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Option course for the:

M.Phil in Development Studies &

M.Phil in Modern Middle Eastern Studies

The Political Economy of Middle East and North Africa

Michaelmas 2010, Thursday, weeks 1-8, 3-5pm.

Location: Oxford Centre for Islamic Studies, George Street.

Course providers:

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Dr Bassam Fattouh: bassam.fattouh@oxfordenergy.org

General Information

This course aims to introduce some of the central themes of political economy of the Middle East and North Africa. It will engage students with the main theoretical and empirical debates on the subject and will cover a range of topics, including a brief economic history of the region; economic growth and fluctuations; the political economy of oil; economic adjustment and reform; state-business relationship in the Middle East; key issues around food, agriculture and water; poverty and human development; labour markets in MENA.

Apart from building a general regional profile, the course will emphasize critical differences within the region. Wherever appropriate, individual country experiences will be introduced through additional readings and seminar discussion. Material taught as part of this course will be accessible to graduate students from diverse disciplinary backgrounds and who are interested in issues of economic development in the Middle East. Given the nature of themes explored, some of the core recommended readings will be unavoidably economic, but these will mainly be non-technical and supplemented by contributions from other disciplines, such as history and political science.

Assessment

Assessment will be through a three-hour examination at the end of the academic year in Trinity term. Students are required to write two essays and one book review during the course of the term. Essays should not exceed 1500 words. At least one essay must be submitted by the Monday of week 5.

The course will be taught as a weekly seminar. Typically, course providers will begin the seminar by presenting a brief overview of the weekly topic. This will be followed by student presentations and general discussion. Every week a core set of readings will be covered by all students. Additionally, readings on sub-topics will be individually assigned to students, who will lead the discussion on their selected themes. Students will also be asked to prepare a brief outline of their assigned readings and circulate them in advance to tutors and fellow students.

Useful Reference Texts

Roger Owen and Sevket Pamuk, *A History of Middle East Economies in the Twentieth Century*. Harvard University Press 1999.

Issawi, Charles 1982. *An Economic History of the Middle East and North Africa*. London: Methuen.

Waterbury, John and Alan Richards (1998) *A Political Economy of the Middle East*, second ed. Boulder, Colorado: Westview Press.

Ayubi, Nazih. *Overstating the Arab State: Politics and Society in the Middle East*, London: IB Tauris, 1995.

Zahlan, S. Rosemary, *The Making of the Modern Gulf States*, London, Garnet Publishing Ltd., London, 1998.

Shafik, Nemat, ed. (1998): *Prospects for the Middle Eastern and North Africa Economies: From Boom to Bust and Back?* New York: St. Martin's Press.

Useful websites

Middle East Review of International Affairs <http://meria.idc.ac.il>

Economic Research Forum <http://www.erf.org.eg/>

UNDP Human Development Report 2007. <http://hdr.undp.org/hdr2006/statistics>

World Bank's Website site on The Middle East and North Africa

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/o..menuPK:247603~pagePK:158889~piPK:146815~theSitePK:256299,00.html>

Middle East Economic Association: <http://meeaweb.org/>

Middle East Report: <http://www.merip.org/>

Related journals:

International Journal for Middle East Studies, Middle East Journal, Review of Middle East Economics and Finance

Seminar 1

Introduction to the political economy of MENA

(Adeel Malik)

The first seminar will provide a brief introduction to the political economy of the Middle East and North Africa (MENA). It will provide the context for analyzing issues of political economy for the region. This involves a quick account of the region's history, politics and initial conditions. This is important because many of the contemporary issues of political economy are rooted in deeper historical processes. The seminar will help to situate the political economy of MENA in its relevant historical perspective.

HISTORY, POLITICS AND INITIAL CONDITIONS

- *Economic history*

Roger Owen and Sevket Pamuk. (1999). *A History of Middle East Economies in the Twentieth Century*. Harvard University Press.

Issawi, Charles. (2006). *An Economic History of the Middle East and North Africa*, Routledge.

