

**Department of Economics**

**ECON/0640: Economic Development of the Middle East and North Africa (MENA) Region --Fall 2011**

CRN 24191

**MWF: 12-12:50; Posvar 4900 Dr. Fatma El-Hamidi**

**Off. Hrs: WF: 10-11:30; Posvar 4713** [**fatma@pitt.edu**](mailto:fatma@pitt.edu)

**A. Course Description**

There is no doubt that most if not all countries of the Middle East and North Africa (MENA), the area comprising the Arab States, Iran, Israel, and Turkey, share common heritage as well as countless differences. They face enormous economic challenges in the Twenty-First Century: Stagnant real wages, deteriorating competitiveness, and rapidly growing populations and labor forces, have left most countries in the region unable to afford soaring living standards to much of the society. Yet, a combination of favorable conditions facing the region have never been greater: world trade is growing rapidly, capital flows to most of these countries have never been higher, and regional integration options are many as the result of the European Union’s agreement for a free trade area in the Mediterranean. Why after years of negative per capita income growth, has the region been unable to accumulate sufficient reform momentum to sustain economic growth? Do important differences across countries hold lessons for the future? What are the social consequences of economic stagnation, and how might future adjustment costs be managed to protect the poor? How have individual countries in the region defined the challenges ahead? And what issues must be addressed to realize a more prosperous future?

This course is not about any political debate on who did what to whom in the Middle East, or who has the right to what. On the other hand, we will discuss their impact on the economies of MENA countries.

**B. Course Objectives**

Students who successfully complete the course will gain an expertise with the most pressing economic issues confronting MENA today and be able to effectively analyze changes in the economic climate of these countries. While the title of this course is Economic Development of MENA, it is impossible to understand economic conditions in the region without studying the political, social and cultural aspects. For this reason, the course will be taught with an interdisciplinary emphasis.

**C. Required Text**

The primary source of information is the following book:

Alan Richards and John Waterbury, *A Political Economy of the Middle East;* (3rd ed.); Westview. Boulder, Colorado. (Required). There are also assigned and optional readings that I have compiled for the course available on courseweb site at: [http://courseweb.pitt.edu](http://courseweb.pitt.edu/)

**D. Course Requirements and Grading**

Student performance will be evaluated based on four activities:

1. 1. Continuous and frequent participation. 10%.
2. 2. Pop Quizzes 10%
3. 3. Paper Outline 5%
4. 4. Two Reports 30% (15% each)
5. 5. Final paper 25%
6. 6. Final paper presentation. 20%.

**1. Attendance and Participation**

Students are expected to attend class regularly and participate in class discussions actively. Student participation and class attendance will be used as a criterion for determining students' final grade. When students are on the "borderline" between two grades, students with good attendance and good participation will get the higher grade (+) while students with excessive absences or low classroom participation will get the lower grade (-). Students with perfect attendance (no more than one absence) will receive **2** points bonus at the end of the semester. You are required to participate either by questions, commentary, or remarks.

**2. Quizzes**

To keep up with the readings, there will be 5-8 short pop quizzes distributed over the course. These quizzes will be fairly easy for those who regularly attend class and read the assigned materials. Quizzes are worth 10% of your grade.

**3. Term Paper**

**L**ate submission of any of the four components will result in 10% reduction in your points per each late day.

For this course, you are asked to select a country or two of the region, and write a short research paper (10-12 pages, double space, times new roman, 12 point font). The paper can be done individually or in groups of two at the maximum (15-18 pages, double space, times new roman, 12 point font). You need to have a theme or hypothesis, provide an economic profile, develop and argue your case, examine government policies/attempts towards the issue, and come up with policy recommendations. The paper needs to address the different economic factors related to your chosen topic and facing the given country, and produce an outlook for the future (not necessarily a forecast). The work on your paper will be completed in 4 stages, as follows:

**3.1. Outline**

The topic for the term paper must be approved by the instructor. As soon as you decide on a topic and country(ies), write an outline together with an initial bibliography. A one-two page draft of what you propose to do, identifying the issue, why it is important and/or understudied and what (and how) you will do to accomplish the objective of the paper. The outline must be submitted electronically to [http://courseweb.pitt.edu](http://courseweb.pitt.edu/), by midnight of **Friday, September 23rd**. It is recommended that you talk this over with the instructor prior to this deadline. This outline is worth 5% of your final grade. This is the first stage of your final paper.

Some examples of a research topic: population control programs in Jordan, economic stabilization in Syria, Algerian emigration to France, the future of the Gulf Cooperation Council (GCC), organizations of poor squatters in Ankara, the effect of Islamic economics on Iran’s economy.

**3.2. Two Reports:**

For the second and third stages, you are asked to complete two short reports (each should be three to four pages long for individual papers, and five to six pages long for group papers). The first is **due by midnight of Friday, October 14th**. The second paper is **due** **by midnight of Friday, November 4th**. Reports should be typed, double spaced (using 12 point font) and submitted electronically to the course web site at: [http://courseweb.pitt.edu](http://courseweb.pitt.edu/). Each report is worth 15% of your final grade.

