

# **The Political and Economic Development of the Middle East and North Africa (MENA) Countries**

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3. Geography of the Mena Region
4. History
5. Culture and Religion-Islam
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7. The European Union and the Middle East
8. The USA and the Middle East
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15. Political or Policy Change in the Middle East?

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1. Policies and Politics
2. Evaluation

# 1. Methodology

# Methodology

## Main tools for institutional and policy analysis

- Literature Review
- Historical Analysis
- Statistics and Econometrics: Evidence-Based Analysis
- Cost-Benefit Analysis (CBA) –Ex-ante Evaluation
- Case Study- Qualitative Analysis
- Impact Analysis: Ex-post Evaluation

# Historical Analysis

- One of the cardinal sins of historical analysis is reductionism—reducing causes or motives or effects to a single one. One way to analyze historical events is chronologically:
- **Causes** : immediate and underlying causes
  - **Underlying causes** are usually factors, trends, conditions. They go well back in time from the event itself. For example, economic rivalry and the slavery were underlying causes of the American Civil War. Historians feel that a number of factors –imperialism, nationalism, militarism- contributed to the rivalry between the Great Powers that allowed world war I.
  - **Immediate causes** are often themselves events that precipitate the main event. For example, the attack on Fort Sumter was one of the immediate causes of the American Civil War. The direct **cause** of WWI was the assassination of Archduke Franz Ferdinand at Sarajevo on 28 June 1914. The principal difference between the two is that underlying causes explain why an event happened, but they don't explain why the event happened *just then*. Why this year and not the previous year? Why do we date the Protestant Reformation to 1517 and not 1515 or 1520? To explain the timing, you need the immediate causes. To explain the entire event, you need both the underlying and the immediate causes.
- **Course**
  - This is the heart of narrative. Here it's more a matter of scope than of kind. What was the course of the American Civil War? This could be restricted to a narrative of major battles, or it could be as broad as considering the role Europe had to play in the event. The scope is going to be dictated by your thesis and that's another topic.
- **Consequences: immediate and long-term consequences**
  - War again provides an unusually clear example. Immediate consequences would include the terms of the peace treaty and identifying who won and who lost. Long-term consequences would include the impact of victory for the winner, and the impact of defeat for the loser. To take the American Civil War once again, the end of slavery was in fact not a consequence of the Union's victory, for the slaves were freed before the end of the war. A long-term consequence of the loss for the Confederacy was economic depression that lasted for several decades.

# Cost-Benefit Analysis (CBA)

- Cost-Benefit Analysis (CBA) is undertaken ex-ante and estimates and totals up the **equivalent money value of the benefits and costs to the community of projects to establish whether they are worthwhile**. These projects may be dams and highways or can be training programs and health care systems.
- In order to reach a conclusion as to the desirability of a project all aspects and components of the project, positive and negative, must be expressed in terms of a common unit; i.e., there must be a "bottom line, which **is money**."
- The equivalent money value are based upon information derived from consumer and producer market choices; i.e., the demand and supply schedules for the goods and services affected by the project. Care must be taken to properly allow for such things as inflation.
- By reducing the positive and negative impacts of a project to their equivalent money value Cost-Benefit Analysis determines whether on balance the project is worthwhile: **a worthwhile project is one for which the discounted value of the benefits exceeds the discounted value of the costs**, i.e., the net benefits are positive, which implies that the internal rate of return is greater than the cost of capital.

# Evidence-based policy

- **Evidence-based policy** is a term often applied in multiple fields of [public policy](#) to refer to situations whereby policy decisions are informed by rigorously established objective [evidence](#). Underlying many of the calls for **evidence-based policy** is often a (stated or unstated) concern with fidelity to scientific good practice, reflecting the belief that social goals are best served when scientific evidence is used rigorously and comprehensively to inform decisions, rather than in a piecemeal, manipulated, or cherry-picked manner.
- Conceptually the term has been seen as an extension of the idea of [evidence-based medicine](#) to all areas of public policy. There is, however, debate about the usefulness or applicability of the term given some of the key differences between clinical decision making and public policy making. Policy making is decidedly **political** because it involves choices between multiple competing social concerns, which is different to clinical decision making where typically there is agreement on the goal by all parties involved (i.e., reduction of patient morbidity/mortality).
- The lack of an agreed set of goals in most policy decisions means that there are likely to be **multiple bodies of evidence** relevant to policy debates, speaking to different social concerns, which policy makers must consider and value. Thus the idea that there can be a single 'evidence based' choice for policy makers does not hold for all but the most simple technical exercises.

# Evaluation: Outcome and Impact

- **Outcome** are changes, e.g., in knowledge, attitudes or behaviors among the program's beneficiaries (e.g., health program).
  - However, any changes observed in outcomes could be due to a number of factors that may or may not be related to your specific health program.
- **Impact evaluation:** “*project impact evaluation establishes whether the intervention had a welfare effect on individuals, households, and communities, and whether this effect can be attributed to the concerned intervention*”. It assesses the changes that can be attributed to a particular intervention, such as a project, program or policy, both the intended ones, as well as ideally the unintended ones.
- In contrast to **outcome evaluation or monitoring**, **impact evaluation** examines whether targets have been achieved.
- **Impact evaluation** is structured to answer the question: *how would outcomes such as participants' well-being have changed if the intervention had not been undertaken?*
  - This involves counterfactual analysis, that is, **a comparison between what actually happened and what would have happened in the absence of the intervention.**
  - Impact evaluations seek to answer **cause-and-effect questions**. In other words, they look for the changes in outcome that are directly attributable to a program/policy.



# Causal Questions

- Example A: Is affirmative action in favor of minorities a policy educationally beneficial to students?
- Example B: Did the war in Iraq help or harm world peace in the long run?
- A causal question involves the relationship between two theoretical concepts: **a cause and an effect.**
  - Cause  $\Rightarrow$  Effect?
  - Or,  $X \Rightarrow Y$ ?

# Centrality of Causality in Social Science

- The primary aim of all sciences (from Aristotle to modern genetics).
- Understanding of causal relationships leads to accurate predictions of the future.
- It provides the scientific basis for policy intervention.
- It advances our theoretical knowledge of the world.

# Evaluation Research

- Definition

Evaluation research, policy or program evaluation, refers to the kind of applied social research that attempts to evaluate the effectiveness of Government interventions, social programs or policies.

- Key to all evaluation research is causal inference: evaluating effectiveness of programs and policies
- In high demand by policy makers.

# Motivation of Evaluation

- Empirical questions are difficult to answer in the social sciences and in public policy.
- Involve **cause-effect relationship** like:
  - Does school decentralization result in improved education quality?
  - Does a year of training result in higher incomes? And, more importantly, what type of training results in higher increases in income?
  - Do conditional cash transfers result in improved health and education among children?

## Motivation of Evaluation

Answering the questions of cause-effect is important because:

- They help answer policy concerns
  - Do the programs reduce poverty? Can they reduce poverty more rapidly with the same resources?
- They deal with the problems faced by decision-makers
- They highlight the theoretical considerations in the social sciences

# How can we answer these questions?

## Impact Evaluation

A policy or program's **impact** is the **difference** between:

1. Results that policy or program participants obtain after some time in the program;

and

2. The results that **those same participants** would have obtained at the same time had they not participated in the program.