Sevket Pamuk. 2006. "Estimating Economic Growth in the Middle East since 1820," *The Journal of Economic History*, Vol. 66, pp. 809-28.

Sevket Pamuk and Jeffrey Williamson. (2000). *The Mediterranean Response to Globalization Before 1850*, (selected papers edited jointly with Professor Jeffrey Williamson of Harvard University), Routledge Press, London and New York.

Sevket Pamuk. (1990). "The Middle East in Nineteenth Century World Trade", In Haleh Esfandiari and A.L. Udovitch (eds.), *The Economic Dimensions of Middle Eastern History, Essays in Honor of Charles Issawi*, The Darwin Press, Princeton, N.J. pp. 199-214.

Relli Shechter. (2003): "Selling Luxury: The Rise of the Egyptian Cigarette and the Transformation of the Egyptian Tobacco Market, 1850-1914", *International Journal of Middle East Studies*, Vol. 35, pp. 51-75.

- *Historical explanations for underdevelopment*

Kuran, Timur. (2008). "Institutional roots of economic underdevelopment in the Middle East: A historical perspective", In *Institutional Change and Economic Behavior*, ed. János Kornai, Laszlo Matyas, and Gérard Roland, Palgrave-Macmillan, New York.

<http://econ.duke.edu/~tk43/papers/Article%2056.pdf>

Kuran, Timur. (2003). "The Islamic commercial crisis: Institutional roots of economic underdevelopment in the Middle East", *Journal of Economic History*, 63 (June 2003): 414-46.

Kuran, Timur. (2004). "Why the Middle East is economically underdeveloped: Historical mechanisms of institutional stagnation", *Journal of Economic Perspectives*, 18 (2004): 71-90.

- *Introduction to MENA political economy*

Richards, Alan and John Waterbury. (1998). *A political economy of the Middle East*, second edition, Westview Press (chapter 3).

Owen, Roger. (2000). *State, Power and Politics in the Making of the Modern Middle East*. London and New York: Routledge (chapter 1 and conclusion).

Seminars 2 & 3

Concepts and perspectives for an analytical framework

(Adeel Malik)

The second and third seminars aim to build the conceptual building blocks for analyzing the political economy of MENA. Rather than imposing any theoretical structure, the seminar will provide the ingredients for developing an analytical framework. To this end, the seminar will survey recent advances in our understanding of the political economy of institutions and development and present competing perspectives from the growing literature on the analysis of resource-rich economies. Oil plays a central role in shaping the political economy of the MENA region, regardless of whether a country is an exporter or importer of oil. Booms and busts in oil prices are a key driver of economic development.

This seminar will also systematically examine how rents generated by oil and other natural resources affect economic structure and political incentives, and how these rents are distributed to various sections of society. Other key topics of discussion will include: institutional arrangements in the oil sector, the efficiency with which natural resources are extracted and deployed, the legacy of previous windfalls in the 1970s and 2000s, and the differential impact of natural resources on individual MENA countries.

Readings by topics

- *The origin, evolution and impact of institutions*

**Acemoglu, Daron, Simon Johnson and James Robinson (2006). "Institutions as a fundamental cause of long-run growth," in Philippe Aghion and Steven Durlauf (eds.) *Handbook of Economic Growth*, Amsterdam: North-Holland

*Shirley, Mary M. (2005). "Institutions and development" In *C. Menard M. M. Shirley (eds.), *Handbook of New Institutional Economics*, Springer Publishers. [chapter 24]

Acemoglu, Daron, Simon Johnson and James Robinson. (2006). "Understanding prosperity and poverty: Geography, institutions and the reversal of fortune", In A. V. Banerjee, R. Benabou and D. Mookherjee (eds.), *Understanding Poverty*, Oxford University Press.

*Acemoglu, Daron and James A. Robinson. (2006). *Economic Origins of Dictatorship and Democracy*. Cambridge: Cambridge University Press. [chapters 1, 2, & 11]

**North, Douglass, John Wallis and Barry Weingast. (2009). *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. New York: Cambridge University Press. [chapters 5-6]

*Engerman, Stanley L. and Kenneth Sokoloff. (2005). "Colonialism, inequality and long-run paths of development", NBER Working Paper 11057.

