

BOSTON UNIVERSITY
Department of International Relations

IR 587 – Political Economy of the Middle East

Fall 2007

T/Th 500-620 pm

Kenmore Classroom Building (KCB) 102

Instructor: Charles Dunbar, 617 353-5633, cfdubar@bu.edu

Office Hours: T 2-3 pm, W 9 am-noon, Th 10-11 am, or by appointment, 152 Bay State Road, Room 337

Summary

Eurocentric students of 19th Century history thought of the Ottoman Empire as "the sick man" of Europe. The modern Middle East, with its wars, its wealthy few and impoverished millions, its stagnant economies and authoritarian politics seems to many to have inherited that title on the world scene. The purposes of this course are to: 1) seek an understanding of the issues and problems facing the societies, economies and states of the region; 2) assess the successes and failures of public policy aimed at dealing with those concerns and difficulties; and 3) examine scenarios for the future. While the course focuses primarily on what is going on within in the region, rather than on the Middle East's place in the international political order and the world economy, it is not possible to think coherently about subjects such as oil and political Islam without reference to region's complex interaction with the outside world.

After an overview of the region's history, the course turns to the modern political economy and uses the analytical framework of the model set forth in Alan Richards' and John Waterbury's textbook (hereafter **RW**) as a basis for understanding the past successes and present ills of the Middle East and North Africa (MENA) region. The model explains how the structural transformation of Middle Eastern economies in the third quarter of the 20th century and the strong tendency of the region's governments towards authoritarianism complemented one another to produce state-directed economies and authoritarian political systems. This symbiosis led to impressive gains for Middle Eastern states and societies during this period, but by the end of the century, the governments were out of money and ideas for dealing with economic stagnation and rising political and social discontent. The governments and societies ("social actors" in Richards' and Waterbury's terminology) that shaped, and were shaped by, the structural transformation that had earlier produced positive changes have in varying degrees proven incapable of adopting needed reforms.

While **RW** provides its framework, the course dwells longer on subjects such as the political economy of oil, political Islam, and human development than does the text. The three Arab Human Development Reports, published under the auspices of the United Nations Development Programme, inform the course's consideration of the human dimension of the region's problems as seen from within. At its end, the course examines the latest American thinking on how to cure the region's ills and concludes with a reassessment of the **RW** model.

Requirements

There are four requirements for completing the course:

1. Mid-term examination (20% of the grade): This exam will be based on the more heavily economic chapters of **RW** and divided into three parts: a) brief definitions of several terms and concepts drawn from a longer list; b) a longer essay on one of several principal subjects of the course; and c) a section worth 10 points in which students will be asked to identify significant names, places, dates etc. in Middle Eastern history. **Date: November 1**

2. 15-page research paper for undergraduates – 20-25 pages for graduate students (40% of the grade):

These essays should be based on a central hypothesis stated at the outset and developed in the course of the paper. Topics should be selected as early as possible and an outline of the paper should be submitted for the instructor's approval. Comparative studies are welcome, including comparisons involving other parts of the world. The following topics are illustrative of subjects that could usefully be addressed:

Land reform: Land reforms were carried out in a number of Middle Eastern countries for various, usually political purposes. A single-country analysis – Algeria, Egypt and Iran are all good cases – could assess the economic benefit or cost of reform, while a comparative study could defend a thesis that one reform succeeded better than another (or others).

The status of women: The status of Tunisian women is widely regarded as being closest to that of women in the West, and the country's family code codified that status not long after Tunisia became independent of France. Possible paper topics within the status of women rubric are: the affect of the Tunisian family code, as opposed to other social and political forces, on the status of women; a comparative study of the Tunisian family code and the code (called the *moudouana*) recently adopted in Morocco; the status of women in the Gulf states; the status of women in Iraq "before and after."