# Impact Evaluation

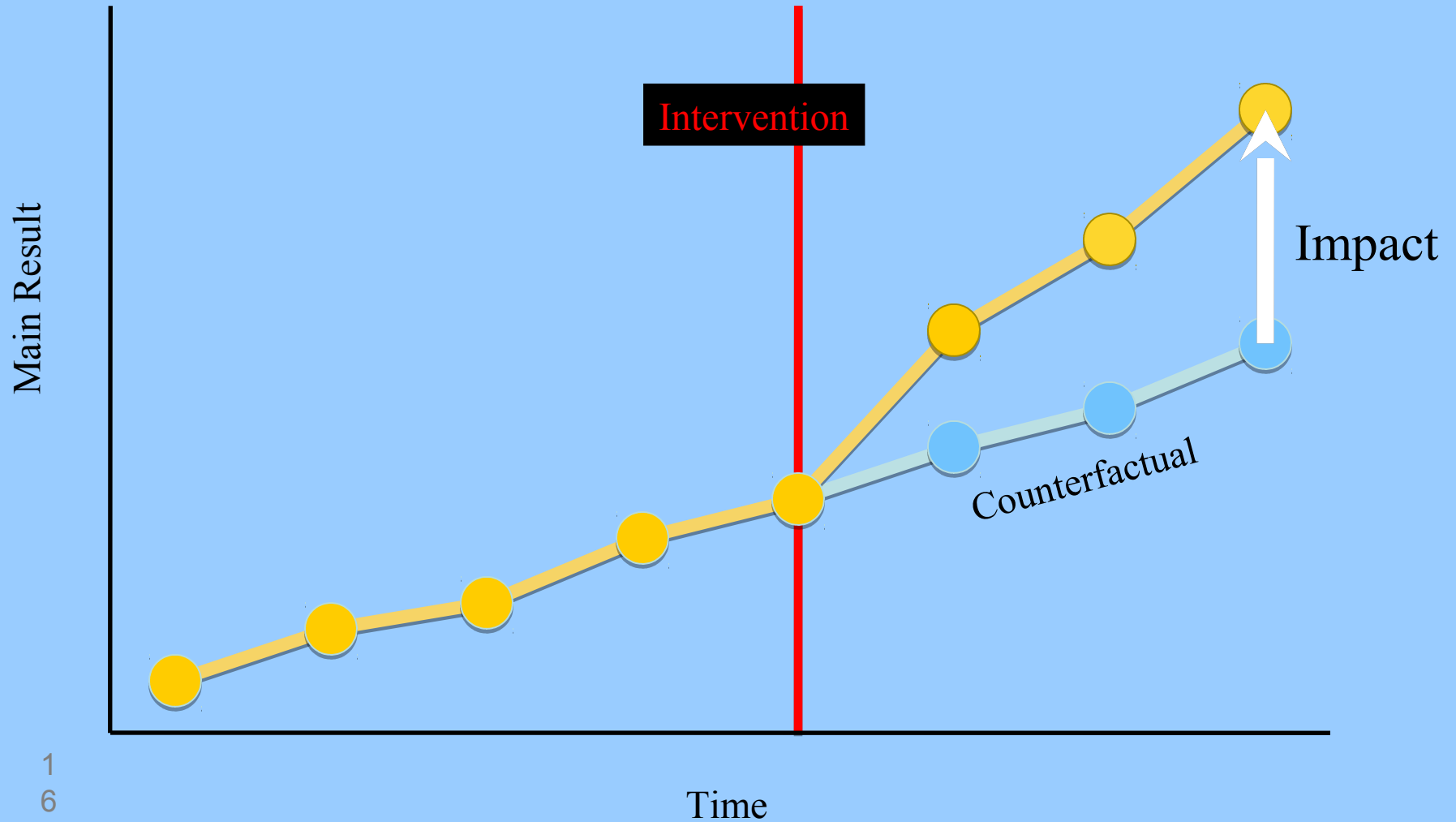
- We take the difference between

$$\begin{aligned} & \text{What happened (with the program) and} \\ - & \text{ What would have happened (without the program)} \\ = & \text{ Program's IMPACT} \end{aligned}$$



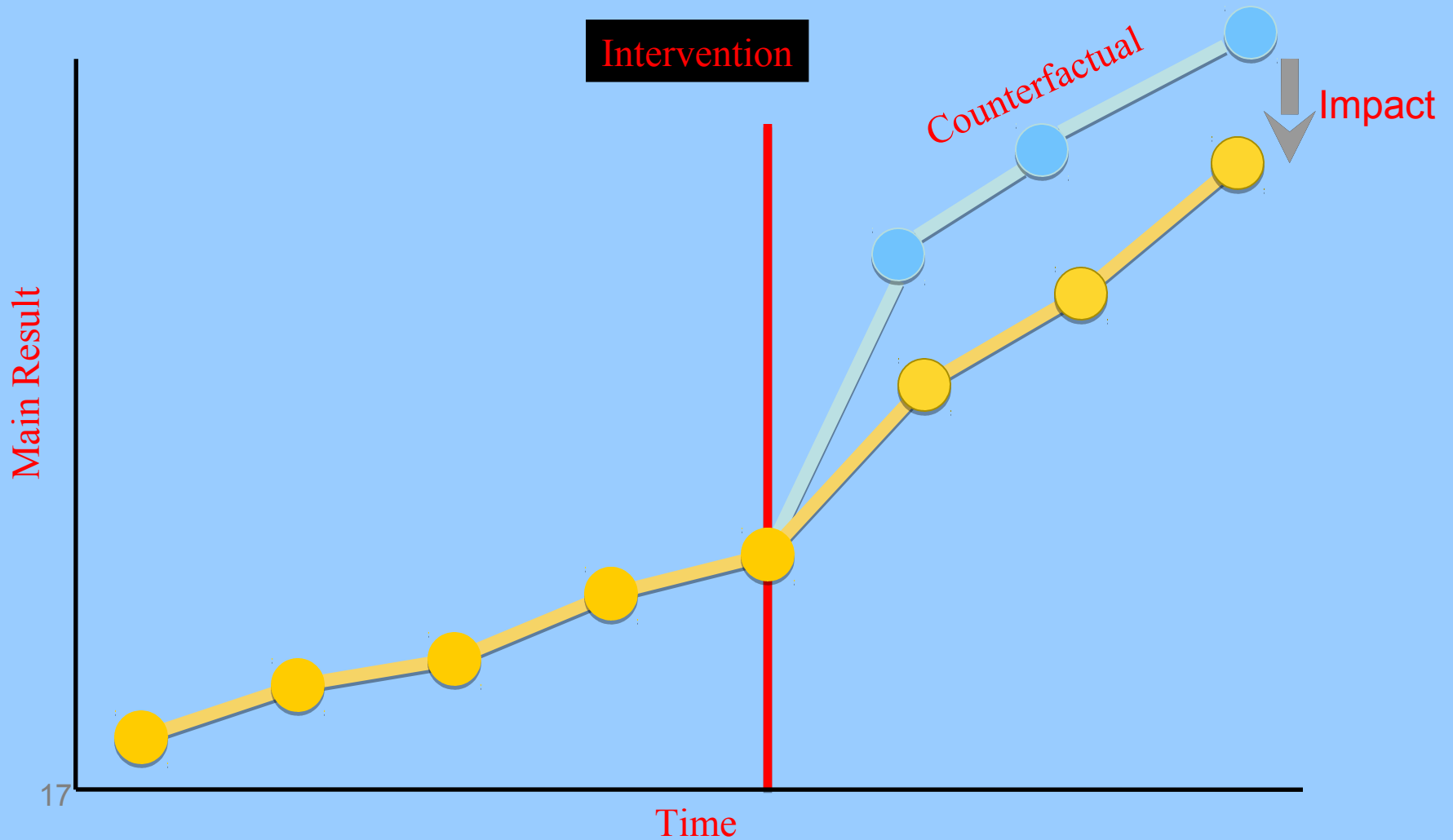
- This last scenario is called the **counterfactual**.

# Impact: What is it?

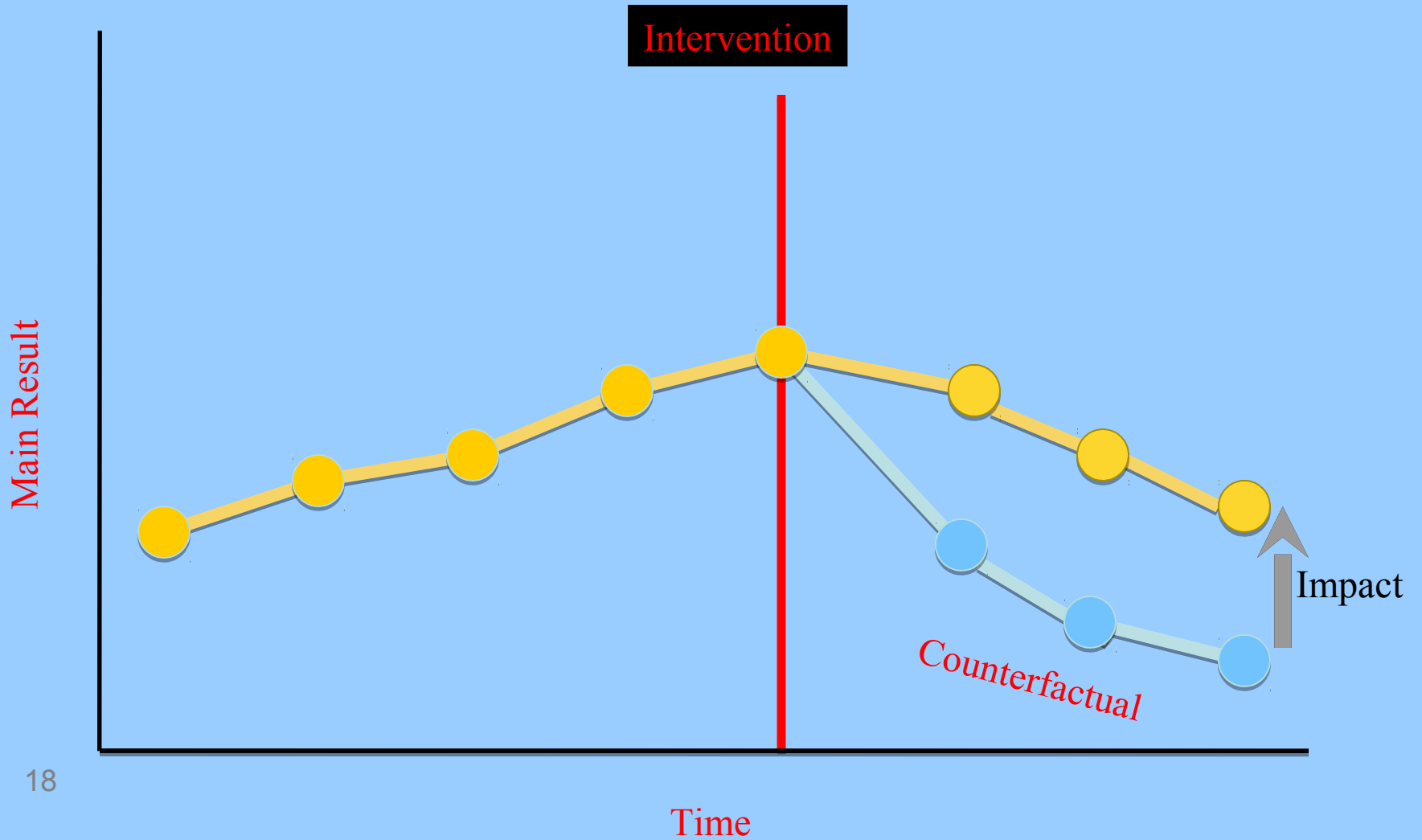




# How to Evaluate Impact?



# How to Evaluate Impact?



# Counterfactual

- The *counterfactual* represents the state of the world that program/policy participants would have experienced in the absence of the program/policy
- *Problem*: The counterfactual cannot be observed
- *Solution*: We have to “replicate” or “build” the counterfactual.

