

**Economics 165
Winter 2019
TTh 12:30-1:50
Center 105**

**James Rauch
Office: Economics 220
Hours: TTh 11:15-12:15
or by appointment**

ECONOMICS OF THE MIDDLE EAST

Syllabus

We will discuss socioeconomic development in the Arab world in comparison to other countries in the less and more developed worlds, with secondary attention to Iran and Turkey.

Lectures: You are responsible for all the material and announcements in the lectures. Lecture slides for each section of the course outline will be posted on TritonEd after the section is completed. All lectures will be podcast.

Timeline and grading:

April 16: Quiz covering basic information about the Arab world 10% of grade
May 7: Midterm exam (covers first half of course) 30% of grade
May 30 (due date): Brief presentation of comparative data 20% of grade
June 10: Final exam (covers second half of course) 40% of grade

Midterm and final exams will be open notes. Any printed matter is acceptable, including lecture slides. Electronic devices other than calculators are forbidden. No makeup exams will be given.

One of the goals of this course is for you to become familiar with how to use publicly available data to check facts and satisfy your curiosity about the Middle East. To further this goal I ask you to prepare a brief set of slides (that would take you less than five minutes to present) that make an interesting comparison of Arab countries, Iran or Turkey with each other or with relevant other countries. (Do not include Israel/Palestine because it is covered well in other courses at UCSD.) The slides can be self-contained, or you can provide no more than one page of descriptive notes. The most general database in which you can look for data is World Development Indicators (<http://databank.worldbank.org/data/Databases.aspx>), but there are lots of other more specific ones such as those in section VIII of the course outline. You must submit a first draft to the TA, Wei-Lin Chen (wec155@ucsd.edu), for approval before submitting a final draft. Late submissions of the final draft will not be accepted.

COURSE OUTLINE

The readings marked with an asterisk (*) are required; unmarked readings are recommended. If no URL is given, the material is available on e-reserves. There is no text for this course, but a number of readings (available on e-reserve) will be assigned from:

Cammett, Melani et al. 2015. *A Political Economy of the Middle East, Fourth Edition* (Boulder, CO: Westview Press).

Meier, Gerald M. and Rauch, James E. 2005. *Leading Issues in Economic Development, Eighth Edition* (New York: Oxford University Press).

Noland, Marcus and Pack, Howard. 2011. *The Arab Economies in a Changing World* (Washington, D.C.: Peterson Institute for International Economics).

I. Overview

A. Measuring Development

*http://hdr.undp.org/sites/default/files/hdr2018_technical_notes.pdf, pp. 1-3

*<http://hdr.undp.org/en/composite/HDI>

B. Human Development in the Arab World: The recent past

*Rauch, James E. and Kostyshak, Scott. 2014. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 610-619.

C. Democracy and the "Arab Spring"

Besley, Timothy and Burgess, Robin. 2002. "The Political Economy of Government Responsiveness: Evidence from India." *Quarterly Journal of Economics* 117(4), esp. Tables IV and VI. <http://www.jstor.org/stable/4132482>

*Rauch, James E. and Kostyshak, Scott. 2014. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 630-632.

Goldstone, Jack. "Understanding the Revolutions of 2011." *Foreign Affairs* 90 (May/June 2011): 8-16. <http://www.jstor.org/stable/23039402>

Awad, Margo and Dixon, Hugo. 2011. "The Art of Revolution: Egypt's Non-Violent Warriors." *The Daily Star* (April 14).
<http://www.dailystar.com.lb/News/Middle-East/2011/Apr-14/136414-the-art-of-revolution-egypts-nonviolent-warriors.ashx>

Noujaim, Jehane. 2013. "The Square." 1:08 - 1:02:43 discussion of Muslim Br.; 30:20 -27:30 Pres. Election; 1:23 army and Mubarak's son. <http://www.netflix.com>

*Chan, Sewell. 2015. "Nobel Prize is Awarded to National Dialogue Quartet in Tunisia." <http://www.nytimes.com/2015/10/10/world/europe/national-dialogue-quartet-tunisia-nobel-peace-prize.html?ref=todayspaper&r=0>

Provence, Michael. 2012. "Unraveling the Syrian Revolution." *Regions and Cohesion* 2(3): 153-165.

II. Historical Perspective

**Leading Issues in Economic Development, Eighth Edition*: pp. 81-107, 127-131.

*Voightländer, Nico and Voth, Hans-Joachim. 2013. "Gifts of Mars: Warfare and Europe's Early Rise to Riches." *Journal of Economic Perspectives* 27(4): pp. 165-167 only. <http://www.jstor.org/stable/23560027>

A Political Economy of the Middle East, Fourth Edition: pp. 88-97.

III. International Trade, Natural Resource Rents, and Foreign Direct Investment

A. Trade

**Leading Issues in Economic Development, Eighth Edition*: pp. 133-150.

**The Arab Economies in a Changing World*: pp. 214-236.

Márquez-Ramos, Laura and Martínez-Zarzoso, Inmaculada. 2014. "Trade in Intermediate Goods and Euro-Med Production Networks." *Middle East Development Journal* 6(2): 215-231.