<http://www.nber.org/papers/w11057>

Khan, Mushtaq and K. S. Jomo, (eds.), (2000). *Rents, Rent Seeking and Economic Development: Theory and Evidence in Asia*, Cambridge University Press. [Intro. and chapters 1-2].

Theobald, Robin. (1982). "Patrimonialism", *World Politics*, 34(4): 548-559.

Roth, Guenther. (1968). "Personal rulership, patrimonialism and empire building in the New States", *World Politics*, 20(2): 194-206. [skim through the paper]

- *Political economy of natural resources – the general literature*

Karl, Terry Lynn. (1997). *The Paradox of Plenty: Oil Booms and Petro States*. Berkeley: University of California Press.

Ross, Michael. (1999). "The political economy of the resource curse," *World Politics*. <http://www.sscnet.ucla.edu/polisci/faculty/ross/paper.pdf>

Torvik, Ragnar *et al.* (2006). "Cursed by resources or institutions", *World Economy*, 2006, 1117-1031

<http://www.svt.ntnu.no/iso/Ragnar.Torvik/worlddeconomy7.pdf>

Torvik, Ragnar. (2009). "Why do some resource abundant countries succeed while others do not?" *Oxford Review of Economic Policy*, 25(2): 241-256.

Dunning, Thad. (2009). *Crude Democracy: Natural resource Wealth and Political regimes*. New York: Cambridge University Press.

- *The rentier state theory – and its critique*

Hazim Beblawi, "The Rentier State in the Arab World," In eds. Hazem Beblawi and Giacomo Luciani, *The Rentier State* (London: Croom Helm, 1987), pp. 49-71. [Introduction, chapters 1, 3].

For an excellent summary of the rentier state theory, see *chapter 1* in Douglas A. Yates, *The Rentier State in Africa*. Available to download at <http://students.washington.edu/hattar/yates.pdf>

- *For a critique of the rentier state theory, please see:*

Herb, Michael. (1999). *All in the Family: Absolutism, Revolution, and Democracy in the Middle Eastern Monarchies*. Albany: SUNY Press.

- *For a discussion on why authoritarianism is so durable in the Arab world, read:*

Shlumberger, O. (2007). *Debating Arab Authoritarianism: Dynamics and Durability in Non-Democratic Regimes*. Stanford University Press. [Chapters 1, 2, 6, and 7]

- *Oil and democracy – the evidence*

Michael Ross. (2001). "Does oil hinder democracy", *World Politics*. April. <http://www.sscnet.ucla.edu/polisci/faculty/ross/doesoil.pdf>

Michael Herb. (2005). "No Representation without Taxation? Rents, Development and Democracy," *Comparative Politics* 37, no.3 (April): 297-317.

Ross, Michael (2009). "Oil and democracy revisited"

<http://www.sscnet.ucla.edu/polisci/faculty/ross/Oil%20and%20Democracy%20Revisited.pdf>

Sandbakken, C. (2006). "The limits to democracy posed by oil rentier states: The cases of Algeria, Nigeria and Libya", *Democratization*, 13: 1, 135 – 152

Schwarz, Rolf (2008) "The political economy of state-formation in the Arab Middle East: Rentier states, economic reform, and democratization", *Review of International Political Economy*, 15: 4, 599 -621

- *How oil shapes the domestic political economy?*

Kiren Aziz Chaudhry (1997). *The Price of Wealth: Economies and Institutions in the Middle East*. Ithaca and London: Cornell University Press. [[chapters 1, 2, 3 and 8](#)]

Crystal, J. (1995), *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar*, Cambridge University Press. [[chapters 1-5](#)].