# How to Study the Counterfactual?

## Random Experiments

## Advantage of Random Experiments

Because members of the groups (treatment and control) do not differ systematically at the outset of the experiment, any difference that subsequently arises between **them can be attributed to the program/policy/intervention rather than to other factors.**

*Example:*

The effect of multimedia education for children with asthma. A control group of pediatric patients with asthma was given standard asthma educational resources, while the experimental group of pediatric patients with asthma was given standard resources plus multimedia resources. **The study found a reduction in daily symptoms**, in emergency room visits, in school days missed, and in days of limited activity in the group given multimedia education resources.

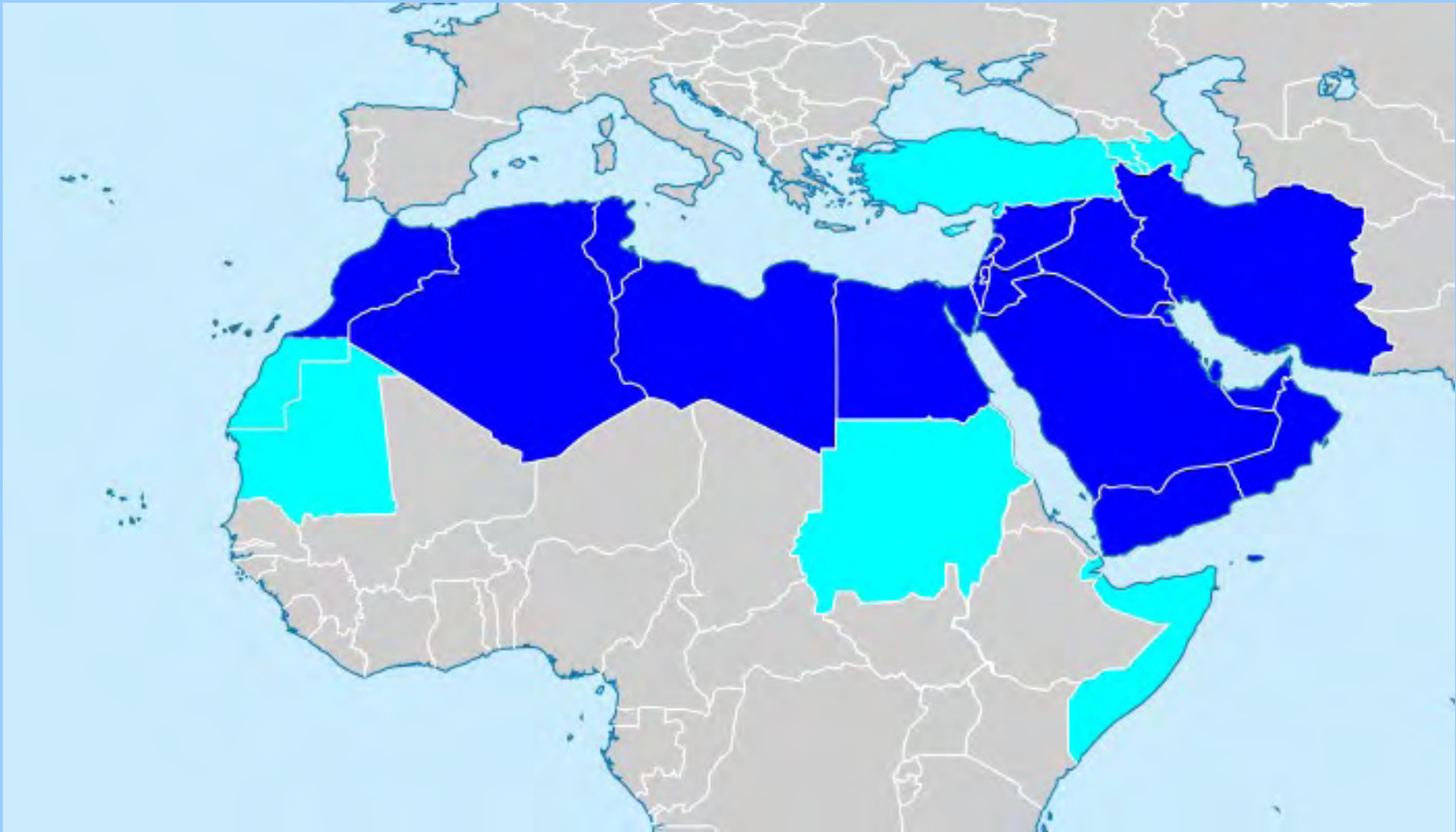
[Krishna, S., Balas, E. A., Francisco, B. D., & König, P. \(2006\). Effective and sustainable multimedia education for children with asthma: A randomized controlled trial. \*Children's Health Care, 35\(1\), 75-90.\*](#)

# Steps in Conducting a Random Experiment

1. Design the study carefully
2. Randomly assign people to treatment or control
3. Collect baseline data
4. Verify that assignment looks random
5. Monitor process so that integrity of experiment is not compromised

## **2. The MENA Region**

# The MENA Region





# The Mediterranean Region



# Europe and the Mediterranean Region



# The Countries of the MENA Region



# Mediterranean Area: Where Continents Meet

- The Middle East is not a geographical region, like Africa, Asia, or Europe.
- Geographically, it denotes an area in which Africa, Asia, and Europe interconnect.



# Middle East? or Near East? or Southwest Asia? or....?



# Soft and Shifting Boundaries

- There are no natural borders that delineate the boundaries of the Middle East.
- Egypt, Iran, Sudan, Turkey, North Africa are disputed parts of the region.



# The Middle East

- In fact the boundaries of the Middle East are political, and they have been shifting overtime.
- Islam is the common thread that joins Middle Eastern Countries together.



# The MENA Region

The term is used by the World Bank and covers an extensive region and several countries extending from Morocco to Iran, including the majority of both the Middle Eastern and Maghreb countries. The term is roughly synonymous with the term the Greater Middle East (which is also taken to include Afghanistan).

The population of the MENA region at its least extent is about **381 million people, about 6% of the total world population.** At its greatest extent, its population is roughly 523 million.



# The MENA Region



# Classification of MENA and Mediterranean Countries

The diversity of the MENA region could be segmented in many different ways. Two of the most notable defining characteristics among MENA countries are the availability of oil resources and the size of their native populations. MENA countries can be classified in three main groups according to Population and Hydrocarbon Resources:

**Resource-rich, labor-abundant countries are producers and exporters of oil and gas** and have large native populations, which represent almost the totality of their residents. This group of countries includes **Algeria, Iraq, Syria, and Yemen.**

**Resource-rich, labor-importing countries are producers and exporters of oil and gas** and have large shares of foreign or expatriate residents, who represent a significant percentage of the total population, even the majority in some cases. This group of countries comprises the Gulf Cooperation Council (GCC) members (**Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates**) and **Libya.**

**Resource-poor countries are small producers or importers of oil and gas.** These countries include **Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Tunisia, and the Palestinian Authority.**