Democratization in the Gulf states: In a talk last spring, an Egyptian intellectual began his assertion that democracy was beginning to take hold in the Arab world with a discussion of the Gulf states, whose governments have been regarded as the least democratically inclined in the region. Is democratization in the Gulf states to be taken seriously?

Monarchies and political change: Iran's, Jordan's and Morocco's former and present kings sought to manage political change in different ways. Single-country or comparative studies would be useful. One possible hypothesis in a single-country essay would be to support or dispute the assertion that the changes are so closely managed by the monarchy as to be merely cosmetic. There are many others.

Political Islam: The governments and societies in Algeria, Egypt, Jordan, Palestine, Morocco, and Yemen have a variety of strategies and attitudes with respect to Islamist movements in their countries. There are many possible single country or comparative studies.

Dutch Disease: This term, taken from The Netherlands experience with North Sea oil, describes the skewing of economies which tends to occur when a state-owned, "rent-producing" resource such as oil, is developed and marketed. Middle Eastern political economies in most of the oil-producing states seem to have suffered from the illness more than have those in European states such as The Netherlands, Norway, and the U.K. that own and successfully manage large oil deposits. Why does this appear to be so?

Education: It is asserted that Middle Eastern governments spent too much on higher education rather than on primary and secondary schools, but the data in **RW** does not support this argument as well as it might. A statistical study comparing the region with either Asia or Latin America, or a narrower comparison involving smaller groups of countries, would be welcome.

Population: A paper on population policies in one or more countries in the region could reach tentative conclusions about how family planning has fared. It is argued that the Iranian case proves that family planning and Islamist regimes need not necessarily be in conflict. Are there other examples that support or counter this view?

"Solidarism:" **RW** note that the best efforts of Middle Eastern authoritarian leaders have failed to produce political systems based on an "integrated, cohesive" (**RW** 309) body politic described variously as "solidarist" or "corporatist." Instead, according to **RW**, the Middle Eastern citizenry has looked to tribe, clan and family as appropriate agents of influence rather than to the state political structure. An essay could confirm or challenge this contention, using one or more countries as examples.

Oil: Analysts are currently debating whether Saudi Arabia still has the oil reserves to enable it to act as the “swing producer” capable of keeping the price of oil stable by increasing or reducing its production according to the exigencies of the market. An essay could affirm or deny that proposition and assess future prospects under either scenario.

OPEC: Economists tell us that cartels cannot maintain discipline over time. OPEC has suffered from most of the ills of other cartels and yet has been a major force on the world of petroleum for 44 years. An essay could look at OPEC’s effectiveness measured against the standards economists set for cartels and/or assess whether the organization will become irrelevant in a world where the price of oil continues to rise and new technologies for exploiting oil and other energy sources are developed.

Islamic Banking: Islamic banking, which is often said to be non-Islamic banking dressed up in Islamic clothing, occupies a significant and growing niche in the Muslim world’s financial system. An essay could assess the nature and future of Islamic banking.

Country Studies: Studies assessing the political economic future of individual countries can be useful. “The Big Three” – Egypt, Iran and particularly Turkey – are obvious candidates; Algeria, Morocco, and Syria are also of interest.

The Rentier State: The conventional wisdom shared by many scholars is that large revenues coming to a government from outside a country eventually stifles political liberalization and broad-based economic development. The current state of the political economies of several large Middle Eastern countries suggests that this wisdom is sound. Are there variables which rentier-state theory fails to recognize?

Style, format, etc: Papers should be double-spaced with one-inch top, bottom and side margins, and in 12-point type. Credit will be given for clarity of writing, organization (including sub-headings), with each paragraph opening with a topic sentence covering all that follows in the paragraph. Credit will be given for brief annotations in the bibliography. Notes may be within the text, at the end of each page, or at the end and should enable the reader to look them up easily.