Herb, Michael. (2009). "A Nation of Bureaucrats: Political Participation and Economic Diversification in Kuwait and the United Arab Emirates," *International Journal of Middle East Studies*," 41, no. 3 (August), 375-395

Seminar 4

State-business relationship in the Middle East

(Bassam Fattouh)

Extending the discussion on conceptual foundations in weeks 2 and 3, this seminar will analyse the historical evolution of state-business relationship in the Gulf. It will generate a discussion on how the concentration of oil wealth in the hands of the rulers has changed the power balance between rulers and merchants. This lecture will use case studies from Kuwait, Dubai and Qatar to draw comparisons and highlight differences among the different development trajectories. It will also analyse the main formal and informal networks between the private and public sectors and how these channels shape paths of development. The historical evolution of state-business relationship in non-oil rich countries (Morocco, Lebanon and Syria) will also be discussed in order to draw relevant comparisons with the oil-rich Gulf countries. Finally, the seminar will evaluate the extent to which existing frameworks such as network analysis and crony capitalism can explain business-state relationship in the Middle East.

Discussion Questions:

- How has the ruler-merchant relationship developed over time and how has the concentration of oil wealth in the hands of rulers changed the balance of power?
- What are the main formal and informal channels through which the public and private sector interact and what are their strengths and weaknesses?
- To what extent can network analysis/crony capitalism depict the anatomy of business-government relationship in non-oil rich countries?
- *Models and theories of state-business relations*

P. Evans (1995) *Embedded Autonomy: States and Industrial transformation*. Princeton, NJ: Princeton University Press. Chapters 1 & 4, pp.3-20 and 74-98.

Powell, W.W. & Smith-Doer, L., "Networks and Economic Life", in: Smelser, N. J. & Swedberg, R. (ed), *The Handbook of Economic Sociology*, (Princeton, Princeton University Press:1994).

Haggard, S., Maxfield, S. & Schneider, B.R., "Theories of Business and Business-State Relations", in: Maxfield, S. & Schneider, B.R (ed), *Business and the State in Developing Countries*, (New York: 1997).

Schneider, Ben Ross. "Elusive Synergy: Business-Government Relations and Development." *Comparative Politics* 31, no. 1 (1998): 101-122.

- *Morocco and Algeria*

Cammett, M.C. (2007) "Globalization and Business Politics in Arab North Africa: A Comparative Perspective", USA: Cambridge University Press.

Dillman, B. (2000), *State and Private Sector in Algeria: the Politics of Rent-Seeking and Failed Development*. Boulder, Colo.: Westview Press.

Layachi, Azzedine (2001), "The Private Sector in the Algerian Economy: Obstacles and Potentials for a Productive Role", *Mediterranean Politics*, Vol.6, No.2, pp.29-50

Murphy, Emma C. (2001), "The State and the Private Sector in North Africa: Seeking Specificity", *Mediterranean Politics*, Vol.6, No.2, pp.1-28

Steven Heydemann (2004). *Networks of Privilege in the Middle East: The Politics of reform Revisited*. New York: Palgrave MacMillan. Chapter 8 (Morocco), pp. 245-80.

- *The Levant: Jordan, Lebanon and Syria*

Cunningham, R.B. and Yasin K. Sarayrah (1993). *Wasta: The hidden force in Middle Eastern society*. Westport, Conn: Praeger.

Haddad, B. (2004), "The Formation and Development of Economic networks in Syria: Implications for Economic and Fiscal reforms, 1986-2000," in: Steven Heydemann (ed), *Networks of Privilege in the Middle East, The Politics of Economic Reform Revisited*, (Palgrave/Macmillan, 2004), pp. 35-77.

Haddad, B. (2009) "Enduring Legacies: The Politics of Private Sector Development in Syria," in: Fred H. Lawson (ed), *Demystifying Syria*, (SOAS Middle East Studies Issues, Saqi, London, 2009).

Moore, P. (2004). *Doing Business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait*. Cambridge: Cambridge University Press. Chapters 2-5 Jordan only, Chapter 5.

