

Syllabus: Econ 1600 reading list (updated)

This is the first page. The complete syllabus is available at:

[http://www.econ.brown.edu/students/Alexey\\_Levkov/EC0160.html](http://www.econ.brown.edu/students/Alexey_Levkov/EC0160.html)

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**Econ 1600: Economics of the Middle East**

Fall 2007

This course provides a survey of the economies of the Middle East. The course examines various aspects of the economic realities of the region, including economic and human development, water and food security, the economics and politics of oil, population growth and labor mobility, education, the role of the state, economic reform, the political economy of conflict and peace, and the prospects for regional integration.

The course is divided into three major (not equal) parts:

**I. Introduction: Basic facts and a survey of the region's main socio-economic outcomes.**

**II. The Middle East in Economic Context:**

- i. Investment in human capital, the returns to education and earnings inequality in the Middle East
- ii. Labor force: home production and the female labor supply.
- iii. Population and fertility in the Middle East, in the context of the Quality-Quantity trade-off.
- iv. Oil money and the 'Dutch Disease'
- v. Institutions: the effect of political, legal, and religious intuitions on economic development in the Middle East.
- vi. Middle eastern trade patterns, barriers and regional trade integration
- vii. Water in the Middle-East

**III. Economics in the context of the Middle East**

- i. The economics of terror
- ii. Ethnic differences educational attainment and labor market outcomes and social networks: Evidence from the "Ashkenazi-Sephardic" gaps and from the Ultra-Orthodox Jews in Israel.
- iii. Immigration: the effect of migration on local labor markets.

## **Books:**

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

Peter Mansfield and Nicholas Pelham, *A History of the Middle East*, Penguin, 2004.

Ian J. Bickerton and Carla L. Klausner, *A Concise History of the Arab-Israeli Conflict*, Prentice Hall, 2004

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

Stanley Fischer, Dani Rodrik, Elias Tuma (Editors), *The Economics of Middle East Peace: Views from the Region*, The MIT Press, 1993.

Clement Henry and Robert Springborg, *Globalization and the Politics of Development in the Middle East*, Cambridge University Press, 2001

## **Main Data Sources:**

***WDI Online*** is the premiere data source on the global economy. It contains statistical data for over 600 development indicators and time series data from 1960-2003 (selected data for 2004) for over 200 countries and 18 country groups. Data includes social, economic, financial, natural resources, and environmental indicators. Data selection screens are intuitive and easy to use. Results can be scaled, indexed against a particular year, viewed by percentage change, and charted. These features plus data export options in standard formats like Excel make WDI Online the most useful tool yet for researching developmental data.

<http://devdata.worldbank.org/data-query/>

***CIA world fact book*** U.S. government profiles of countries and territories around the world. Information on geography, people, government, transportation, economy, communications, military, and transnational issues.

<http://www.cia.gov/cia/publications/factbook/>

Additional sources:

1. Arab Human Development Report 2003, United Nations Development Program, 2002-2004.  
<http://www.undp.org/rbas/ahdr/>
2. Arab World Competitiveness Report 2002-2003, The World Economic Forum, Geneva, 2003.

3. <http://www.weforum.org/site/homepublic.nsf/Content/Global+Competitiveness+Programme\Regional+Competitiveness+Reports\Arab+World+Competitiveness+Report+2002-2003>
4. The Gulf 2000 Site: Covers the following countries: Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates found at <http://gulf2000.columbia.edu/>
5. The World Bank: The World Bank's regional and country profiles. <http://wbIn0018.worldbank.org/mna/mena.nsf>
6. IMF: IMF's country reports. <http://www.imf.org/external/country/>

## Topics:

### I. Basic Facts:

#### 1. Introduction to the Middle East:

- Definitions – geographic, cultural and political
- Historical and political overview
- Economic characteristics, selected countries

Reading:

Class note #1.

#### Additional readings:

*Arab Human Development Report*. UN Development Program, 2002.

*Arab Human Development Report*. UN Development Program, 2003.

*Arab Human Development Report*. UN Development Program, 2004.

<http://www.rbas.undp.org/ahdr.cfm>

Congressional Quarterly Staff, *The Middle East*, 9<sup>th</sup> edition (or later), Washington, D.C., CQ Press, 2000.

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

#### 2. A Survey of the region's main socio-economic outcomes

- Natural resources: oil (“Dutch Disease”) and water.
- Income inequality: within and between countries.
- Human development: health, education, knowledge acquisition and human rights.
- Institutions: political, legal and religious institutions.
- Labor markets: female labor supply, regional mobility, child labor.
- Conflicts, wars, terror and military expenditures.
- Trade.