Dates: Sept 30: Instructor and student agree on outline: Dec 12: Finished paper due

3. Final examination (30% of the grade): Graduate students should use course readings, classroom discussion, and a close study of **RW** as the basis for an essay commenting on the following proposition. The essay should be based on a hypothesis about the **RW** model that is developed throughout the paper:

RW’s model of “reciprocal causation” (**RW** 9) involving interaction of structural transformation, state structure and policy, and social actors offers a crucial insight into understanding both the dynamism of political economies in the Middle East in the third quarter of the 20th Century and the stasis in economic and political development in much of the region since then.

Undergraduates may either write the essay or take an examination similar to the mid-term but covering the entire course.

Length of Essays: 8-10 pages for undergraduates; 15-18 for graduate students

Exam date/time; due date for essays: Thursday, December 20 4-6 pm; essays due at 4 pm, December 20

4. Class Participation (10% of the grade): Participation in class discussions will take two forms. First, Students are expected to keep abreast of the news and 10 minutes will be set aside at the opening of each class for discussion of subjects related to the Middle East political economy. Students are also encouraged to raise questions and to comment on material being presented in class.

Second, each student will make a formal, 10-15 minute oral presentation of the research she/he is doing for the paper mentioned above. Because of the size of the class, presentations will be grouped, and students in each group should come together and meet with the instructor shortly before the day of the presentation. Graduate students will be expected not simply to present their research papers but to frame and lead the discussion on the general subject of their research.

Readings

The four following texts will be used in the course, in whole or in part. The first three are available at Barnes & Noble. The instructor is in the process of putting The Prize on reserve at Mugar Library. A 1993 printing is available at Amazon.com used new for \$14.95 and used for \$5.95.

Goodstein, David, Out of Gas, New York, W.W. Norton, 2004

Mansfield, Peter, A History of the Middle East, 2nd Edition, London, Penguin Books, 1992 (hereafter **M**)

Richards, Alan and John Waterbury, A Political Economy of the Middle East, 3rd Edition, Boulder, Westview Press, 2007 (**RW**)

Yergin, Daniel, The Prize, New York: Touchstone, 1992 (hereafter **Yergin**)

There are a number of readings from the UNDP's Arab Human Development Reports, 2002-2005, New York: United Nations Development Programme, 2003-2006 (hereafter **AHDR 2002, 2003, 2004 or 2005**) **AHDR 2002** and **2005** are on reserve in Mugar Library. **AHDR 2003 and 2004**, are on Courseinfo

Some of the following materials are on reserve in the Mugar Library or available on line (those found under the "e-journals" button on the BU libraries home page have "e-journals" following the citation. Others will be handed out in class. Those assigned as formal readings are cited briefly in the schedule below; others are for reference:

- Ajami, Fouad, "The Arab Inheritance," *Foreign Affairs*, Vol 76, Number 4, Sept/Oct 1997, e-journals.
- Armstrong, Karen, Islam, New York, Modern Library, 2000
- *The Economist*, August 6, 1994, "Islam and the West – The Next War, They Say," Handout
- Goodstein, David, Out of Gas, New York, W.W. Norton, 2004
- Hourani, Albert, A History of the Arab Peoples, New York, Warner Books, 1991
- Lapidus, Ira M., A History of Islamic Societies, Cambridge, UK, Cambridge, Mugar Reserve.
- University Press, 2002
- Mansfield, Peter, The Arabs, London, Penguin, 1992
- Nugent, Jeffrey and Hashem Pesaran, ed., Explaining Growth in the Middle East, Contributions to Economic Analysis 278, New York: Elsevier, 2007
- Roberts, Paul, The End of Oil, New York, Houghton Mifflin, 2004
- Sabini, John, Islam: a Primer, 6th Edition, Washington, Amideast, 2001
- Salamé, Ghassan, Ed., Democracy without Democrats, London/New York, I.B. Tauris, 1994
- Sampson, Anthony, The Seven Sisters, London, Coronet, 1983
- Seattle Times, June 23-Jul 7, '02 "The Terrorist Within,"
- Yergin, Daniel, The Prize, New York, Touchstone, 1992

Plagiarism: What It Is and Why It Is Important

In college courses, we are continually engaged with other people's ideas: we read them in texts, hear them in lecture, discuss them in class, and incorporate them into our own writing. As a result, it is very

important that we give credit where it is due. Plagiarism is using others' ideas and words without clearly acknowledging the source of that information.