Peters, A.M. and P. W. Moore "Beyond Boom and Bust: External Rents, Durable Authoritarianism, and Institutional Adaptation in the Hashemite Kingdom of Jordan", *Studies in Comparative International Development (SCID)*, Volume 44, Number 3 / September, 2009

Selvik, K. (2008), "It's the Mentality, Stupid: Syria's Turn to the Private Sector," in: Aurora Sottimano and Kjetil Selvik. *Changing Regime Discourse and Reform in Syria*, (University of St. Andrews Centre for Syrian Studies. Boulder, CO: Lynne Rienner Publishers, 2008).

Steven Heydemann (2004). *Networks of Privilege in the Middle East: The Politics of reform Revisited*. New York: Palgrave MacMillan. Chapter 5 (Lebanon), pp.169-200.

Volker Perthes, *The Political Economy of Syria under Asad*, (IB Tauris, London 1997).
Volker Perthes, *Syria Under Bashar al-Asad: Modernisation and the Limits of Change*, (Adelphi Series, London, 2006).

- *The GCC*

Crystal, J. (1989), "Coalitions in Oil Monarchies: Kuwait and Qatar." *Comparative Politics* 21(4): 427-443.

Crystal, J. (1995), *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar*. Cambridge University Press.

Davidson, C.M. (2005), *The United Arab Emirates: A Study in Survival*. Boulder, CO and London: Lynne Rienner Publishers.

Davidson, C.M. (2008), *Dubai: the vulnerability of success* (London: Hurst & Company).

Davidson, C.M. (2010), *Abu Dhabi: Oil and Beyond*, Columbia University Press.

Hazim Beblawi, "The Rentier State in the Arab World," in eds. Hazem Beblawi and Giacomo Luciani, *The Rentier State* (London: Croom Helm, 1987), pp. 49-71.

Hertog, S. (2010) *Princes, Brokers, and Bureaucrats: Oil and the State in Saudi Arabia*, USA: Cornell University Press.

Hvidt, M. (2006), "Governance in Dubai: The emergence of political and economic ties between the public and the private sector." Centre for Contemporary Middle East Studies University of Southern Denmark.

Hvidt, M. (2009), The Dubai Model: An Outline of Key Development-Process Elements in Dubai”, *Int. J. Middle East Stud.* **41**, 397–418.

Jacqueline S. Ismael (1993), *Kuwait: Dependency and Class in a Rentier State* (Gainesville, FL: University Press of Florida)

Kiren Aziz Chaudhry (1997), *The Price of Wealth: Economies and Institutions in the Middle East*. Ithaca and London: Cornell University Press.

Moore, P. W. (2002). “Rentier Fiscal Crisis and Regime Stability: Business-State Relations in the Gulf”, *Studies in Comparative International Development* **27**(1): 34-56.

Niblock, Tim and Monica Malik. (2007). *The Political Economy of Saudi Arabia*. London: Routledge.

- *Islamic Republic of Iran*

Audun Kolstad Wiig (2009) “When the poor become the masters: The political economy of Iran’s Revolutionary Guards”, Norwegian Defence Research Establishment (FFI)

Khajepour, Bijan, “Iran’s Economy: Twenty Years after the Islamic Revolution”, In: Esposito J.L. & Ramazani R.K. (2001): *Iran at the Crossroads*. New York: Palgrave.

Mazaheri, Nimah, “An 'Informal' Revolution: State-Business Conflict and Institutional Change in Iran”, *Middle Eastern Studies*, 44: 4, pp.585-602.

Seminar 5

Economic growth and fluctuations

(Adeel Malik)

The MENA region has had a “middling” growth experience, posting rates of economic growth that were better than Sub-Saharan Africa but inferior to the high growth economies of East Asia. Overall, the region has not achieved its full growth potential, however. Given the nature of its economic structure, especially its heavy reliance on natural resources, the MENA region is considerably vulnerable to oil-related external shocks. As a result, the region exhibits considerable volatility of growth and other macroeconomic outcomes. This seminar will generate an informed discussion on growth and fluctuations in the MENA region—and their causes and consequences.