**3.2.1 Report # 1**: This part of the paper corresponds to writing a review of the literature or a background of the issue. Your sources should come from at least 2 academic journals (**refereed/scholarly articles**) related to the topic you chose for your paper. Your task is to summarize the main issues/arguments of the articles, then relate them to each other, and to current events in the region. Potential sources are those listed at the end of this syllabus.

**3.2.2. Report # 2**, the goal of this exercise is to encourage you to gain experience working with data. This part of the paper corresponds to empirical evidence on your topic. You are to gather and present data in graphical form, with discussion. After downloading the data supporting your claims/research question, convert it into a graph (using a spreadsheet like Excel). Find a complete time series (from 1970 to as close to the present as possible). Examples of statistical series would be labor force participation rates, unemployment, literacy, inflation, growth of GDP, or per capita GDP. What do you think may explain the changes overtime and why? Show your work (copying and pasting charts from other sources will adversely impact your grade). No more than three pages of text in addition to the tables/graphs. Be sure to indicate your sources in detail. You might use the on-line access economic indicators, which are available at: <http://worldbank.org>; Labor Market Indicators at ILO: <http://laborsta.ilo.org/>; Millennium indicator database at UN: <http://unstats.un.org/unsd/mi/mi_goals.asp>

The discussion for this report should begin with an introduction of what series and countries you decided to include, and what trend you expected (or hoped!) to see in the data. After the presentation of the data in graphical form, end with a similarly brief discussion of what lessons can be learned from the data. Accessing and downloading the data will be demonstrated in class.

**3.3. Final Paper**

This is the part where you bring everything together and form a comprehensive research paper. The final output should not exceed 10-12 pages, excluding graphs/tables (double space, times new roman, 12 point font), for individual papers, and 15-18 pages long for group papers. You need to start with your theme or hypothesis, develop and argue your case (using report 1), present empirical evidences (using report 2), and come with policy recommendations or how other countries have approached this problem. The paper needs to address the different economic factors related to your chosen topic and facing the given country, and produce an outlook for the future (not necessarily a forecast).

The paper should be focused, analytic, reflect critical thinking of materials read and must be well-documented with complete references given. Remember, you need to make sure that your paper is well written, complete with references and a bibliography.

The final paper is due on midnight of **Monday, November 28th**. Since we are not having a final exam, and in view of the time that it takes to carefully read and grade all the papers, I need them by that date. Any paper turned in after that deadline will lose 10% of total paper points for every late day. The research paper is worth 25% of your final grade.

**3. Final Paper Presentation**

As an expert on your topic/country, you will be expected to make an oral presentation of your final research paper in class, no more than ten minutes long, accompanied by a class handout of no more than two single-spaced page and/or spreadsheet/graph. The presentation has to be comprehensive: you are expected to present your thesis, your findings, predictions, what you learned from the project etc.., and respond to audience comments/questions. I highly suggest that you use transparencies/ power point. The presentation is worth 20% of your final grade.

**NOTE**: Attending students’ presentations at the end of the semester is mandatory. Failing to attend any session will result in a 10% drop in final grade per session.

**E. Distribution of Points and Grading Scale**

Class Participation 10 Points

Quizzes 10 Points

Outline 5 Points

Two Reports 30 Points (15 point each)

Final Paper 25 Points

Presentation 20 Points

**Total 100 Points**

*Where:*

**A** 92-100% **A-** 90-91% **B+** 88-89%

**B** 82-87% **B-** 80-81% **C+** 78-79%

**C** 70-77% **D** 60-69% **F** Below 60

**F. Behavior:**

The following behaviors are not accepted and repeated occurrence will lead to expulsion from the class.

1. Coming late to class. Unless you make prior arrangements with me, I will accept 5 minutes of delay after which you are not to enter the class while it is in session.
2. Walking out while class is in session (except for a health *emergency,* which does not include ordinary use of a restroom) unless you make prior arrangements with me.
3. Talking with other students about matters unrelated to the course while the class is in session.
4. Reading anything while class is in session unless specifically instructed by me to do so, including using a laptop.
5. Taking or making cell-phone calls, texting, or responding to a pager during class.

**G. Students with Special Needs**

If you have special needs such as a chronic medical condition or learning disability, please let me know at the beginning of the semester. Special needs identified in the student handbook of the University will be accommodated, but you must inform me at the beginning of the semester. Any information you provide will be kept confidential.

**Important Dates:**

Outline September 23

First Report October 14

Second Report October 4

Final Paper November 28

Presentations December TBD

**NOTE**: Attending students’ presentations at the end of the semester is mandatory. Failing to attend any session will result in a 10% drop in final grade per session. You have one chance to miss any of the presentations (i.e. no penalty), after which your grade will be affected at 10% of your total final grade for each additional absence.