To avoid plagiarism, you must give credit whenever you use:

- another person's idea, opinion, or theory;
- any facts, statistics, graphs, drawings—any pieces of information—that are not common knowledge;
- quotations of another person's actual spoken or written words; or
- paraphrase of another person's written or spoken words."

The foregoing quotation is taken from the website of the Writing Tutorial Services at Indiana University. For more information, see www.indiana.edu/~wts/wts/plagiarism.html

Most people do not want to plagiarize. It would seem easy to avoid doing so, yet some scholars have learned to their cost that "honest" plagiarism is sometimes easier to commit than they thought. In any case, students should expect honest and dishonest plagiarism to be seen in the same harsh light by the Dean of the College of Arts and Sciences to whom all suspected cases will be referred. Thus, ***if in doubt, add a footnote***, and in the meantime read the Boston University Code of Conduct, a link to which follows: <http://www.bu.edu/cas/academics/programs/conductcode.html>

Schedule

Note: Important semester "drop-dead" dates are in the following link: <http://www.bu.edu/reg/dates/>

Class #1, Tuesday, September 4 – INTRODUCTION: AN HOUR OF HISTORY – Explanation of the nature and requirements of the course. History - origins, the rise of Islam and the flowering of Muslim civilization, the Ottoman Empire, the coming of European colonization, and "the peace to end all peace" following the end of World War I.

Note: The **M** and **Y** readings cover the history of the Middle East and of the development of the oil and gas industry while others will know less about it. Without a basic understanding of that history, students will have trouble using **RW** and other readings to gain an in-depth insight into the political economy of the region. The **M** and **Y** assignments are not specific to particular sessions of the course but should be covered as quickly as possible. Those with less knowledge of the history will need to read more carefully than those with more. Both examinations will provide all an opportunity to show this knowledge.

Class #2, Thursday, September 6 – A SECOND HOUR OF HISTORY – Discussion of the first hour of history, 1918 to the present. The League of Nations Mandates, independence and initial economic success, the rise and fall of Arab nationalism, the OPEC price shocks, stagnation and the re-emergence of political Islam, September 11, regimes under pressure

Reading:

- Ajami, "The Arab Inheritance" (Handout)
- **RW**, Introduction

Background reading

- Begin reading M

Class # 3, Tuesday, September 11 – THE **RW MODEL** - Interaction of structural transformation, state structure and policy and social actors; purchasing power parity; Dutch disease and economic and strategic rents, Development strategies.

Reading:

- **RW:** Pages 7-36

Class #4, Thursday, September 13 – THE RW MODEL (CON'T) – The rentier state, import-substituting industrialization (ISI), differences in European and Middle Eastern structural transformation; Turkey as bellwether for MENA

Reading:

- **RW:** Pages 36-43

- Beblawi, Hazem, “The Rentier State in the Arab World,” in Beblawi, Hazem and Giacomo Luciani, eds., The Rentier State (hereafter The Rentier State), pp 49-62. Courseinfo

Class #5, Tuesday, September 18 – ECONOMIC GROWTH AND STRUCTURAL CHANGE – The resource base of the Middle East; oil, and patterns of economic growth.