- *The economic record of MENA*

Noland, Marcus and Howard Pack. (2007). *Arab Economies in a Changing World*. Washington D.C.: Peterson Institute for International Economics. (chapters 1 & 2).

Xavier Sala-i-Martin and Elsa V. Artadi (2003). “Economic Growth and Investment in the Arab World”, in Peter K. Cornelius (ed.) *The Arab World Competitiveness Report 2002-2003*. Geneva: World Economic Forum.

Page, Jeffrey (1995), “From Boom to Bust-and Back? The Crisis of Growth in the Middle East and North Africa”, in N.Shafik (ed.), *Prospects for Middle Eastern and North African Economies*. London: Macmillan and St.Martin’s Press.

Hakimian, Hassan and Jeffrey Nugent. (2005). *Trade Policy and Economic Integration in the Middle East and North Africa*. New York: Routledge.

- *Explaining economic growth in MENA*

Nugent, Jeffrey and Hashem Pesaran. (2005). *Explaining Growth in the Middle East*. Amsterdam: North Holland (chapters 1 & 2).

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

Elbadawi, Ibrahim. (2005). “Reviving growth in the Arab Region,” *Economic Development and Cultural Change*, 53(2), pp. 293-326.

- *Islam and development*

Timur Kuran (1997). “Islam and Underdevelopment: An Old Puzzle Revisited.” *Journal of Institutional and Theoretical Economics*. March, 153:1, pp. 41–71.

Kuran, Timur. (2006). *Islam and Mammon: The Economic Predicaments of Islamism*. Princeton: Princeton University Press.

Tripp, Charles. (2008). *Islam and the Moral Economy: The Challenge of Capitalism*. Cambridge: Cambridge University Press.

Marcus Noland (2003). "Religion, Culture, and Economic Performance", Institute for International Economics Working Paper 03-8. Washington: Institute for International Economics.

Seminar 6

Structural adjustment in the Middle East: Success or failure?

(Bassam Fattouh)

This lecture will assess the recent macroeconomic stabilization policies and structural reforms undertaken in MENA in response to economic shocks and fiscal crisis using country case studies. It will also discuss the various areas of economic reform including financial reform, trade liberalisation, openness to foreign investment, and privatization efforts. Inter and intra-regional efforts such as the Euro-Mediterranean Agreements and the Arab Free Trade Area aimed at promoting trade and capital flows will also be analysed. The lecture will evaluate to what extent these reforms have placed MENA economies on a new growth trajectory.

Discussion Questions

- How can one explain the variation in the pace and the depth of economic reform across Middle Eastern countries?
- How did external/oil rents affect the speed, the depth and reversal of the process of economic reform?
- Has reform in the region resulted in the retreat of the state in the economic domain?

Readings

- *Structural reform: The record*

Page, J. (2003). "Structural Reforms in the Middle East and North Africa" in Peter K. Cornelius (ed.) *The Arab World Competitiveness Report 2002-2003*. Geneva: World Economic Forum.

World Bank (2008). *MENA Economic Developments and Prospects 2008: Regional Integration for Global Competitiveness*. Washington World Bank: Chapter 3

- *Has Structural Reform Failed?*

Mokhlis Y Zaki (2001). "IMF-Supported Stabilization Programs and their Critics: Evidence from the Recent Experience of Egypt." *World Development* 29 (11): 1867-1883.

Pfiefer, K. (1999). "How Tunisia, Morocco, Jordan and Even Egypt Became IMF "Success Stories" in the 1990s", *Middle East Report*, Spring, 23-27.

- *Economic and political reform: do they need to be linked?*

Bellin, E. (2004), "The Political-Economic Conundrum: The Affinity of Economic and Political Reform in the Middle East and North Africa", *Carnegie Papers Middle East Series*, No. 53, November

Karen Pfiefer (1992). "Algeria's implicit Stabilization Program", in Henri J. Barkey (ed.) *The Politics of Economic Reform in the Middle East*. New York : St. Martin's Press.

