

UC San Diego
Fall 2005
Class: T-Th 2-3:30 (Center 115)

Professor Eli Berman
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OH: T 3:30-4:00, Th 1-2
or by appt., Econ 218

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TA Off Hrs: Th 3:30-5:30, Seq. 244

Economics 165 Middle East Economics

The course aims to introduce students to a number of economic topics relevant to an understanding of current events in the Middle East. It provides some practice in applying economic concepts from other classes to understanding history and current events.

Unfortunately, there is no textbook which fully meets the needs of a modern course. Readings are an integral part of the course and will be accessible for the most part through the library digital reserves. The course webpage is on WebCT .

Evaluation: A ten page written assignment is due Tuesday, Nov. 22 (before Thanksgiving). A first draft can be submitted for comment by Tuesday, Nov. 1. Students are encouraged to carry out the assignment in pairs. A midterm (Thursday, Oct 27) is optional and will be included in evaluation only if it raises the grade. The final exam (Tuesday Dec. 6, 3-6pm.) is compulsory. The final grade will be calculated as the maximum of a) the average grades of assignment, midterm and final, or b) the average grade of assignment and final.

We will cover five broad topics:

1. Economic History
2. Economic Demography
3. Economics of Religion
4. Palestinian Economy
- 5 Iraqi Economy
6. Economics, Violence and Civil Wars

Readings

1. Economic History

A. Biblical History through Islamic Empire

Issawi, Charles, *The Middle East Economy, Decline and Recovery* (Princeton: Markus Wiener, 1995).

Chapter 1 - The Modern Middle East in the World Context,

Chapter 2 - The Middle East in the World Economy, A Long Range Historical View

B. What Went Wrong?

Issawi, Chapter 2 - The Middle East in the World Economy, A Long Range Historical View

Chapter 3 - Technology, Energy and Civilization: Some Historical Observations,

C. Economic History from 1800 to the Present

Issawi, Chapter 5- Egypt, Iran and Turkey, 1800-1970

Chapter 6 - Egypt: Economic Evolution Since 1800

D. Oil

Issawi, Chapter 11 - The 1973 Oil Crisis and After

Tietenberg, Tom, *Environmental and Natural Resource Economics*, 6th edition (New York: Addison Wesley Longman, 2003). Chapter 8, pp. 158-168.

E. Property

Issawi, Chapter 10 - The Adaption of Islam to Contemporary Economic Realities

Kuran, Timur, "[Why the Middle East Is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation](#)" USC mimeo.

Kuran, Timur, "[The Logic of Financial Westernization in the Middle East](#)" (June 2003) USC mimeo.

Kuran, Timur, "[The Economic Ascent of the Middle East's Religious Minorities: The Role of Islamic Legal Pluralism](#)" USC mimeo, 2003.

F. Economic Policy and State Intervention

Richards, Alan and John Waterbury, *A Political Economy of the Middle East*, (2nd edition), (Boulder: Westview, 1996).

Chapter 2 - The Framework of the Study, pp. 37-43.

Chapter 3 - Economic Growth and Structural Change, pp. 62-71.

Chapter 7 - The Emergence of the Public Sector

Chapter 8 - Contradictions of State-Led Growth

Chapter 9 - The Checkered Course of Economic Reform

2. Demographics and Education

A. Global Demographic Transition & Malthus

Richards and Waterbury, Chapter 4 - The Impact of Rapid Population Growth

Weil, David N., *Economic Growth* (forthcoming) - Chapter #4: Demographics.

B. Why Do Birth Rates Fall? Becker I.

Weil, David N., *Economic Growth* (forthcoming) - Chapter #4: Demographics.

C. Becker II, Economic Implications of Fertility Decline

Richards and Waterbury, Chapter 4 - The Impact of Rapid Population Growth

Weil, David N., *Economic Growth* (forthcoming) - Chapter #4: Demographics.

**** Midterm ****

3. Economics of Religion

Berman, Eli "Sect, Subsidy and Sacrifice: An Economist's View of Ultra-Orthodox Jews," *Quarterly Journal of Economics*, 115(3) (August, 2000).

Iannaccone, Laurence R. "Sacrifice and Stigma: Reducing Free-riding in Cults, Communes, and Other Collectives," *Journal of Political Economy*, C(1992), 271-291.

_____. "Introduction to the Economics of Religion," *Journal of Economic Literature*, XXXVI (1998), 1465-1496.

Berman, Eli and Ara Stepanyan, "How Many Radical Islamists? Evidence from Five Countries" UCSD mimeo. <http://econ.ucsd.edu/~elberman/>

Kuran, Timur, "Fundamentalisms and the Economy" in Marty and Appleby (eds.) *Fundamentalisms and the State*, (Chicago: University of Chicago Press, 1990)

http://www-rcf.usc.edu/~kuran/abstracts/articles/ar_21.pdf

4. Palestine

Kanaan, Oussama, "Private Investment Under Uncertainty in the West Bank and Gaza Strip," in *The Economy of the West Bank and Gaza Strip: Recent Experience, Prospects, and Challenges to Private Sector Development*, by Steven Barnett, Nur Calika, Dale Chua, Oussama Kanaan, and Milan Zavadjil (Washington: IMF, 1998).

Fischer, Stanley, Patricia Alonso-Gamo and Ulric Erickson von Allman, "Economic Developments in the Palestinian Economy Since Oslo," *Economic Journal*, June 2001.

5. Iraq

Braude, Joseph, *The New Iraq* (New York: Basic Books, 2003), chapters 2, 7 and 8.

Foote, Christopher, William Block, Keith Crane, Simon Gray, "Economic Policy and Prospects in Iraq" Federal Reserve Bank of Boston, mimeo, April 2004.

6. Economics, Violence and Civil Wars

Rashid, Ahmed, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia*, (New Haven: Yale, 2000), chapter 1: "Kandahar 1994: Origins of the Taliban" chapter 9: "High on Heroin: Drugs and the Taliban Economy"

Mishal, Shaul and Avraham Sela, *The Palestinian Hamas: Vision Violence and Coexistence*, (New York: Columbia University Press, 2000), chapter 1: "Social Roots and Institutional Development."

Berman, Eli, "Hamas, Taliban and the Jewish Underground: An Economist's View of Radical Religious Militias," September 2003. <http://econ.ucsd.edu/~elberman/>

Fearon, James, and David Laitin, "Ethnicity, Insurgency and Civil War," *American Political Science Review*, 97(1), February 2003.