



ECON 418M
Special Topic in Economics
Economics of the Middle East
Spring 2016
Tydings Hall 2111
(Section 0201: TTh. 9:30-10:45 AM)
(Section 0301: TTh. 11:00-12:15 AM)

<p>Instructor: Hossein Abbasi Office: Tydings Hall 3127D Tel: 301-405-4784 Email: abbasi@econ.umd.edu. Office Hours: TTh. 1:00-200 or by appointment</p>	<p>Course Page: The course webpage can be found at www.elms.umd.edu. You must use your directory ID and password to access this page</p>
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Course Description and Objectives:

Economics of the Middle East: Analyzes patterns of economic and institutional development in the Middle East; assesses the general trends in economic growth, investment, and institutional changes; and examines specific issues such as population and human development, economics and politics of oil and trade, the structure of state and its role in economic development, financial markets and Islamic banking, and business environment.

Learning Outcomes:

- By the end of the semester, each student should be able to accurately do the following:
 1. Recognize the main socio-economic features of the Middle East countries.
 2. Analyze the main drivers of economic growth and short- and long-term obstacles of economic development.
 3. Characterize population and education trends in the region and analyze the effect of improvements in human capital, especially among youth.
 4. Recognize the impact of state-led development policies and the ways in which they are changing.
 5. Evaluate the impact of oil and other natural resources in forming the political and economic environment, with specific attention to the theory of the curse of natural resources.
 6. Compare and contrast Islamic banking with regular financial markets.
 7. Identify the main impediments to economic development such as political risks, corruption, and lack of supporting institutions.

Prerequisites:

One course with a minimum grade of C- from ECON305/ECON325; and one course with a minimum grade of C- from ECON306/ECON326.

Textbooks and other required technology:

There is no required text book for the course. We will read journal articles, reports, and chapters from several books and book. Reading material will be provided. (see attached reading list)

Class Expectations:

- Students are expected to attend lectures, read the materials, participate in class activities, and complete assignments before they are due. If you miss any lecture, you are responsible for the material that was covered. If you find that you will be unable to participate in class activities for more than three sessions in a row because of any valid excuse, you must inform me via email. You will not be allowed postpone a “major scheduled grading event” because of absence earlier in the semester unless you have informed me in advance.
- Students are responsible for updating their current email address via <http://www.testudo.umd.edu/apps/saddr/> AND for paying attention to messages I send to the class. Failure to check email, errors in forwarding email, and returned email due to “mailbox full” or “user unknown” problems will not excuse a student from missing announcements or deadlines. In ELMS you must set your notification preferences so that you receive announcements ASAP; see ELMS quick guide for instructions.
- Please contribute to a positive learning environment. Students are expected to treat each other, and the instructor with courtesy and respect. Please turn off all cell phones, Blackberries, Ipods and other PDAs and electronics before coming to class. Laptops in class should be used only for taking notes. Please do not disturb your fellow students by talking in class. If you happen to arrive late in class, please seat yourself quietly.
- I strongly recommend coming to my office hours if you are having trouble with some of the material or if you have any issue regarding your academic progress in this course. I prefer to be contacted via email for any academic issue (phone is not preferred; please use it only in emergency cases. Even in these cases, I may ask you to email me later.) I will do my best to respond in timely manner. You **MUST** sign your email with your full name, course, and section.
- I look forward to receiving your feedback on the course, both during and at the end of the semester. In particular, as a student member of the University of Maryland, **you are responsible to participate in the evaluation of the course** through CourseEvalUM (www.courseevalum.umd.edu will be available starting two weeks before the last day of classes). Your feedback is an essential part of the program at the University. It will remain confidential.

Policies:

- Exams are designated as “**major scheduled grading events**”. Students are required to take exams. Make-up exams will be granted **only** to those students whose excuse complies with University policy. The four valid excuses according to University policy are: illness (of student or a student’s dependent), religious observance, participation in University events at the request of University authorities, and compelling circumstances beyond your control. See <http://www.testudo.umd.edu/soc/atedasse.html> for more detail on the University’s policy regarding attendance and assessments. If you miss an exam and cannot document a valid excuse, your grade will be recorded as a zero. If you can provide documents for a valid excuse, contact me to schedule make-ups as far in advance as possible by email and at a minimum the day of the exam. Do not send requests for make-up exams to TAs. **Do not wait until afterwards to tell me you are**

sick. University policy requires that you provide appropriate documentation before you can be considered eligible for a make-up exam. In the case of illness, ask your health care provider to verify dates of treatment and indicate the time frame that you are unable to meet academic responsibilities. No diagnostic information needs to be included.

- Cell phones and other electronic devices are not permitted in exam rooms. If I see your cellphone or any other electronic devices, except calculator, you will be considered to be cheating. You are not allowed to talk to each other during the exam time. You are not allowed to have anything (including, but not limited to books, notes, and loose papers) but the exam materials (provided by me) and writing instruments on your desk or on the floor near your chair. Otherwise, it will be considered as cheating.
 - For a description of the university's Medically Necessitated Absences Policy, please visit: <http://www.umd.edu/catalog/index.cfm/show/content.section/c/27/ss/1584/s/1540>
 - For questions about the university's religious holidays policy, please visit: http://www.umd.edu/teach/attend_student.html#religious

Emergency Protocol:

If the university is closed, I will contact you via email with instruction.