*Source: Adapted from World Bank (2007)*

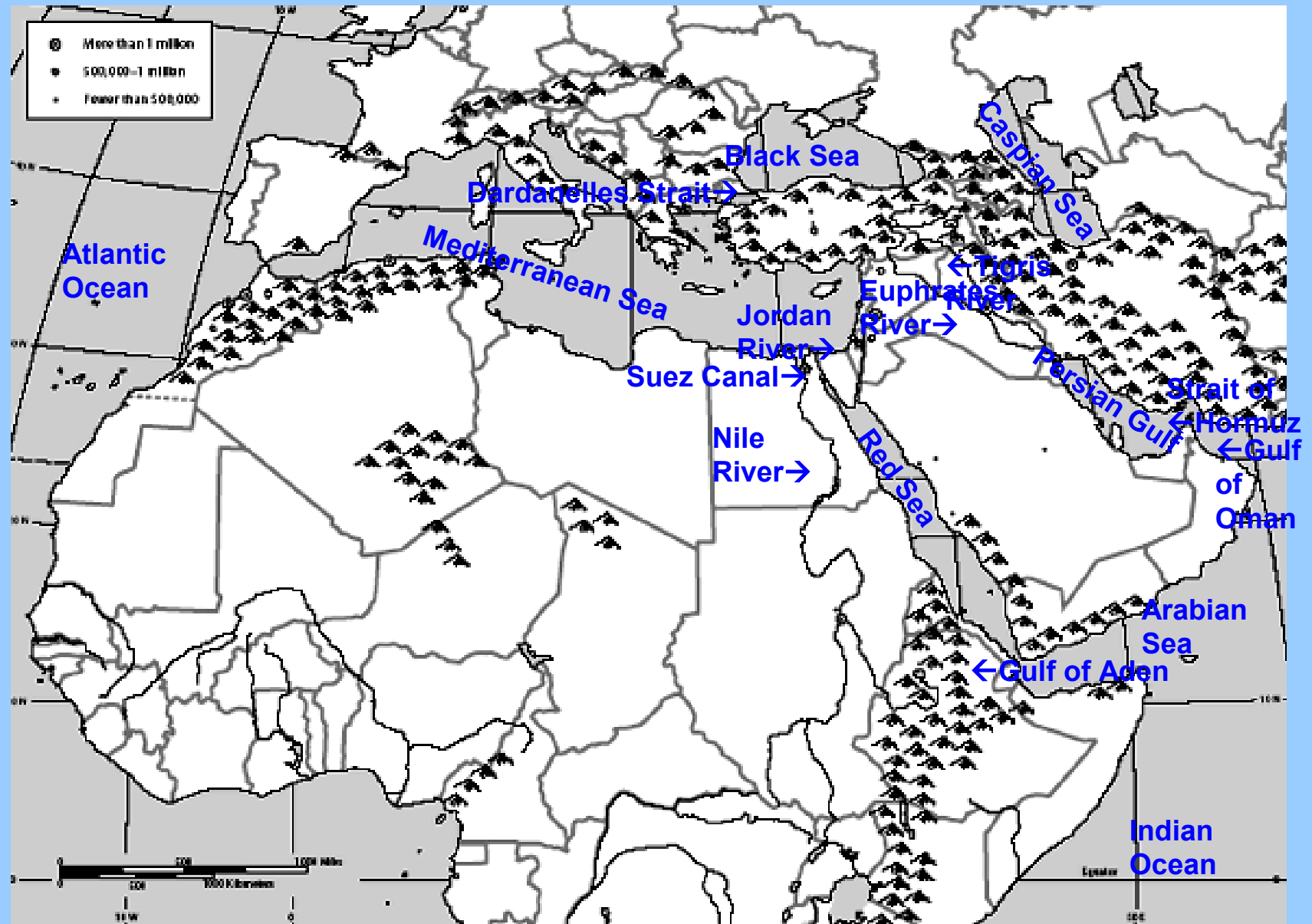
# Classification of MENA and Mediterranean Countries

<b>MENA</b>	<b>ME Lo Inco</b>						
Albania							
Algeria							

# 3. The Geography of the Mena Region

Thanks to Susan M. Pojer  
Horace Greeley HS  
Chappaqua, NY

# Bodies of Water



# The Mighty Nile River:

*“Longest River in the World”*



The Landsat image (left) shows the Nile flowing into its delta. An outline of the continental United States (right) shows the length of the Nile's course. The actual length of the Nile with all its twists and turns is more than 4,100 miles.



# Egypt: *The “Gift of the Nile”*

**Nile  
Delta**



**Annual Nile  
Flooding**



**95% of the  
Egyptian people  
live on 5% of the  
land!**

# Aswan High Dam, Egypt



The High Dam was constructed between 1960 and 1970, following the Egyptian revolution of 1952. It was key to control floods, provide water for irrigation and generate hydroelectric power. It was pivotal to Egypt's [economy and culture of Egypt.](#)

**Hydroelectric  
Power Plant**





# Suez Canal



**Completed by the British in 1869**

# The Tigris & Euphrates River System



**Mesopotamia:**

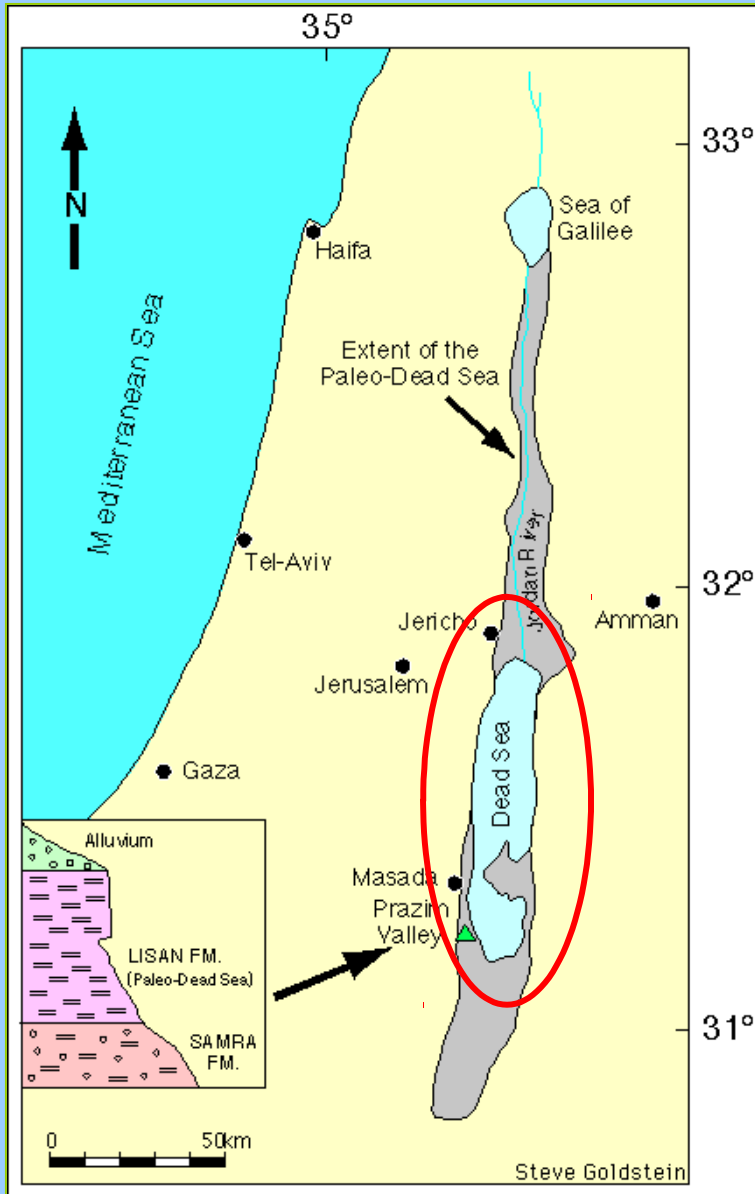
*”Land Between the Two Rivers”*

# The Jordan River System: Israel & Jordan--A Fight Over Water Rights?

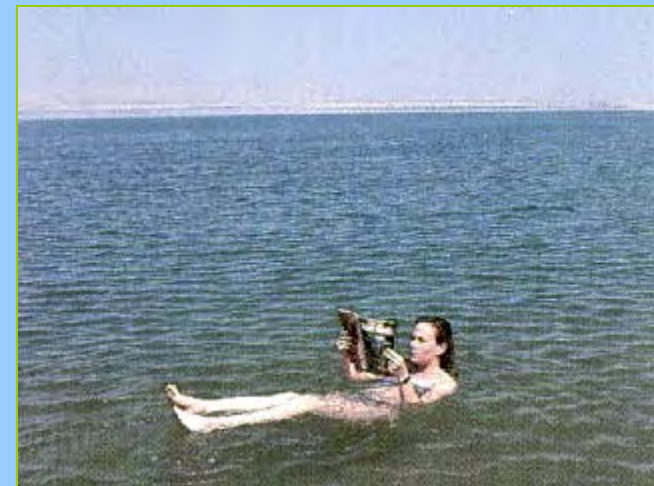


# Dead Sea: Lowest Point on Earth

2,300' below sea level

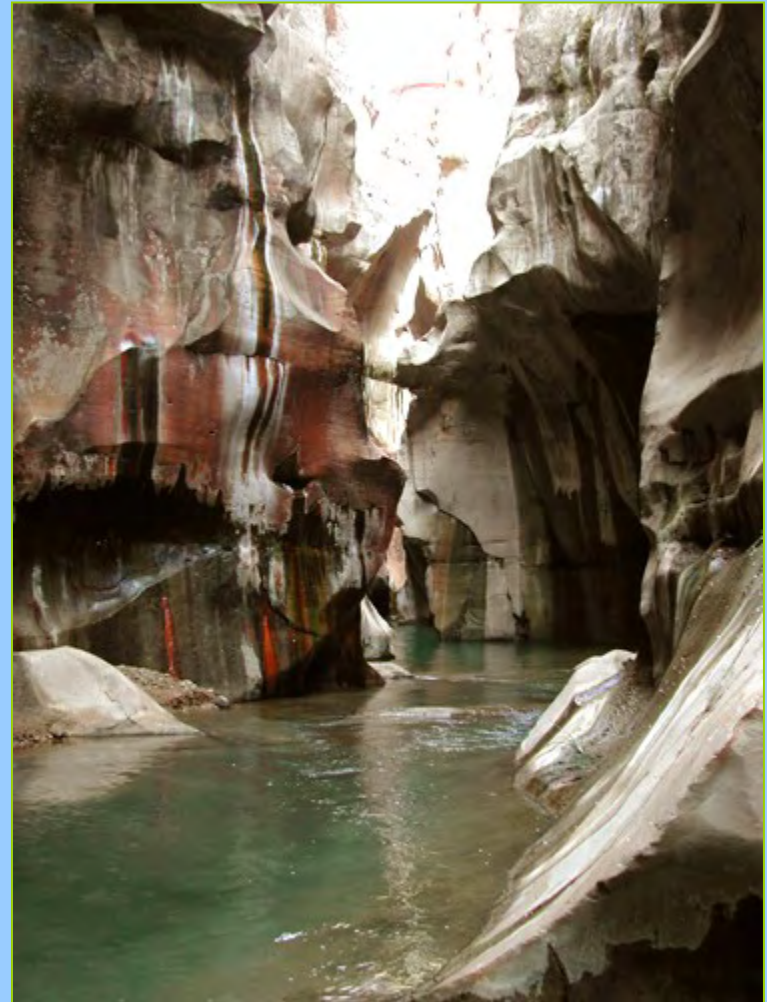


Highest  
Salt  
Content  
(33%)

