

**Economics 165**  
**Spring 2020**  
**TTh 5:00-6:20 pm**  
**Zoom through Canvas [Solís 104]**

**James Rauch, jrauch@ucsd.edu**  
**Office: Economics 220**  
**Hours: Zoom meetings**  
**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 Canvas. All lectures will be recorded using Zoom and posted on Canvas.

#### **Timeline and grading:**

April 14: Computation of HDI and population-weighted average ..... 10% of grade  
May 7: Approval of outline of brief paper/statistical exercise ..... 10% of grade  
May 28: Final version of brief paper/statistical exercise ..... 30% of grade  
June 11: Final exam (covers sections II-IX) ..... 50% of grade

The final exam 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.

For your first assignment of this course, you will be randomly assigned one of the countries we study and a socioeconomic indicator. You will compute the Human Development Index (HDI) for the assigned country, and the population-weighted average of the assigned socioeconomic indicator for a group of countries that shares similar characteristics with the assigned country. This assignment covers material in section I, which is not covered on the final exam.

Your second assignment is a brief paper/statistical exercise: a text of 600-800 words that makes points that are illustrated by data you present. There is no requirement for the number of graphs or tables, but your data presentation tools must include scatterplot and population-weighted average. The TA, Wei-Lin Chen, will help you with this assignment. To make sure you are on the right track, you must get his approval of an outline before completing the assignment. Your outline and final version must be submitted to [ucsdecon165@gmail.com](mailto:ucsdecon165@gmail.com). Late submissions will not be accepted. For more guidance on this assignment, see the last page of this syllabus.

## COURSE OUTLINE

The text for this course is

Rauch, James E. 2019. *The Economics of the Middle East: A Comparative Approach* (New York: Oxford University Press).

Each section of the syllabus corresponds to a chapter in the text. The chapter is required reading for that section. There are a few additional readings. Those marked with an asterisk (\*) are required; unmarked readings are recommended. If no URL is given, the material is available on e-reserves.

### I. Introduction

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

Democracy and the “Arab Spring” (topic not covered in the text)

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.aspx>

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.” <https://www.nytimes.com/2015/10/10/world/europe/national-dialogue-quartet-tunisia-nobel-peace-prize.html?ref=todayspaper>

2019: The “Arab Spring,” round 2 (discussion, no reading)

### II. Historical Perspective

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

### IV. Human Resources

[https://www.who.int/healthinfo/global\\_burden\\_disease/en/](https://www.who.int/healthinfo/global_burden_disease/en/)

[http://link.springer.com/referenceworkentry/10.1007/978-3-319-11251-0\\_6](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)

\*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>

### V. Gender Gaps

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 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-edalwaswany09.html?src=recg>

### VI. Income Distribution, Poverty, Migration, and Unemployment

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

[https://www.un.org/en/development/desa/population/events/pdf/expert/11/P02\\_Kapiszewski.pdf](https://www.un.org/en/development/desa/population/events/pdf/expert/11/P02_Kapiszewski.pdf)

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

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>

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>

## VII. Environmental Challenges

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

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

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

## IX. Political Economy

World Bank. 2018. *Doing Business 2019*.  
<https://www.doingbusiness.org/content/dam/doingBusiness/media/Profiles/Regional/DB2019/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.

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

## X. Conclusion: Some Modest Proposals for Policy

### FINAL EXAMINATION

### Guidance on your brief paper/statistical exercise

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. 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 sections IV and VIII of the course outline. Another goal of this course is to learn how to use data as evidence for a point of view. I assigned the brief paper/statistical exercise with these two goals in mind.

Because your outline is due at the end of the sixth week of class, you might miss out on some good ideas for topics that are covered later in the course. We suggest that you read the introductions to the later chapters in the textbook, so you can see if there is something covered there that would make an interesting brief paper/statistical exercise.

Besides the course material, there are a number of websites that might help you come up with ideas for your assignment:

<https://erf.org.eg/> “The Economic Research Forum, abbreviation ERF, is dedicated to promoting high quality economic research that contributes to inclusive and sustainable development in the ERF region, defined to include the Arab Countries, Iran and Turkey.” ERF has an affiliated publication, the *Middle East Development Journal*.

<https://www.worldbank.org/en/region/mena> The Middle East and North Africa at the World Bank. Scroll down to see Research.

<https://meeaweb.org/journal> The Middle East Economic Association has two journals, the *Review of Middle East Economics and Finance* and *Topics in Middle Eastern and North African Economies*.

<https://www.unescwa.org/> The UN Economic and Social Commission for Western Asia (UN-ESCWA) has many [publications](#).

<https://carnegieendowment.org/sada/> “Sada is an online journal rooted in Carnegie’s Middle East Program that seeks to foster and enrich debate about key political, economic, and social issues in the Arab world”