**Tentative Course Outline[[1]](#footnote-1)**

Weeks 1-3 August 29- September 19: (Week 2-Sep 5, Labor Day---No Class)

**Introduction; Labor Markets and Human Capital Development**

**NOTE: outline is due Friday, September 23**

***Required Readings:***

* Richards A and Waterbury, J. (2007). *The Political Economy of the Middle East*, Boulder Colorado: Westview Press, Ch. 4-5.
* Gardner, Edward (2003) “Creating Employment in the Middle East and North Africa,” IMF.

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Weeks 4 -6 September 26-October 10

**Poverty, Inequality, Discrimination and Gender Issues**

**NOTE: First Report is due Friday, October 14**

**Note: Fall Break is on October 10. We will meet on Tuesday October 11, same time, to make up for Monday class.**

***Required Readings:***

* Richards and Waterbury, Chapter 10 and pp. 104-142.
* Richards Adams, Jr., John Page. (2003). "Poverty, Inequality and Growth in Selected Middle East and North Africa countries, 1980-2000." *World Development*, 31:12.

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Weeks 7 & 8- October 17-24:

**Industrialization, Stabilization and Structural Adjustment Policies and Outcomes**

***Required Readings:***

* Richards A and Waterbury, J (2007), *The Political Economy of the Middle East*, Boulder Colorado: Westview Press, ch. 3 and 7-9.
* Nabli, Mustafa et al. (2006) “The Political Economy of Industrial Policy in the Middle East and North Africa,” World Bank (42 pp.)

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Week 9- October 31:

**Growth and Structural Change in Oil Based Economies**

**NOTE: Second Report is due Friday, November 4**

***Required Readings:***

* Richards A and Waterbury, J (2007), *The Political Economy of the Middle East*, Boulder Colorado: Westview Pess, Ch. 15.
* Presley, Hamayon A. Dar; John R. (2001). "The Gulf Co-operation Council: A slow path to Integration." *World Economy*, 24:9.



Week 10 November 7:

#### **Globalization & Regional Integration**

***Required Readings:***

* Henry, Clement (2003) “A Clash of Globalizations: Obstacles to Development in the Middle East,” *Harvard International Review* 25#1 pp. 60-64
* Iqbal, Farrukh and Mustapha Kamel Nabli (2004) “Trade, Foreign Direct Investment and Development in the Middle East and North Africa,” World Bank .

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Week 11 November 14:

**Economic Development Under Occupation: Case Study of Palestine; and The Economics of Israel**

***Required Readings:***

* Farsakh, Leila (2002) “Palestinian Labor Flows to the Israeli Economy: A Finished Story?” *Journal of Palestine Studies* XXXII #1 13-27Israel economy (2005). <http://www.moit.gov.il/NR/rdonlyres/AAD43696-3185-40B7-881A-BAB1B3C64F2E/0/2005_ISRAELECENOMY.pdf>
* Zilberfarb, B (2007). “From Boom to Bust: The Israeli Economy 1990-2003”. ***Israel*** Affairs, Apr2006, Vol. 12 Issue 2, p221-233.

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Week 12 November 21:

**Islamic Banking and Islamic Finance**

**November 23-27: Thanksgiving Break**

***Required Readings:***

* Chapra, M. Umer. (2000). "Is it necessary to have Islamic economics?" *Journal of socio-economics*, 29.
* Aggarwal, Rajesh K. and Tarik Yousef (2000) “Islamic Banks and Investment Financing” *JMCB* 32:1 pp. 93-

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Weeks 13&14 - November 28- December 5

**NOTE: Final Paper is due Monday, November 28**

Wrap-up and Class Presentations

**NOTE**: Attending students’ presentations at the end of the semester is mandatory. Failing to attend any session will result in a 20% drop in final grade per session.

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**TBA: Water and Agriculture**

***Required Readings:***

* Richards and Waterbury, Chapter 6.

**Extra Credit Assignments**

***Economics of MENA in the news***: Students can bring in an excerpt from a recognized newspaper or a magazine article or a short written summary of a report on the radio or TV that illustrates an issue involving MENA and the economy. Here are some rules for administering this assignment:

1. This assignment is organized on a first-come, first-serve basis.
2. You are asked to email me before class time to reserve your place. Emails after 9 AM on class day are not accepted.
3. We will spend the first 5 minutes of class discussing these types of assignments.
4. Each student is allowed to accumulate up to 3 extra credit assignments.
5. In case there are two students applying for extra credit time, and one of them has had a prior opportunity, priority is given to the “new” student.
6. Only one student is allowed per class.
7. You should spend around 5 minutes presenting your case or piece of news, and expect some questions from the audience.
8. Each x-credit is worth **2** points each.

Note: There are almost 25 class sessions for which you’ll have the opportunity to do this so get in sooner rather than later if you want to accumulate credit!

The following web site provides an outstanding list of criteria to apply in order to find out if the site you are searching is trustworthy:

<http://www.lib.berkeley.edu/TeachingLib/Guides/Internet/Evaluate.html>

1. All dates are tentative and may be revised during the course of the semester as deemed appropriate by the instructor. All reading assignments should be done before class. Readings with (\*) are required. [↑](#footnote-ref-1)