Raymond A. Hinnebusch, "Syria: The Politics of Economic Liberalisation," in: *Third World Quarterly*, Vol. 18, No 2, 1997, pp. 249-265.

Sullivan, D.J. (1990) 'The Political Economy of Reform in Egypt', *International Journal of Middle Eastern Studies*, vol. 23.

- ***Aspects of structural reform***

- *Privatization*

Ayubi, N. (2001). *Over-stating the Arab State: Politics and Society in the Middle East*, London, New York: I.B. Tauris, Chapter 10: Economic Liberalisation and Privatisation: Is the Arab State Contracting?

Khattab, M. (1999), "Privatization in Egypt: Constraints and Resolutions", in S. Fawzy and A. Galal (1999) *Partners for Development: New Roles for the Government and Private Sector in Middle East and North Africa*, Washington D.C.: The World Bank.

Khosrowshahi, C. (1997). "*Privatization in Morocco: The Politics of Development*", *Middle East Journal* 52, No. 2, pp. 242-255.

Meggison, William L. and Netter, Jeffrey M. (2001). "From State to Market: A Survey of Empirical Studies on Privatization", *Journal of Economic Literature*, Vol. 39, No. 2, June.

Omran, M., (2004), "The Performance of State-Owned Enterprises and Newly Privatized Firms: Does Privatization Really Matter?", *World Development*, 32(6), 1019-1041.

Shehata, S. (2003). "In the Basha's House: The Organizational Culture of Egyptian Public-Sector Enterprise", *International Journal of Middle Eastern Studies*, Vol. 35, pp. 103-132

Werenfels, I. (2002). "Obstacles to Privatization of State-Owned Industries in Algeria: The Political Economy of a Distributive Conflict", *The Journal of North African Studies*, Vol.7, No.1, pp 1-28.

- *Trade reform, trade performance and Inter-regional trade agreements*

Augier, P., Michael Gasiorek, Charles Lai-Tong (2004), "Rules of Origin and the EU-Med Partnership: The Case of Textiles", *The World Economy* 27 (9), 1449-1473.

Bolle, M. J., A.B. Prados, and J.M. Sharp (2006), "Qualifying Industrial Zones in Jordan and Egypt", CRS Report for Congress, July 5.

Galal, A. and R. Lawrence (2003), "Egypt-US and Morocco-US Free Trade Agreements", ECES Working Paper No. 87, July.

Hoekman, B. and P. Messerlin (2002), *Harnessing Trade for Development and Growth in the Middle East*. Report by the Council on Foreign Relations Study Group on Middle East Trade Options, New York: The Council on Foreign Relations.

World Bank (2003), "Trade, Investment, and Development in the Middle East and North Africa. Engaging with the World", Washington D.C., Chapters 3 and 4.

World Bank (2006) "Morocco, Tunisia, Egypt and Jordan after the End of the Multi-Fiber Agreement: Impact, Challenges and Prospects?", Washington, D.C.

Zarrouk, J (2003), "A Survey of Barriers to Trade and Investment in Arab Countries", in Galal, A. and B. Hoekman (eds), *Arab Economic Integration*, Brookings Institution Press, Washington DC.

Zarrouk, J. (2000), "The Greater Arab Free Trade Area: Limits and Possibilities", in Bernard Hoekman and Jamel Zarrouk (eds.), *Catching Up with the Competition, Trade Opportunities and Challenges for Arab Countries*, Ann Arbor: The University of Michigan Press, p. 285-305.

- *Financial reform and the role of Islamic banking*

Creane, Susan, Mobarak, Ahmed Mushfiq, Goyal, Rishi and Sab, Randa (2004), "Financial Sector Development in the Middle East and North Africa", IMF Working Paper No. 04/201.

El-Gamal, M.A. (2006), *Islamic Finance: Law Economics and Practice*. New York: Cambridge University Press. Chapter 1.

Grais, W. and Z. Kantur (2003), *The Changing Financial Landscape: Opportunities and Challenges for the Middle East and North Africa*, World Bank Policy research Working paper 3050, Washington: World Bank.