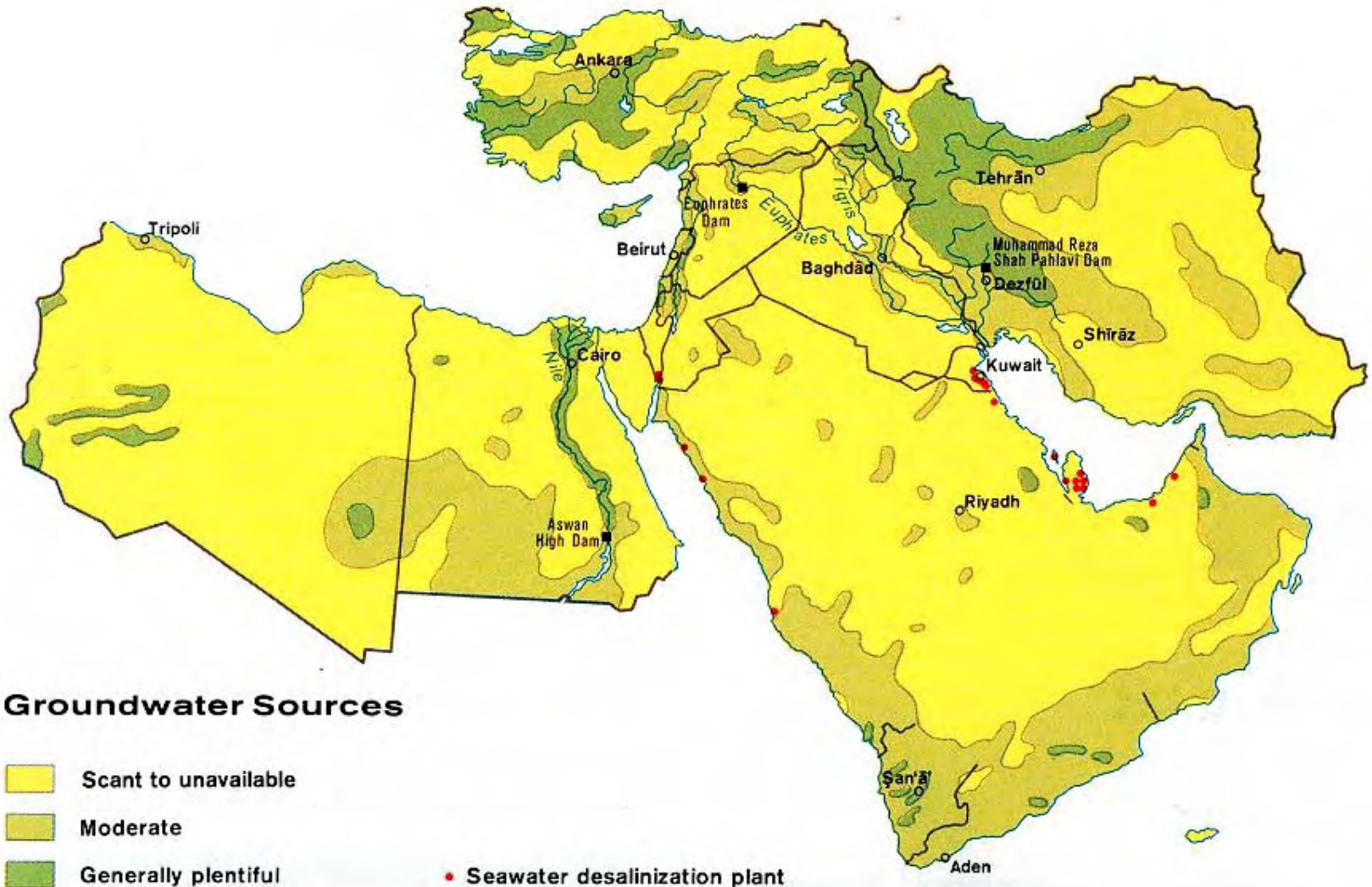


# *Wadis* – Instant Springs

Bed or valley of a stream in regions of southwestern Asia and northern Africa that is usually dry except during the rainy season and that often forms an oasis



# Fresh Groundwater Sources



# Desalinization Plants



# Water Scarcity

Given its relative scarcity, water has always been a source of opportunities and risks in the Middle East and North Africa region. For millennia, investments and innovations in water management have contributed to social and economic development and to extraordinary accomplishments, facilitated by secure water supplies and irrigated agriculture.

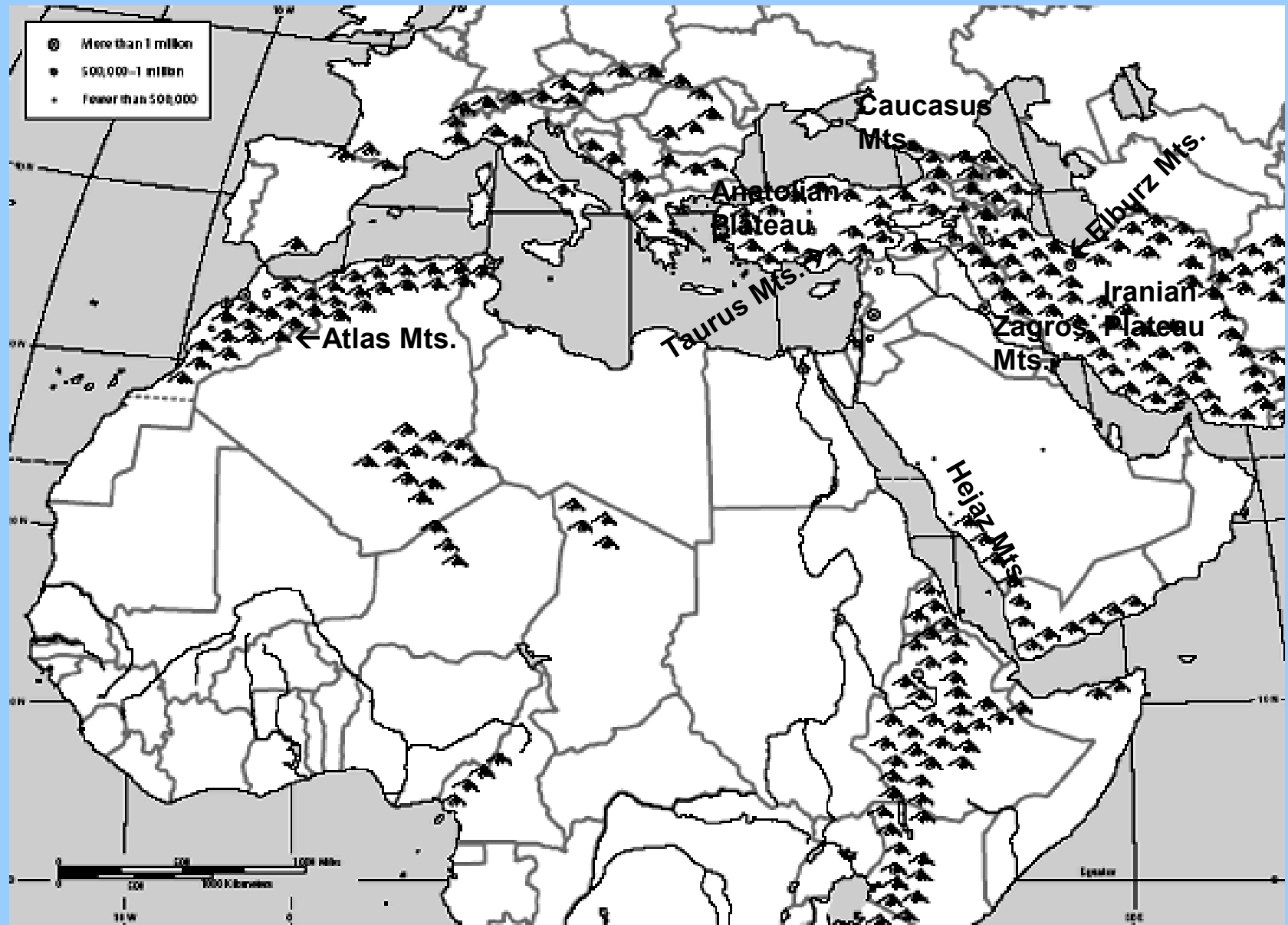
One might wonder: What makes today's water challenges different from a decade or even a century ago? And how can water security contribute to the region's economic, social, and environmental well-being, and its path to peace and stability?