Reading:

Class note #2.

Jenkins G., *The Oil Economists' Handbook*, Fourth Revised Edition

[The Oil Economists' Handbook](#)

## II. The Middle East in Economic Context

### 3. Investment in human capital the returns to education and earnings inequality in the Middle East

Reading:

Class note #3.

\* Angrist, J (1995), "[The Economic Returns to Schooling in the West Bank and Gaza Strip](#)," *American Economic Review*, December 1995.

\* Angrist Joshua D. and Victor Lavy (1997), "[The Effect of a Change in Language of Instruction on the Returns to Schooling in Morocco](#)," *Journal of Labor Economics*, Vol. 15 (1997).

Becker, Gary S. (1993), [Human Capital](#), the University of Chicago Press.

Farzaneh Roudi-Fahimi and Valentine M. Moghadam (2005), "Empowering Women, Developing Society: Female Education in the Middle East and North Africa," Population Reference Bureau. <http://www.prb.org/Template.cfm?Section=PRB&template=/ContentManagement/ContentDisplay.cfm&ContentID=9656>

### 4. Labor force: Labor Supply in the Middle East. Home production and the supply of Labor

Reading:

Class note #4.

Angrist, J.D. and W.N. Evans. (1998) "Children and Their Parents' Labor Supply: Evidence from Exogenous Variation in Family Size." *American Economic Review*, Vol. 88.3 (June), pp. 450-77.

\* Assaad , Ragui and Sami Zouari (2003). "Estimating the Impact of Marriage and Fertility on the Female Labor Force Participation when Decisions are Interrelated: Evidence from Urban Morocco", *Topics in Middle Eastern and North African Economies*, electronic journal, Volume 5, Middle East Economic Association and Loyola University Chicago, September, 2003.

Becker, Gary S., (1965) "A Theory of the Allocation of Time" *Economic Journal*, pp. 493-517.

\* Ben-Porath, Yoram and Reuben Gronau, (1985). "Jewish Mother Goes to Work: Trends in the Labor Force Participation of Women in Israel, 1955-1980." *Journal of Labor Economics*, Vol. 3, No. 1, Part 2: Trends in Women's Work, Education, and Family Building. (Jan., 1985), pp. S310-S327.

El-Hamidi, Fatma (2003). "Poverty and Labor Supply of Women: Evidence from Egypt," unpublished working paper.

\* Goldin Claudia and Lawrence F. Katz (2002). "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions." *Journal of Political Economy*, pp. 730-770.

\* Gronau, Reuben, (1977) "Leisure, Home Production, and Work -- The Theory of the Allocation of Time Revisited" *Journal of Political Economy*, pp. 1099-1123.

Schlosser Analía (2005) "Public Preschool and the Labor Supply of Arab Mothers: Evidence from a Natural Experiment", unpublished working paper.

Yousef, Tarik M. (2003). *Unlocking the Employment Potential in the Middle East and North Africa: Toward A New Social Contract* (Washington, D.C. 2004).

## 5. Oil money and the 'Dutch Disease'

Reading:

Class note #5.

### **Book:**

Chapter 17 *Economics of Development* (4th edition) by Gillis, Perkins, Roemer, and Snodgrass

### **Articles:**

Aarrestad J., "Resource Extraction, Financial Transactions and Consumption in an Open Economy", *Scandinavian Journal of economics*, 1979, vol. 81, 552-565.

Corden W., "Booming Sector and Dutch Disease Economics: Survey and Consolidation", *Oxford Economic Papers*, 1984, vol. 36 (3), 359-380.

Corden W.M. and Neary, J.P. (1983) "Booming Sector and De-industrialization in a Small Open Economy" in *The Economic Journal*, vol. 92, p. 825-848. Reprinted in W.M. Corden, "The Exchange Rate, Monetary Policy and North Sea Oil: The Economic Theory of the Squeeze on Tradables", *Oxford Economic Papers*, vol. 33, Supplement, p. 23-46.

Dasgupta P., Eastwood R., G. Heal, "Resource Management in a Trading Economy", *Quarterly Journal of Economics*, 1978, vol. 92, 297-306

\*The Economist (26 November 1977) *Trade Theory and Policy*.

Benn Eifert, Alan Gelb, and Nils Borje Tallroth (2003). "Managing Oil Wealth," Finance and Development, Volume 40, Number 1.