Ilker Domaç and Ghiath Shabsigh (1999). "Real Exchange Rate Behavior and Economic Growth: Evidence from Egypt, Jordan, Morocco, and Tunisia", IMF Working Paper No. 99/40.

Jbili, A. and V. Kramarenko (2003), "Choosing Exchange Regimes in the Middle East and North Africa", Washington: IMF.

Jbili, Abdelali, Enders, K. and Treichel, Volker (1997), "Financial Sector Reforms in Algeria, Morocco, and Tunisia: A Preliminary Assessment", No 97/81.

Shachmurove, Y. (2003), "Financial Markets of the Middle East and North Africa: The Past and Present", PIER Working Paper 03-017, USA: Penn Institute for Economic Research.

Tripp, C. (2006). Islam and the Moral Economy: The Challenge of Capitalism. UK: Cambridge University Press. Chapter 4.

Warde, I. (2004). Islamic Finance in the Global Economy. UK: Edinburgh University Press. Chapters 2, 4, 5.

Seminar 7

Themes in Poverty and Inequality in MENA

(Adeel Malik and Bassam Fattouh)

The MENA region has relatively low incidence of income poverty by international standards. There is also a high level of inequality aversion. But a closer look reveals a more differentiated picture, where some countries have done better than others. The third seminar will explore salient themes in poverty and inequality in the MENA region. It will first provide a broad overview of key human development outcomes and subsequently build a profile of poverty and inequality in the region. Besides providing a regional overview, the seminar will map the diversity of regional experiences on the core aspects of poverty, inequality—and, more broadly, human development.

- *Summary of general trends*

**Adams Jr., R.H. and J. Page (2003), "Poverty, Inequality and Growth in Selected Middle East and North Africa Countries, 1980-2000", *World Development* Vol. 31 (12), pp. 2027-2048.

Ali, A.A. and Elbadawi, I. A. (2002), "Poverty in the Arab World: The Role of Inequality and Growth", in Sirageldin, I. (ed.) *Human Capital: Population Economics in the Middle East*, pp: 62-95. Cairo: American University in Cairo Press.

*Noland, Marcus and Howard Pack. (2007). *Arab Economies in a Changing World*. Washington D.C.: Peterson Institute for International Economics. (chapters 3 & 4).

** Rauch, J. E. and S. Kostyshak (2009). "The three Arab Worlds", *Journal of Economic Perspectives*, 23(3): 165-188

*** El-Ghonemy, M. Riad. (1998). *Affluence and Poverty in the Middle East*. Routledge.

Van Eeghen, W. (1998). "Poverty in the Middle East and North Africa," in N. Shafik (ed) *Prospects for Middle Eastern and North African Economies* (London).

Wassim Shahin and Ghassan Dibeh (2000). *Earnings inequality, unemployment, and poverty in the Middle East and North Africa* Westport, Conn. : Greenwood Press.

FAO (2007), *The Status of Rural Poverty in the Near East and North Africa*, Rome: FAO, Chapters 2 and 3.

- *Arab Human Development Reports*

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Seminar 8

Labour markets and migration

(Bassam Fattouh)

This lecture will analyse the main features of labour markets in MENA and the role that the rapid expansion of the public sector has played in shaping labour market outcomes in the region. The lecture will analyse the various axes of labour market segmentation along private-public, national-foreign, male-female, and formal and informal lines. The role of women in the labour market and the feminization of the public sector will be explored. The GCC's governments' attempts to nationalise their labour force and the economic and social impacts of nationalisation policies will be critically analysed. The lecture will also analyse the main trends in intra-regional migration (forced and non-forced migration) and international migration and the linkages amongst the MENA economies through labour flows and channels of transmission of oil-market related shocks.

Discussion Questions:

- How has public sector employment shaped labour markets in the region?
 - What are the main factors that limit greater participation of GCC nationals in the private labour force?
 - To what extent can culture and religion explain the limited participation of women in the labour force?
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