Rauch, James E. 2010. "Development Through Synergistic Reforms." *Journal of Development Economics* 93 (November): 153-154.

Atkin, David et al. 2017. "Exporting and Firm Performance: Evidence from a Randomized Experiment." *Quarterly Journal of Economics* 132 (May): 551-615.

Diop, Ndiame; Ghali, Sofiane. 2012. *Are Jordan and Tunisia's exports becoming more technologically sophisticated? Analysis using highly disaggregated export databases*. Middle East and North Africa working paper series ; no 54. Washington, DC: World Bank.
<http://documents.worldbank.org/curated/en/2012/02/15890158/jordan-tunisia-exports-more-technologically-sophisticated-analysis-using-highly-disaggregated-export-databases>. See pp. 7-9 on light manufacturing and section 5

B. Natural Resource Rents and OPEC

*Yergin, Daniel. 1991. *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster): Chapter 22, esp. pp. 431-2, 444-8.

*Mason, Charles F. and Polasky, Stephen. 2005. "What motivates membership in non-renewable resource cartels? The case of OPEC." *Resource and Energy Economics* 27: 321-342.

C. Foreign Direct Investment

*World Bank. 2013. *Investing in Turbulent Times*, pp. 17-42.
<https://openknowledge.worldbank.org/handle/10986/20562>

IV. Human Resources

A. Education

**Leading Issues in Economic Development, Eighth Edition*: pp. 187-193.

**A Political Economy of the Middle East, Fourth Edition*: pp. 182-185.

*Schoellman, Todd. 2012. "Education Quality and Development Accounting." *Review of Economic Studies* 79: pp. 388-393 only.
<http://www.jstor.org/stable/41407055>

*Angrist, J. and Victor Lavy. 1997. "The Effect of a Change in Language of Instruction on the Returns to Schooling in Morocco." *Journal of Labor Economics*, 15(1), pp. S48-S76. <http://www.jstor.org/stable/2535401>

Banerjee, Abhijit and Duflo, Esther. 2006. "Addressing Absence." *Journal of Economic Perspectives* 20(1): 117-131. <http://www.jstor.org/stable/30033636>

B. Health

**Leading Issues in Economic Development, Eighth Edition*: pp. 218-224.

http://link.springer.com/referenceworkentry/10.1007/978-3-319-11251-0_6
 (obesity in MENA)

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3992784/> (diabetes in MENA)

http://www.nytimes.com/2016/08/24/world/middleeast/egypt-exercise-fitness-revolution.html?ref=todayspaper&_r=1

- *Jayachandran, Seema and Lleras-Muney, Adriana. 2009. "Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines." *Quarterly Journal of Economics* 124(1): 349-352, 357-360, 376-377.
<http://www.jstor.org/stable/40506231>

C. The Demographic Transition

- *Rauch, James E. and Kostyshak, Scott. 2014. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 619-621.
- *Salehi-Isfahani, Djavad. 2016. "Family Planning and Female Empowerment in Iran." *Women, Work and Welfare in the Middle East and North Africa*, Chapter 18. Access ebook through roger.ucsd.edu.
- *Cammett, Melani et al. 2015. *A Political Economy of the Middle East* (Boulder, CO: Westview Press): p. 135.

V. Gender Gaps

- *Rauch, James E. and Kostyshak, Scott. 2014. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 624-629.
- Chamlou, Nadereh et al. 2016. "The Determinants of Female Labor Force Participation in the MENA Region." *Women, Work and Welfare in the Middle East and North Africa*, Chapter 12. Access ebook through roger.ucsd.edu.
- World Bank. 2013. *Opening Doors: Gender Equality and Development in the Middle East and North Africa*.
<http://documents.worldbank.org/curated/en/338381468279877854/Main-report>
- Assaad, Ragui and Sami Zouari, "Estimating the Impact of Marriage and Fertility on the Female Labor Force Participation when Decisions are Interrelated: Evidence from Urban Morocco." *Proceedings of the Middle East Economic Association*, Vol. 5, September 2003. <http://www.luc.edu/orgs/meea/volume5/meea5.htm> (link to Word doc on page).
- Assaad, Ragui and Krafft, Caroline. 2014. "The Economics of Marriage in North Africa." <https://www.econstor.eu/dspace/bitstream/10419/97126/1/782360963.pdf>
- Al Aswany, Alaa. 2013. "Egypt's Trouble With Women." <http://www.nytimes.com/2013/12/09/opinion/09iht-edalaswany09.html?src=recg>

VI. Income Distribution, Poverty, Migration, and Unemployment

A. Income Distribution and Poverty

**Leading Issues in Economic Development, Eighth Edition*: pp. 437-439.

*Adams, Richard H. Jr and John Page, "Poverty, Inequality and Growth in Selected Middle East and North Africa Countries, 1980-2000." *World Development* Vol. 31 No. 12, pp. 2027-2048, December 2003.