Academic Integrity:

The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information see www.studenthonorcouncil.umd.edu. If any student is believed to be in violation of the Code of Academic Integrity, they will be referred to the Student Honor Council.

Students with Disabilities:

UMD guarantees appropriate accommodations for students with disabilities. Any student with a disability needing accommodation must obtain documentation from the Disabilities Support Service in 0106 Shoemaker Building, 301 314 7682. She/he is required to inform the instructor of her/his needs at the beginning of the semester. If you need further clarification, the link to DSS is: <http://faculty.umd.edu/teach/specialneeds.html>

Grading of Assignments:

- **In-class quizzes and participation:** (Quizzes will not be graded) 10%. We will have quizzes in each session. The quizzes may have two parts. The first part will be discussed at the beginning and the last part will be discussed at the end. You have to be present at the time of both parts to receive full credit. There is no make up quiz, even if it is for a legitimate reason. To consider your legitimate excuses, I will count only 90% of quizzes towards your overall grades. You may miss 10% of sessions without losing quiz points.
- **Assignments:** 25%. There are two options for assignments. First, reading papers ahead of discussing them in class and summarizing them in Power Point slides (6-10 slides per paper and papers are indicated in the tentative outline below). The details will be provided in class. Second, writing four reports on a country of interest in MENA region. (No less than 10 pages per report. The topics and due dates are indicated in the tentative outline below). This can be done in groups of no more than 3 students. You have to stop by and talk to me if you choose to write reports for assignments.

- **Exams:** (midterm: 25%, final exam: 40%)
- Exams are mandatory.
 - Final exam will be comprehensive.

Grade Breakdown:

I use the following cutoff points:

Letter Grade	A-, A	B-, B, B+	C-, C, C+	D, D+	F
Percentage	90%+	80%-89.99%	70%-79.99%	60%-69.99%	59.99%-

The cutoff points for + and – will be determined at the end of the semester.
No extra credit will be granted.

Tentative Course Outline:

Dates	Topic
T. 1/26	0. Introduction
Th. 1/28	1.1. History before WWI - Karmrava, Chapter 1
T. 2/2	1.2. History after WWI - Kamrava, Chapter 2 [HW1]
Th. 2/4	2.1. Economic growth and development: theories and experience of MENA countries - Devlin, Chapter 1 - Sardadvar, 2011
T. 2/9	2.2. Economic growth and development: theories and experience of MENA countries - Rodrik, 2013 [HW2]
Th. 2/11	2.3. Economic growth and development: theories and experience of MENA countries - Nugent, Pesaran, 2007 - Devlin, Chapter 2 - Richards and Waterbury, Chapters 7
T. 2/16	2.4. Economic growth and development: theories and experience of MENA countries - Hakura, 2004 [HW3]
Th. 2/18	2.5. Economic growth and development: theories and experience of MENA countries - Kanbur, 2008 - Acemoglu's notes - Richards and Waterbury, Chapters 8
T. 2/23	2.6. Economic growth and development: theories and experience of MENA countries - Devlin, Chapter 9 [HW4] - [REPORT1 on macro-economic trends]
Th. 2/25	2.7. Economic growth and development: theories and experience of MENA countries - Richards and Waterbury, Chapters 9 - Malik, 2013
T. 3/1	2.8. Economic growth and development: theories and experience of MENA countries - Kuran, 2004 [HW5] - North ? - Malik ?
Th. 3/3	3.1. Investment and financial markets - Eid and Paua, 2003 - Khan, 2010
T. 3/8	3.2. Investment and financial markets - The World Bank, 2004 [HW6]
Th. 3/10	Midterm Exam

3/13-3/20	Spring Break
T. 3/22	4.1. Oil, trade, and globalization - Devlin, Chapter 8 [HW7] - Momani, 2007
Th. 3/24	4.2. Oil, trade, and globalization - Hamilton, 2011 - Finly, 2012
T. 3/29	4.3. Oil, trade, and globalization - Devlin, chapter 4 [HW8] - [REPORT2: Oil, and international trade]
Th. 3/31	4.4. Oil, trade, and globalization - Van der Ploeg, 2011
T. 4/5	5.1. Population, labor market, and human capital - Devlin, Chapters 11 [HW9]
Th. 4/7	5.2. Population, labor market, and human capital - Rudi Fahimi 2001 - Rudi Fahimi 2003
T. 4/12	5.3. Population, labor market, and human capital - Devlin, Chapters 10 [HW10]
Th. 4/14	5.4. Population, labor market, and human capital - Salehi, 2010
T. 4/19	6.1. Poverty and Inequality - Devlin, Chapters 12 [HW11] - [REPORT3: Population and Human capital]
Th. 4/21	6.2. Poverty and Inequality - Adams and Page, 2003
T. 4/26	7.1. Business environment, Law, and Regulation - Devlin, Chapters 7 [HW12]
Th. 4/28	7.2. Business environment, Law, and Regulation - The World Bank, 2010-Overview - The World Bank 2003-Overview
T. 5/3	7.3. Business environment, Law, and Regulation - Carroll, 2001 [HW13] - Gillespie, 2006
Th. 5/5	TBA - [REPORT4: Business environment]
T. 5/10	Review
Fri. 5/13, 8:00-10:00 AM	Final Exam

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1- History

Kamrava, Mehran. 2013. *The Modern Middle East: A Political History since the First World War.* 3rd ed. University of California Press. Chapters 1-2. (These two chapters did not change from the second edition) [The e-book is available at UMD library website.]