Reading:

- **RW:** Chapter 3

- Abdel-Fadil, Mahmoud, “The Macro-Behavior of Oil-Rentier States in the Arab Region, in The Rentier State, pp. 83-107, Courseinfo

Class #6, Thursday, September 20 – OIL – History of oil discovery in the Middle East; OPEC and the transition of control from the companies to the Middle Eastern governments, \$40/barrel boom to \$10/barrel bust; Saudi Arabia as the "swing producer"

Reading:

- Rose, Euclid, “OPEC’s Dominance of the Global Oil Market,” *The Middle East Journal*, Volume 58, #3. 2004, Courseinfo, “Oil Articles” folder

- Okogu, Bright, The Middle East and North Africa in a Changing Oil Market. IMF publication, 2003, Courseinfo, “Oil Articles” folder

- **Y**, Part IV (background)

Class #7, Tuesday, September 25 – OIL (CONTINUED) – How oil revenues are used; institutional development; the nature and role of OPEC

Reading:

- Amuzegar, Jamshid, “Khatami and the Iranian Economy at Mid-Term, *The Middle East Journal*,” Vol 53, #4, 1999, “Middle East Journal” folder

- Entelis, John P., “SONATRACH: The Political Economy of an Algerian State Institution,” *The Middle East Journal*, Volume 53, #1, 1999, Courseinfo, “Middle East Journal” folder;

- Krimly, Rayed, “The Political Economy of Adjusted Priorities: Declining Oil Revenues and Saudi Fiscal Policies,” *The Middle East Journal*, Vol 53, #2, 1999, Courseinfo, “Middle East Journal” folder

- Morse, Edward L. and James Richard, “The Battle for Energy Dominance,” *Foreign Affairs*, March-April 2002, Courseinfo, “Oil” folder;

- **Y**, Part V (background)

Class # 8, Thursday, September 28 – OIL (CONCLUDED) – The future – With oil prices high, have MENA governments learned not to “over-achieve” and cause a collapse similar to that of the late 1980s? Is “the end of oil” a real prospect, and how will a decline in worldwide oil production affect the region?

Reading:

- “Oil & Energy Output to Outstrip Demand,” Cambridge Energy Research Associates, 2005, Courseinfo, “Oil Articles” folder

- Goodstein, David, Out of Gas,

- Mouawad, Jad, "Irrelevant? OPEC Is Sitting Pretty," *The New York Times*, October 14, 2004, Courseinfo, "Oil" folder
- "Oil & Energy Output to Outstrip Demand," Cambridge Energy Research Associates, 2005, Courseinfo, "Oil Articles" folder

Note: All students should have secured the instructor's approval of their essay outlines by Sept 30

Class #9, Tuesday, October 2 – POPULATION – The political economy of rapid population growth; Islam and family planning; life, health and habitat

Reading:

- **AHDR 2002**, Chapter 3
- **RW**, Chapter 4; Fargues, Philippe, "Demographic Explosion or Social Upheaval," in Salamé, Ghassan, *Democracy Without Democrats?*, London: I.B. Taurus, 1994 (hereafter **Salamé**), pp.156-179, Courseinfo

Class # 10, Thursday, October 4 – HUMAN DEVELOPMENT – UNDP definition of human development, Health, education and labor. Current status of education and scientific research

Reading:

- **ADHR 2002**, Overview and Chapters 1,2, 4 and 5
- **RW**, Chapter 5
- Rugh, William A., "Arab Education," *The Middle East Journal*, Volume 56, #3, 2002, Courseinfo, "Middle East Journal," folder

Tuesday, October 9, No Class, University following Monday Schedule

Class # 11, Thursday, October 11 – WATER AND FOOD SCARCITY – The food gap and the chimera of food self-sufficiency

Reading:

- **RW**, Chapter 6

Class # 12, Tuesday, October 16 – LABOR AND MIGRATION – The effect on sending and receiving countries

Reading:

- Pissarides, Christopher and Marie Ange Véganonès-Varoudakis, "Labor Markets and Economic Growth in the MENA Region," in Nugent, Jeffrey and Hashem Pesaran, eds., *Explaining Growth in the Middle East*, New York: Elsevier, 2007, pp 137-158, (hereafter **Nugent**) **COURSEINFO**
- **RW**, Chapter 15