B. Migration and Remittances

**A Political Economy of the Middle East, Fourth Edition*: pp. 494-510.

*Fargues, Philippe. 2004. "Arab Migration to Europe: Trends and Policies," *International Migration Review* 38(4), pp. 1348-1371.

<http://www3.interscience.wiley.com/journal/119921775/abstract?CRETRY=1&SRETRY=0>

*Wahba, Jackline. 2007. "Returns to Overseas Work Experience: the Case of Egypt." In C. Özden and M. Schiff (eds), *International Migration, Economic Development and Policy* (Washington DC: World Bank and Palgrave Macmillan).

*Kapiszewski, Andrezej, "Arab Versus Asian Migrant Workers in the GCC Countries." UN Department of Economic and Social Affairs, 22 May 2006.

http://www.un.org/esa/population/meetings/EGM_Ittmig_Arab/P02_Kapiszewski.pdf

**The Arab Economies in a Changing World*: pp. 251-260.

World Bank. 2017. *Refugee Crisis in MENA: Meeting the Development Challenge*.
<http://documents.worldbank.org/curated/en/785071506105322669/pdf/119941-REPLACEMENT-PUBLIC-FINAL-MEM-FALL-2017-ONLINE.pdf>

C. Public and Private Expenditure to Reduce Poverty

*Silva, Joana, et al. 2013. *Inclusion and Resilience: The Way Forward for Social Safety Nets in the Middle East and North Africa*, Chapter 3.

<http://documents.worldbank.org/curated/en/455431468275110287/pdf/805150PUB0Incl00Box379806B00PUBLIC0.pdf>

D. Unemployment and Underemployment

Frey, Bruno S. and Stutzer, Alois. 2002. "What Can Economists Learn From Happiness Research?" *Journal of Economic Literature* 40(2): 419-421.
<http://www.jstor.org/stable/2698383>

Feng, Ying and Rickey, Lindsay. 2017. "Development and Selection into Necessity versus Opportunity Entrepreneurship."
https://www.dropbox.com/s/tgrkjzixy3r7gpv/Entrepreneurship_v2.pdf?dl=0

*Feng, Ying; Lagakos, David; and Rauch, James. 2018. "Unemployment and Development." <https://www.nber.org/papers/w25171>

*World Bank. 2004. *Unlocking the Employment Potential in the Middle East and North Africa*, pp. 23-44, 71-75, 89-101.
<http://elibrary.worldbank.org/content/book/9780821356784>

VII. Environmental Challenges

*Rauch, James E. and Kostyshak, Scott. 2014. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 622-624.

**Leading Issues in Economic Development, Eighth Edition*: pp. 588-598.

*World Bank. 2014. *Turn Down the Heat: Confronting the New Climate Normal*
<https://openknowledge.worldbank.org/handle/10986/20595> : pp. 113-166.

Lelieveld, Jos et al. 2014. "Model Projected Heat Extremes and Air Pollution in the Eastern Mediterranean and Middle East in the Twenty-First Century." *Regional Environmental Change* 14: 1937-1949.

VIII. Government Spending: Urban Infrastructure, Energy Subsidies, and the Military

*Aizenman, Joshua and Jinjark, Yothin. 2009. "Globalization and Developing Countries: A Shrinking Tax Base?" *Journal of Development Studies* 45(5): 653-655.

**Leading Issues in Economic Development, Eighth Edition*: pp. 338-342.

*International Monetary Fund. 2013. *Energy Subsidy Reform: Lessons and Implications*: pp. 5-11, 87-90. Access ebook through roger.ucsd.edu.

*<http://unhabitat.org/wp-content/uploads/2014/03/Table-2.3-Proportion-of-urban-population-living-in-slums-and-urban-slum-population-by-country-1990-2014.pdf>

*<http://www.enterprisesurveys.org/data/exploretopics/infrastructure>

IX. Political Economy

A. Corruption and Bureaucratic (In)efficiency

**Leading Issues in Economic Development, Eighth Edition*: pp. 510-520.

**The Arab Economies in a Changing World*: pp. 238-243.

World Bank. 2016. *Doing Business 2017*.

<http://www.doingbusiness.org/reports/~media/WBG/DoingBusiness/Documents/Profiles/Regional/DB2017/MENA.pdf>

*Branstetter, Lee; et al. 2014. “Do Entry Regulations Deter Entrepreneurship and Job Creation? Evidence from Recent Reforms in Portugal.” *Economic Journal* 124 (June): 805-832.

B. Politically Connected Firms

*Diwan, Ishac et al. 2018. “Pyramid Capitalism: Political Connections, Regulation, and Firm Productivity in Egypt.” <https://doi.org/10.1007/s11558-018-9327-2>

*Rijkers, Bob; Baghdadi, Leila; and Raballand, Gael. 2017. “Political Connections and Tariff Evasion: Evidence from Tunisia.” *World Bank Economic Review* 31(2): 459-482.