E. Kanovsky, "Oil: Who's over a Barrel? *The Middle East Quarterly*, Spring 2003, [www.meforum.org/article/527](http://www.meforum.org/article/527), 4-8.

\* Krugman, P. (1987) "The Narrow Moving Band, the Dutch Disease and The Competitive Consequences of Mrs. Thatcher on Trade in the Presence of Dynamic Scale Economies" in *The Journal of Development Economics*. vol. 27, p. 41-55.

Brian Pinto, "Nigeria During and After the Oil Boom: A Policy Comparison with Indonesia," *World Bank Economic Review*, Vol. 1, No. 3 (1987): 419 - 445.

*Worldwide Oilfield Production Survey: 1980-2003*. Oil and Gas Journal Online Research Center.

## **6. Population growth and fertility in the Middle East, in the context of the Quality-Quantity trade-off.**

Becker, Gary S. and Lewis, H. G. (1973), "[On the Interaction between Quantity and Quality of Children](#), Journal of Political Economy, Vol. 82, 279-288.

Galor, Oded and Weil, David N. (2000), "[Population, Technology and Growth: From Malthusian Stagnation to Growth and Beyond](#)," *The American Economic Review*, Vol. 90, 806-828.

## **7. Institutions: the effect of political legal and religious intuitions on economic development.**

Acemoglu, Johnson, and Robinson, (2001). "[The Colonial Origins of Comparative Development: An Empirical Investigation](#)", American Economic Review.

Acemoglu, Johnson, and Robinson, (2002). "[Reversals of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution](#)", Quarterly Journal of Economics.

North, Douglass C., (1990). *Institutions, Institutional change, and economic Performance*, New York, NY, Cambridge University Press.

North, Douglass C., (1973). *The Rise of the Western World: New Economic History*, Cambridge, UK, Cambridge University Press

Tsui, Kevin K. (2005) "More Oil, Less Democracy?: Theory and Evidence from Crude Oil Discoveries" .

### III. Economics in the context of the Middle East

#### 8. The Economics of Terror

Abadie, Alberto, and J. Gardeazabal, (2003), "[The Economic Costs of Conflict: A Case-Control Study for the Basque Country](#)", American Economic Review.

Akerlof, G. and W. Dickens, (1982). "[The Economic Consequences of Cognitive Dissonance.](#)" American Economic Review, LXXI I ( 1982), 307- 319.

Becker, Gary, S. and Yona Rubinstein, (2004). "[Fear and the Response to Terrorism: An Economic Analysis.](#)" mimo.

Benmelech, Efraim and Claude Berrebi, (2007), "[Human Capital and the Productivity of Suicide Bombers.](#)" *Journal of Economic Perspectives*, Forthcoming.

Eckstein, Z. and Tsiddon, D. (2004). "[Macroeconomic consequences of terror: theory and the case of Israel.](#)" Centre for Economic Policy Discussion Paper 4427

Jaeger David A. and M. Daniele Paserman (2005) "[The Cycle of Violence? An Empirical Analysis of Fatalities in the Palestinian-Israeli Conflict](#)"

Kahneman, D. and A. Tversky (1979). "[Prospect Theory: An Analysis of Decision Under Risk.](#)" *Econometrica* 47(March): 263-291.

Krueger, Alan B. and Maleckova, Jitka (2002). "[Education, Poverty, Political Violence and Terrorism: Is There a Causal Connection?](#)" RPDS (Princeton, NJ) Working Paper No. 206.

Krugman, Paul (2004). "[The Costs Of Terrorism: What Do We Know?](#)" in "The Nexus of Terrorism and WMDs: Developing a Consensus", Princeton University.

The Economist, July 23<sup>rd</sup> 2005: The Rational Response to Terrorism.

## **9. Ethnic gaps and social networks: evidence from Israel**

Berman, E. (2000). ["Sect, Subsidy and Sacrifice: An Economist's View of Ultra-Orthodox Jews,"](#) Quarterly Journal of Economics. **115**(3): 905-953.

## **10. The effect of migration on local labor markets**

Borjas, J. George (1994). ["The Economics of Immigration"](#), Journal of Economic Literature, pp. 1667-1717

Friedberg, M. Rachel (2001). ["The Impact Of Mass Migration On The Israeli Labor Market,"](#) The Quarterly Journal of Economics, pp 1373-1408.

Eckstein Zvi and Yoram Weiss (2204). ["On the Wage Growth of Immigrants: Israel, 1990-2000,"](#) Journal of the European Economic Association, pp 665-695.