2- Economic development, classical view and institutional analysis

Devlin, Julia C., 2010. *Challenges of Economic Development in the Middle East and North Africa Region.* World Scientific Publishing Company (Available as ebook to all UMD students)

Sardadvar, S. 2011. Neoclassical Growth Theory and Standard Model. In: *Economic Growth in the Regions of Europe.* Chapter 2. Springer-Verlog Berlin Heidelberg.

Acemoglu, D., S. Johnson, J. Robinson, 2004. Institutions as the Fundamental Cause of Long-Run Growth. NBER Working Paper, 10481.

Rodrik, D., 2013. The Past, Present, and Future of Economic Growth. Global Citizen Foundation, Working Paper 1.

Nugent, Jeffrey B., and Hashem Pesaran. 2007. "Introduction: Explaining Growth in the Middle East." In *Explaining Growth in the Middle East.* Contributions to Economic Analysis. Vol. 278. ed. Jeffrey B. Nugent and Hashem Pesaran. Amsterdam: Elsevier. Chapter 1. pp. 1-19.

Hakura, Dalia, 2004. Growth in the Middle East and North Africa. IMF working paper WP/04/56

Kuran, Timur. 2004. "Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation." *Journal of Economic Perspectives*, 18(3): 71-90.

Malik, Adeel. Was the Middle East's Economic Decline a Legal or Political Failure. A Review of Timur Kuran's "The Long Divergence, How Islamic Law Held Back the Middle East".

Malik, Adeel. 2013. "The economics of the Arab Spring." *World Development*, 45: 296-313.

North, D.C. ?. The New Institutional Economics and Development.

Richards, Alan and John Waterbury, 2007, A Political Economy of the Middle East; (3rd ed.); Westview. Boulder, Colorado (RW): Chapters 7,8,9.

Kanbur, Ravi, 2008. The Co-Evolution of the Washington Consensus and the Economic Development Discourse. Available online at <https://ideas.repec.org/p/ags/cudawp/48920.html>

3- Investment and Financial Markets

World Bank, The. 2006. "Financial Sectors in a New Age of Oil." Middle East and North Africa Economic Developments and Prospects. Washington D.C. 37-68.

Eid, Florence, and Fiona Paua. 2003. "Foreign Direct Investment in the Arab World: The Changing Investment Landscape." In *The Arab World Competitiveness Report 2002-2003*, ed. P. K. Kornelius and K. Schwab. The World Economic Forum. New York: Oxford University Press.

Khan, Feisal. 2010. "How Islamic is Islamic Banking?" *Journal of Economic Behavior and Organization*, 76: 805-820.

4- Oil, trade, and globalization

Momani, B, 2007. A Middle East Free Trade Area: Economic Interdependence and Peace Considered. The World Economy.

Van der Ploeg, Frederick, 2011. "Natural Resources: Curse or Blessing?" *Journal of Economic Literature*. 49(2): 366-420.

Hamilton, James D., 2011. "Historical Oil Shocks." *NBER working paper*. 16790.

Finley, Mark. 2013. "The Oil Market to 2030: Implications for Investment and Policy." *Economics of Energy and Environmental Policy* 1(1): 25-36.

5- Population, labor market, and human development

Roudi Fahimi, Farzaneh. 2001. "Population Trends and Challenges in the Middle East and North Africa." Population Reference Bureau. <http://www.prb.org>.

Roudi Fahimi, Farzaneh, and Valentine M. Moghadam. 2003. "Empowering Women, Developing Society: Female Education in the Middle East and North Africa." Population Reference Bureau. <http://www.prb.org>.

Salehi-Isfahani, Djavad 2010. Human Development in the Middle East and North Africa, Human Development Research Paper 2012/26

6- Poverty and Inequality

Adams, R.H and John Page, 2003. Poverty, Inequality, and Growth in Selected Middle East and North Africa Countries 1980-2000, *World Development* 31(12).

7- Business environment

World Bank, The. 2010. "Doing Business in the Arab World." The International Bank for Reconstruction and Development. Washington D.C.

World Bank, The. 2003. "Better Governance for Development in the Middle East and North Africa: Enhancing Inclusiveness and Accountability" The International Bank for Reconstruction and Development. Washington D.C.

Carroll, John. 2001. "Intellectual Property Rights in the Middle East: A Cultural Perspective." *Fordham Intellectual Property Media and Entertainment, Law Journal*, 11:555.

Gillespie, Kat. 2006. "The Middle East Corruption Conundrum." *Current History*, 105(687): 40-46.