The answer to these questions lies in the rapid evolution of the Middle East and North Africa's socioeconomic, environmental, and political context.

- This context is characterized by **high rates of population growth, about 2 percent annually, and particularly the expansion of cities**, with the region's urban population expected to double by 2050, to nearly 400 million.
- Increasing consumption, paired with undervalued water, inadequate governance arrangements, and weak enforcement is leading to the **depletion of water resources**—especially groundwater—at an unprecedented rate. Unmanaged trade-offs in the water-energy-food nexus are also contributing to an overexploitation of water resources.
- Climate change poses another set of pressures on this rapidly evolving context. The negative impacts of climate change on water availability call for urgent action to allocate and use water more wisely. Climate change is also bringing about more frequent and severe climatic events.



# Mountains & Plateaus



# Mountain Ranges in Mid-East



**Elburz Mts., Iran**



**Zagros Mts., Iran**

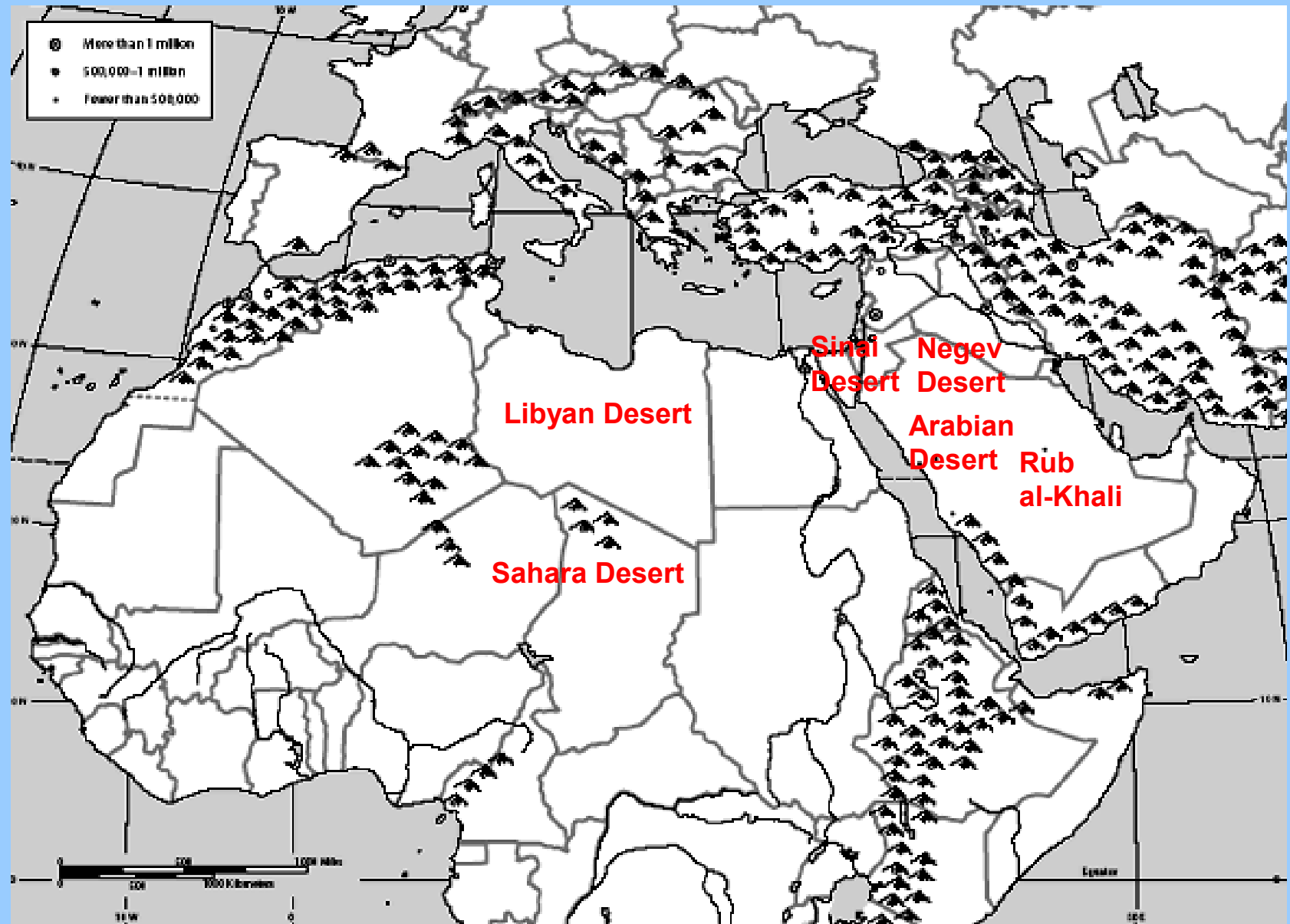


**Lebanese Mts.**

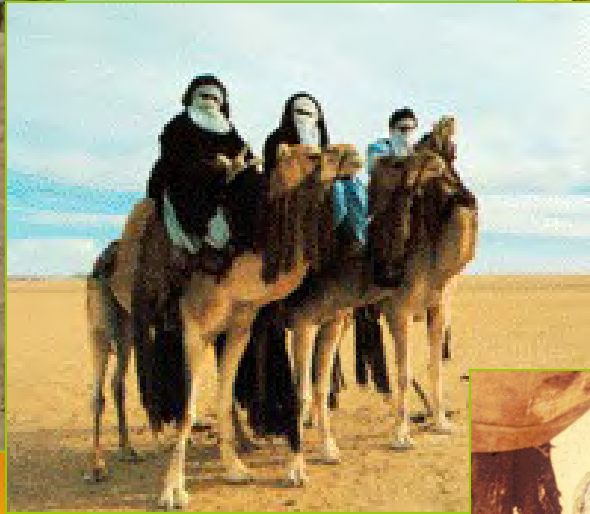


**Taurus Mts., Turkey**

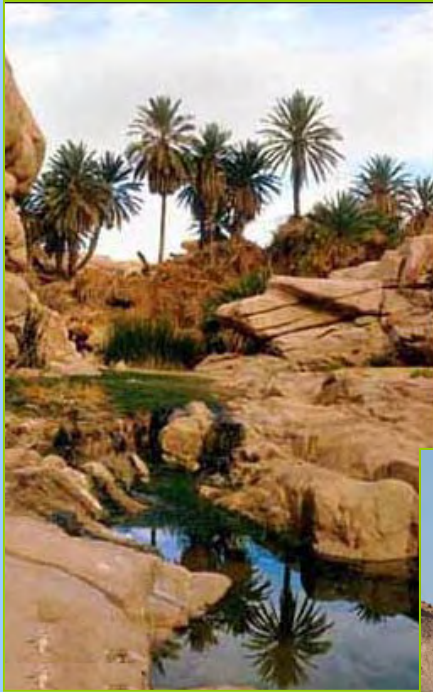
# Deserts



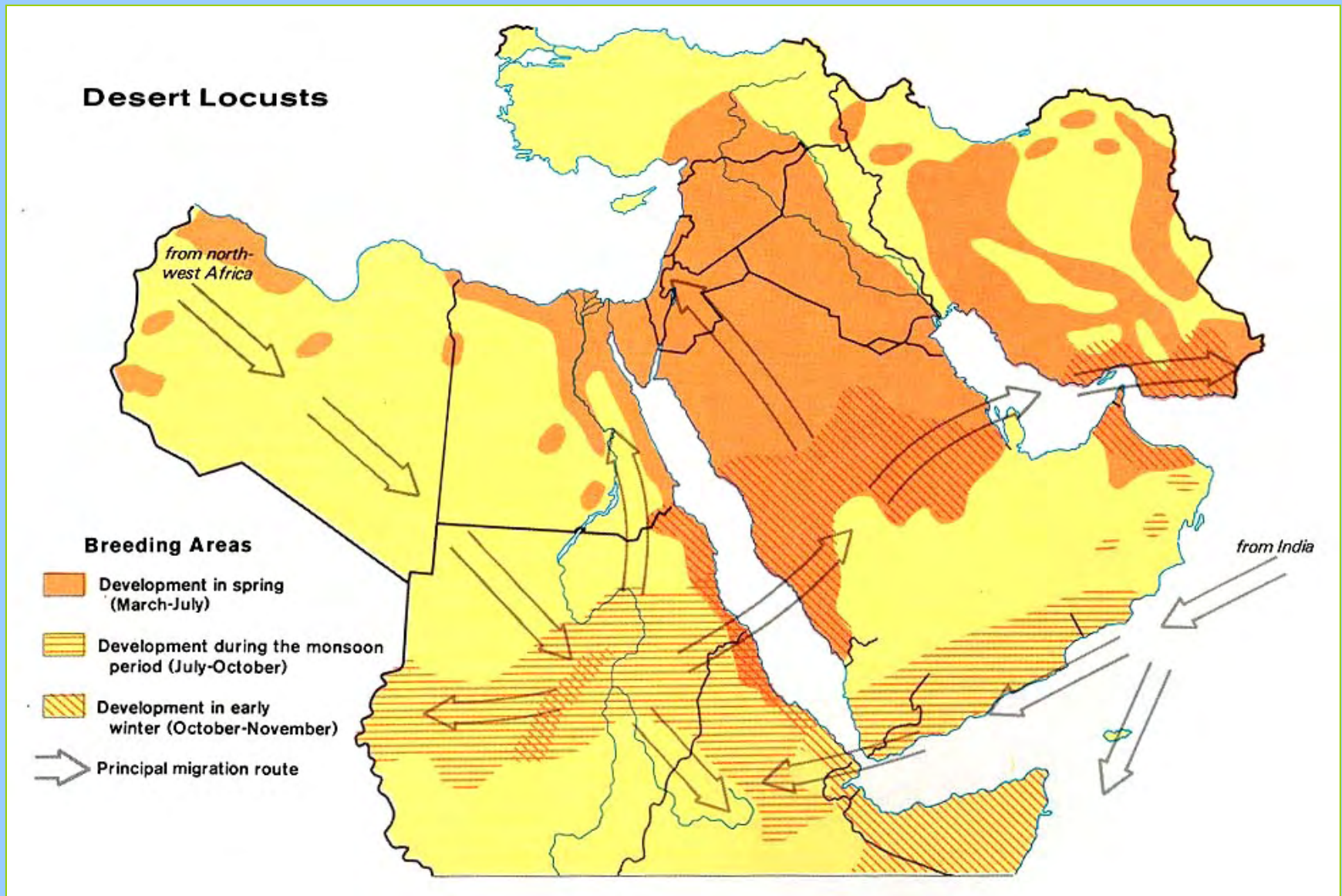
# Desert Bedouins



# Desert Oases: Water at Premium!



# Breeding Areas of Desert Locusts



# **Swarms of Desert Locusts!**



**Locusts Swarm the  
Pyramids Complex  
at Giza!**

**Israel Hit By Worst  
Locust Plague Since the  
1950s!**



# Rub al-Khali: “The Empty Quarter”

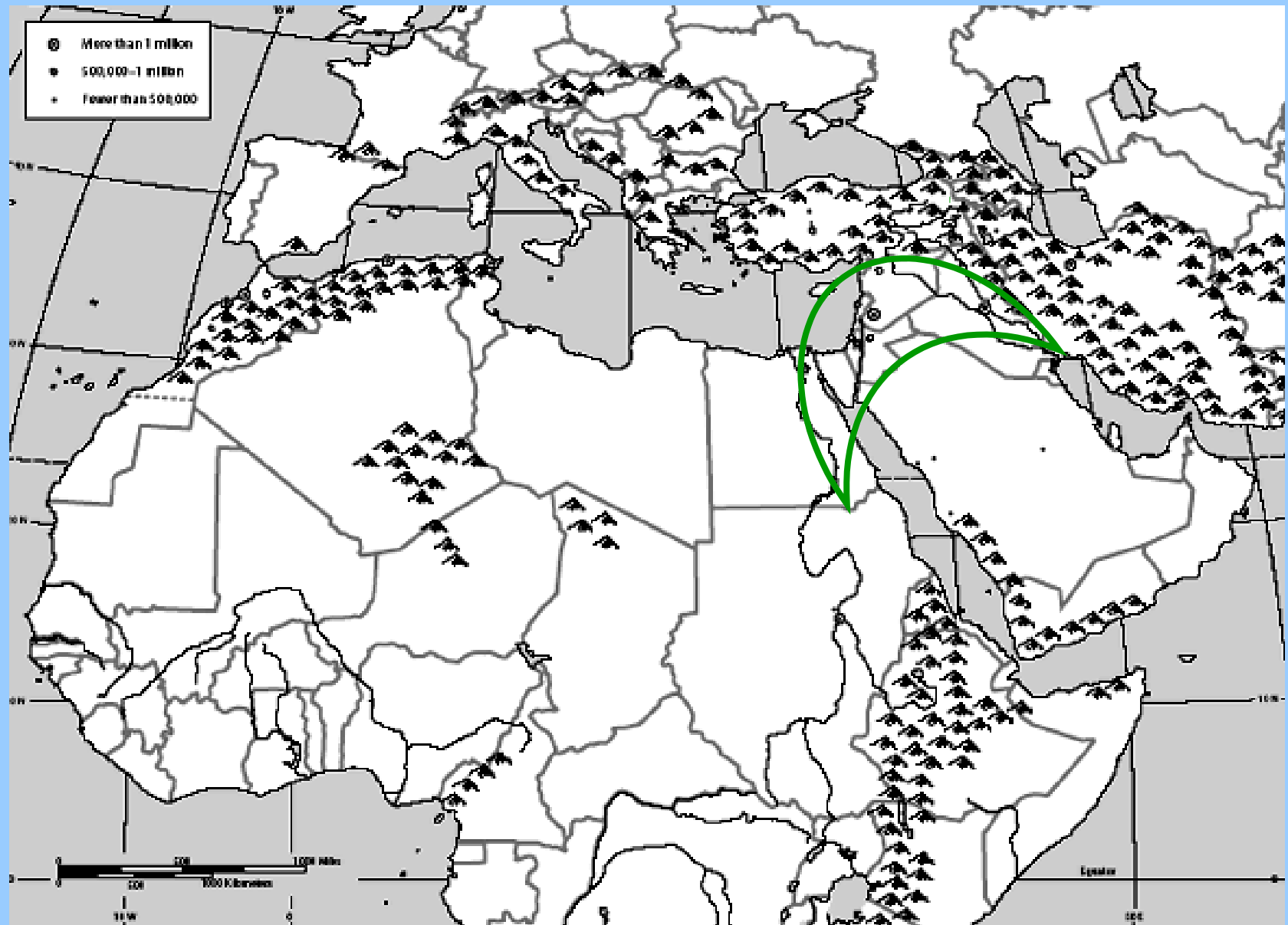


The terrain is covered with sand dunes with heights up to 250 metres. The sand is a reddish-orange color due to the presence of feldspar, an abundant rock-forming mineral typically occurring as colourless, or pale-coloured crystals and consisting of aluminosilicates of potassium, sodium, and calcium.



