

Economics 165
Winter 2015
TTh 12:30-1:50
Center 115

James Rauch
Office: Sequoyah Hall 250
Hours: TTh 2:00-3:00
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. The text for the course is:

Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*. Eighth edition, 2005.

Lectures: You are responsible for all the material and announcements in the lectures. There will be a guest lecture on January 15 by Michael Provence of the History department. He is an expert on Syria and will discuss the origins of its current civil war.

Timeline and grading:

January 20: Quiz covering basic information about the Arab world 10% of grade
February 12: Midterm exam (covers first half of course) 30% of grade
March 5 (due date): Brief presentation of comparative data 20% of grade
March 17: Final exam (covers second half of course) 40% of grade

Midterm and final exams will be open book and notes.

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 the Barro-Lee educational attainment data (<http://www.barrolee.com/>) and the World Health Organization urban air pollution database (http://www.who.int/phe/health_topics/outdoorair/databases/en/). You must submit a first draft to one of the TAs for approval before submitting a final draft.

COURSE OUTLINE

The pages listed below from the text and the readings marked with an asterisk (*) are required; unmarked pages or readings are recommended. Readings from books are available on e-reserves; the password is jr165.

I. Introduction 2-3

A. Measuring Development 12-14*, 15-29, 32-33*

*Replacements for pp. 5-11:

http://hdr.undp.org/sites/default/files/hdr14_technical_notes.pdf, pp. 1-3
<http://hdr.undp.org/en/content/table-1-human-development-index-and-its-components>

B. Economic performance of less developed countries: The recent past 44*

*Replacements for pp. 42-43: See class web site

*Rauch, James E. and Kostyshak, Scott. Forthcoming. "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.

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

*Richards, Alan and Waterbury, John. 2013. *A Political Economy of the Middle East* (updated e-book): pp. 362-372 (required), pp. 407-435 (recommended).

**Foreign Affairs* 90 (May/June 2011): 8-16.

Aly, Abdel Monem Said. 2011. "Surprise, Egypt's Revolt Has Changed the Middle East." *The Daily Star* (February 23).
<http://www.dailystar.com.lb/Opinion/Commentary/Feb/23/Surprise-Egypt-s-revolt-has-changed-the-Middle-East.ashx#axzz1SWc9QXen>

Breisinger, Clemens et al. 2011. "Economics of the Arab Awakening." International Food Policy Research Institute Policy Brief 18 (May).
<http://www.ifpri.org/sites/default/files/publications/bp018.pdf>

Younis, Ahmed. 2011. "Middle East Needs a New Revolution in Youth Employment." *The National* (July 13).
<http://www.thenational.ae/thenationalconversation/comment/middle-east-needs-a-new-revolution-in-youth-employment?pageCount=0>

*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>

*Muasher, Marwan. 2013. "Year Four of the Arab Awakening."
<http://carnegieendowment.org/2013/12/12/year-four-of-arab-awakening/gw1m>

II. Historical Perspective 81-107*, 108-126, 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.

III. International Trade and Resource Rents 133-135*

A. Trade 137-150*, 151-171

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

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

*Noland, Marcus and Pack, Howard. 2007. *The Arab Economies in a Changing World* (Washington, D.C.: Peterson Institute for International Economics): pp. 214-236.

Atkin, David et al. 2014. "Exporting and Firm Performance: Evidence from a Randomized Trial." <http://www.nber.org/papers/w20690>

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-tunisias-exports-more-technologically-sophisticated-analysis-using-highly-disaggregated-export-databases>. See pp. 7-9 on light manufacturing and section 5

B. Resource rents and OPEC

Hartwick, John M. and Olewiler, Nancy D. 1998. *The Economics of Natural Resource Use*, 2nd ed. (Addison-Wesley): pp. 267-272.

*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.

IV. Human Resources 183-186*; also Appendix 633-638

A. Education 187-193*, 194-211

*Banerjee, Abhijit and Duflo, Esther. 2006. "Addressing Absence." *Journal of Economic Perspectives* 20(1): 117-131.

