updated daily).

9. Guest Speakers:

**March 25: Dr. Mohammad Samhouri, Visiting Scholar at Crown Center
(The Palestinian Economy)**

**April 10: Professor Can Erbil, Department of Economics (Recent economic
developments in Turkey)**