Class # 13, Thursday, October 18 – THE EMERGENCE OF THE PUBLIC SECTOR – State-led structural transformation, the Turkish experience, state capital and the state bourgeoisie

Reading:

- Esfahani, Hadi Salehi, "A Reexamination of the Political Economy of Growth in the MENA Countries," in **Nugent**, pp 61-102, Courseinfo
- **RW**, Chapter 7

Class # 14, Tuesday, October 23 – CONTRADICTIONS OF STATE-LED GROWTH – Public sector dominance, structural adjustment, the brain drain

Reading:

- **AHDR 2003**, Part II, Chapter 7

- Luciani, Giacomo, “The Oil Rent and the Fiscal Crisis of the State and Democratization, in **Salamé**, pp 130-155, Courseinfo
- **RW**, Chapter 8;

Class # 15, Thursday, October 25 – THE MIXED RECORD OF ECONOMIC REFORM – Case studies, where things stand

Reading:

- **AHDR 2002**, Chapter 6
- **RW**, Chapter 9
- Salehi-Isfahani, Djavad, “Microeconomics of Growth in MENA: The Role of Households,” in **Nugent** pp 159-194

Class # 16, Tuesday, October 30 – URBAN POLITICAL ECONOMY: Urbanization, and the politics of urban unrest

Reading: RW, Chapter 10

Note: The instructor will summarize briefly the first half of the course as a review for the mid-term exam.

Class #17, Thursday, November 1 – MID-TERM EXAMINATION

Class # 18, Tuesday, November 6 – POLITICAL REGIMES – As they are and as they see themselves, taxonomy of Mideastern regimes

Reading:

- **RW**, Chapter 11
- Waterbury, John, “Democracy Without Democrats? The potential for political liberalization in the Middle East,” in **Salamé**, pp. 23-47, Courseinfo

Class #19, Thursday, November 8 – SOLIDARISM AND ITS ENEMIES – Corporatism and one-party rule; the region’s failed ideology

Reading:

- Al-Azmeh, Aziz, “Populism Contra Democracy: recent democratist discourse in the Arab world,” in **Salamé**, pp 112-129, Courseinfo
- **RW**, Chapter 12

Class #20, Tuesday, November 13 – THE MILITARY – Middle Eastern wars confrontations, the military and nation building

Reading:

- **RW**, Chapter 13

Class #21, Thursday, November 15 – ISLAM AS THE SOLUTION – The re-emergence of political Islam, Islamist programs and targets of opportunity, Islamic banking, *shura* and *ijma*’

Reading:

- **RW**, Chapter 14

Class #22, Tuesday, November 20 – ISLAM AS THE SOLUTION (CONTINUED) – Islam and democracy, the making of a militant

Reading:

- [Seattle Times, June 23-Jul 7, '02 "The Terrorist Within,"](#)

Thursday, November 22, No Class, Happy Thanksgiving

Class #23, Tuesday, November 27 – OTHER SOLUTIONS – Better Governance

Reading:

- **AHDR 2002**, Chapters 7 and 8

- **AHDR 2004, PP XX-XX**

- Salamé, Ghassan, "Small Is Pluralistic: democracy as an instrument of social peace, in **Salamé**, pp 84-111, Courseinfo

Class #24, Thursday, November 29 – OTHER SOLUTIONS (CONTINUED) – Building a knowledge society – the shape of the problem

Reading:

- **AHDR 2003**, Part I, Part II, Chapters 2-5

Class #25, Tuesday, December 4 – OTHER SOLUTIONS (CONTINUED) – Building a knowledge society – the shape of the problem, the vision for the future

Reading:

- **AHDR 2003**, Part II, Chapters 6, 8 and 9

Class #26, Thursday, December 6 – OTHER SOLUTIONS (CONTINUED) – Democracy from without, the U.S. Greater Middle East initiative, the Iraq war

Reading: To be provided

Class #27, Tuesday, December 11 – SUMMING UP – The **RW model revisited**

Reading: **RW**, Chapter 16