Benhassine, Najy et al. 2013. "Turning a Shove into a Nudge? A 'Labeled Cash Transfer' for Education." <http://www.nber.org/papers/w19227>. See p. 7 and pp. 19-26

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

Brookings Institution. 2012. *After the Spring* (New York: Oxford University Press): pp. 60-70.

B. Health 212-224*, 225-230

*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.

C. Population 240-247*, 248-254, 260*

*Rauch, James E. and Kostyshak, Scott. Forthcoming. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 619-621.

D. Gender and Development 261-283*, 284-291

*Rauch, James E. and Kostyshak, Scott. Forthcoming. "The Three Arab Worlds on the Eve of the 'Arab Spring'." *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 624-629.

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>

ESCWA. 2012. *Regional Study on Violence Against Women*. See esp. pp. 5-10.
http://www.escwa.un.org/information/publications/edit/upload/E_ESCWA_ECW_11_IG-1_CRP-1_E.pdf

Al Aswany, Alaa. 2013. "Egypt's Trouble With Women."
<http://www.nytimes.com/2013/12/09/opinion/09iht-edalawany09.html?src=recg>

V. Unemployment and Underemployment 331-335*, 355-359, 360-364*, 365-370, 371-380*

*Replacements for pp. 353-354: See class web site

Frey, Bruno S. and Stutzer, Alois. 2002. "What Can Economists Learn From Happiness Research?" *Journal of Economic Literature* 40(2): 419-421.

*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>

VI. Urbanization and Infrastructure 338-342*, 343-352

*Richards, Alan and Waterbury, John. 2013. *A Political Economy of the Middle East* (updated e-book): pp. 270-274.

*Brookings Institution. 2012. *After the Spring* (New York: Oxford University Press): pp. 89-91.

Diop, Ndiame; Marotta, Daniela; Melo, Jaime de. 2012. *Natural resource abundance, growth, and diversification in the Middle East and North Africa : the effects of natural resources and the role of policies*. Directions in development ; trade. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/2012/09/16732287/natural-resource-abundance-growth-diversification-middle-east-north-africa-effects-natural-resources-role-policies>. See pp. 157-8 on food and fuel subsidies

VII. Investment and Finance 293-296*, 300-308, 315-330*

*Crépon, Bruno et al. Forthcoming. "Estimating the Impact of Microcredit on Those Who Take it Up: Evidence from a Randomized Experiment in Morocco." *American Economic Journal: Applied Economics*. <http://www.nber.org/papers/w20144>

For information on microfinance in the Arab world, see <http://www.sanabelnetwork.org>.

*Brookings Institution. 2012. *After the Spring* (New York: Oxford University Press): pp. 86-89.

VIII. Income Distribution and Migration 433-443*, 449-472

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

Harrigan, Jane and El-Said, Hamed. 2009. *Economic Liberalisation, Social Capital and Islamic Welfare Provision* (Palgrave Macmillan), Chapter 4, especially pp. 60-68, 73.

*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, Andrej, "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

*Noland, Marcus and Pack, Howard. 2007. *The Arab Economies in a Changing World* (Washington, D.C.: Peterson Institute for International Economics): pp. 251-260.

IX. Development and the Environment 581-598*, 612-621, 622-631

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

Verner, Dorte; Breisinger, Clemens. 2013. *Economics of climate change in the Arab World*. A World Bank study. Washington DC ; World Bank. See esp. pp. 2-3.

X. Political Economy 489-493*

A. The (Proper) Role of the State in Less Developed Countries 494-498

*Richards, Alan and Waterbury, John. 2013. *A Political Economy of the Middle East* (updated e-book): pp. 349-358.

B. Rent Seeking and Government Failure 502-509, 510-520*, 521-535

*Noland, Marcus and Pack, Howard. 2007. *The Arab Economies in a Changing World* (Washington, D.C.: Peterson Institute for International Economics): pp. 238-243.

C. State Capacity 536-572, 573-580*