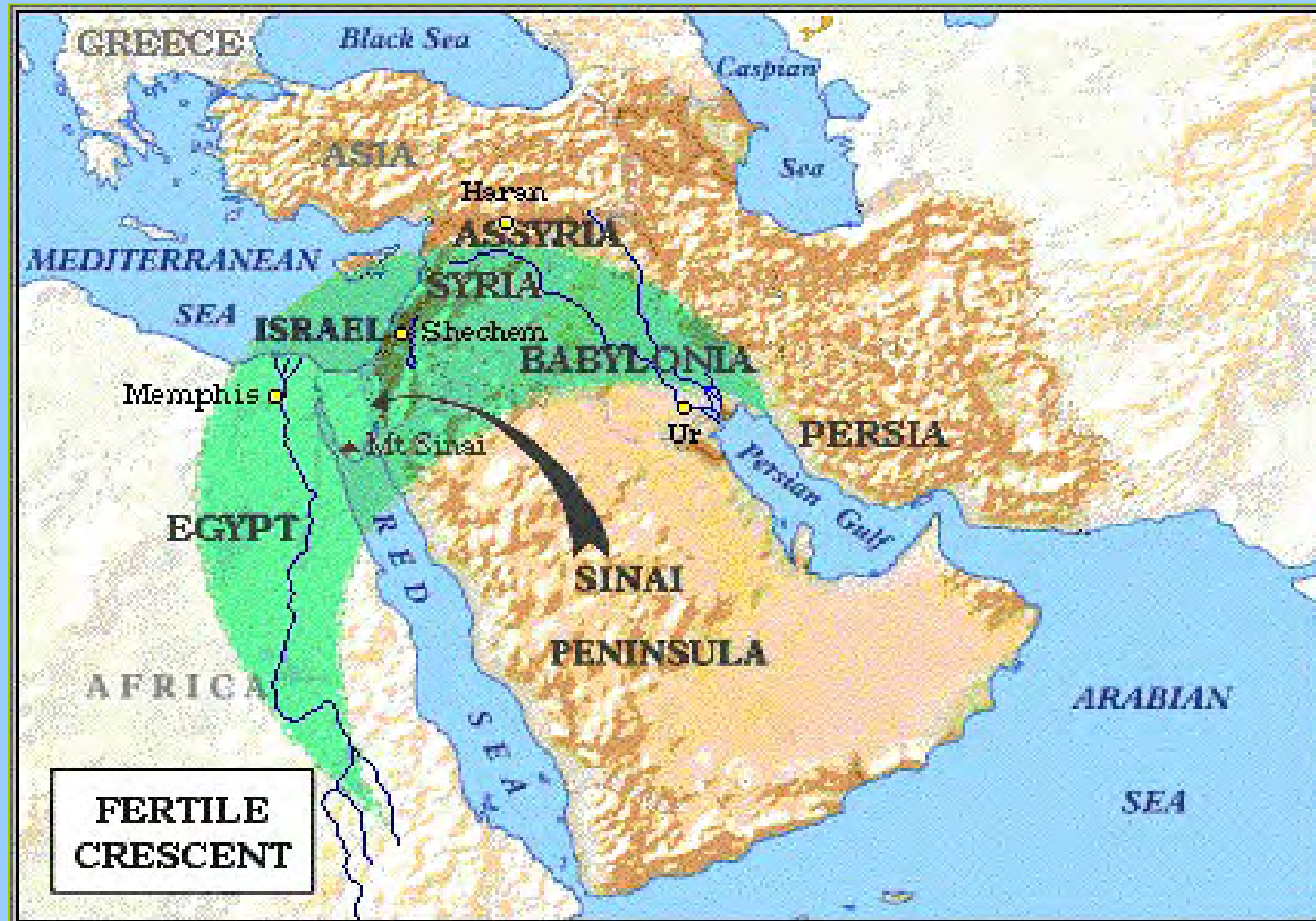


# Fertile Crescent

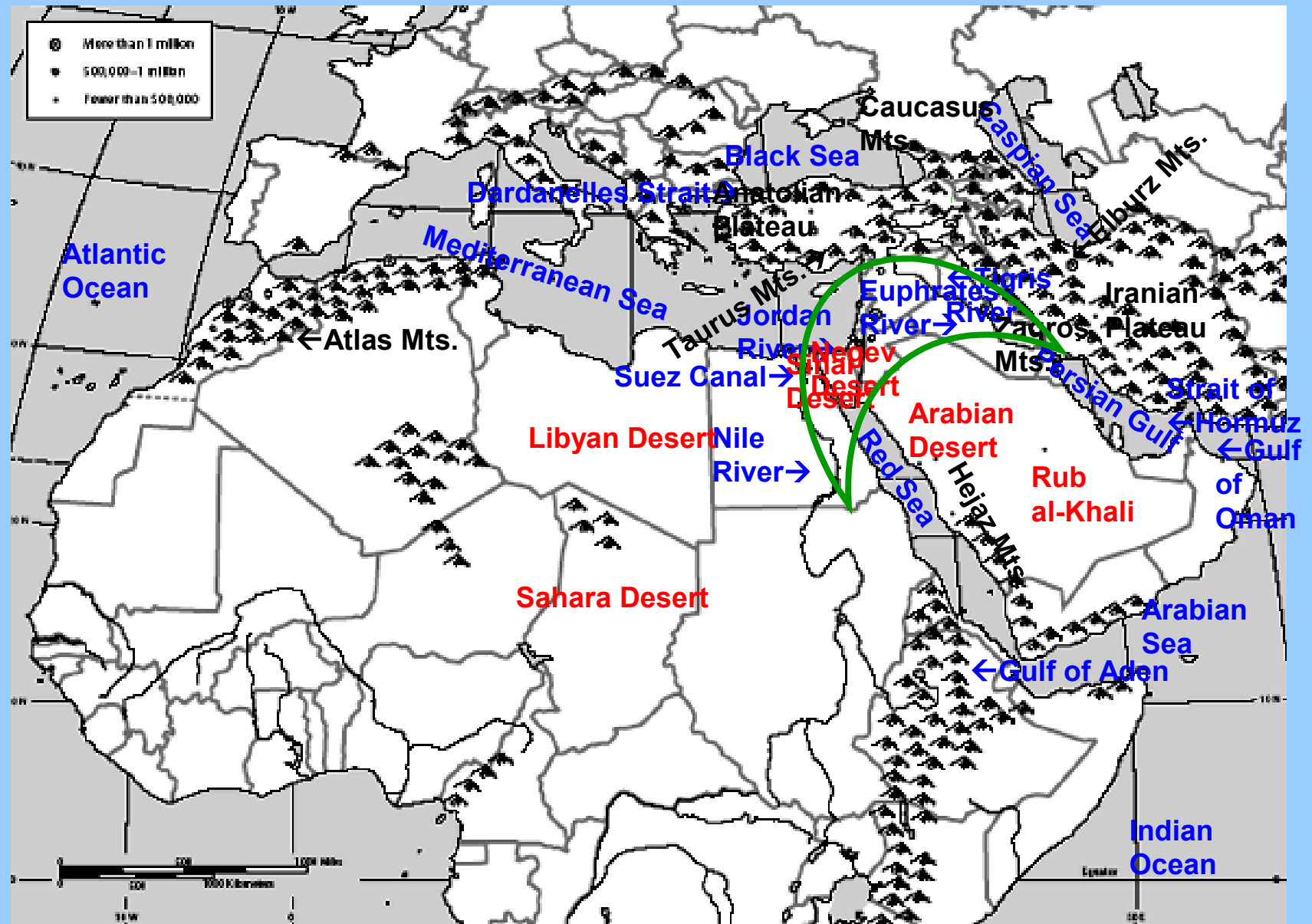


# The Fertile Crescent

The Fertile Crescent is a **crescent-shaped region of the Middle –East**, which curves like a quarter-moon shape containing the comparatively moist and fertile land of otherwise arid and semi-arid Western Asia, the Nile Valley and Nile Delta of northeast Africa. It is **where the civilizations of the Middle East and the Mediterranean basin began**.



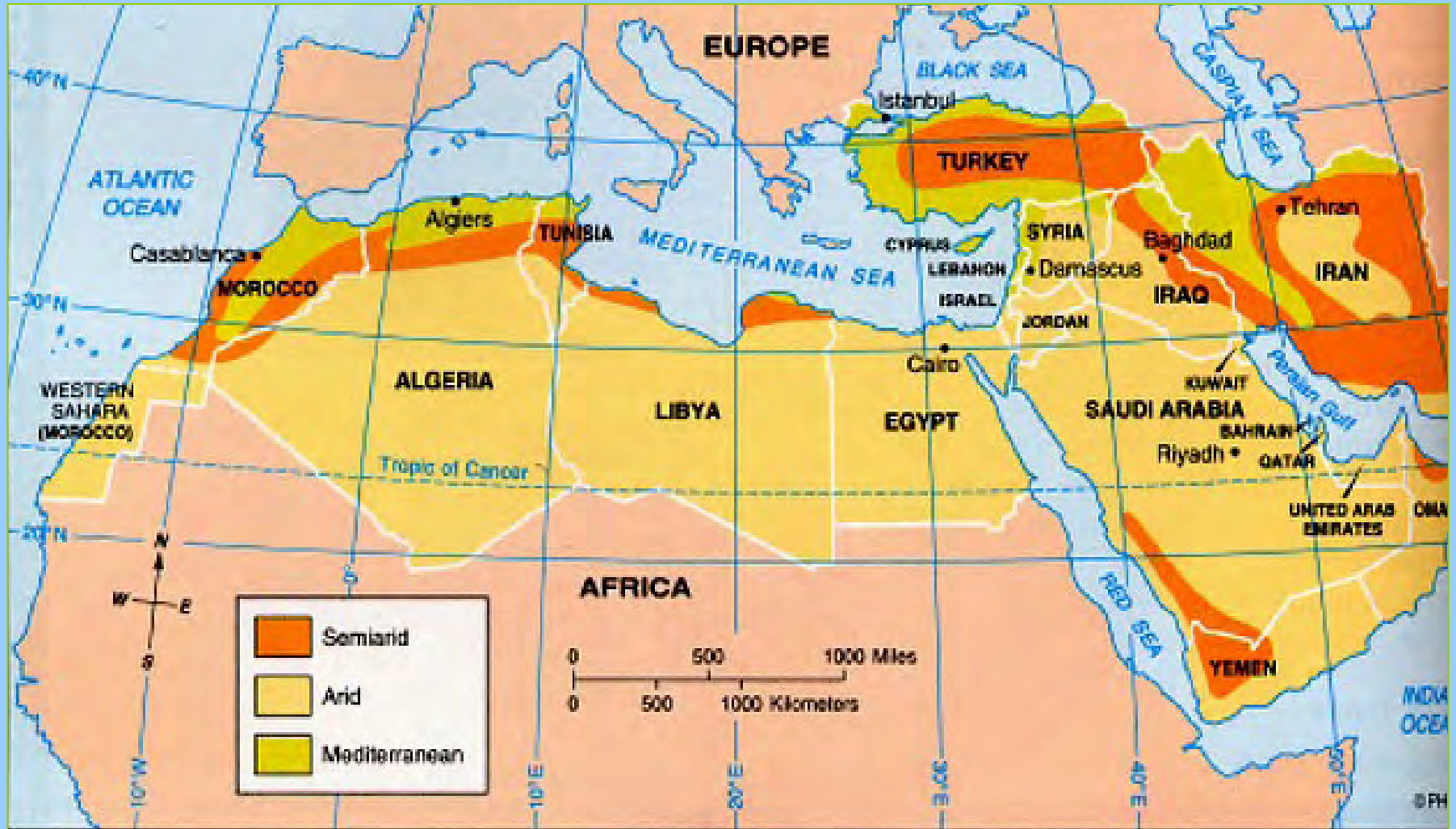
# Completed Map



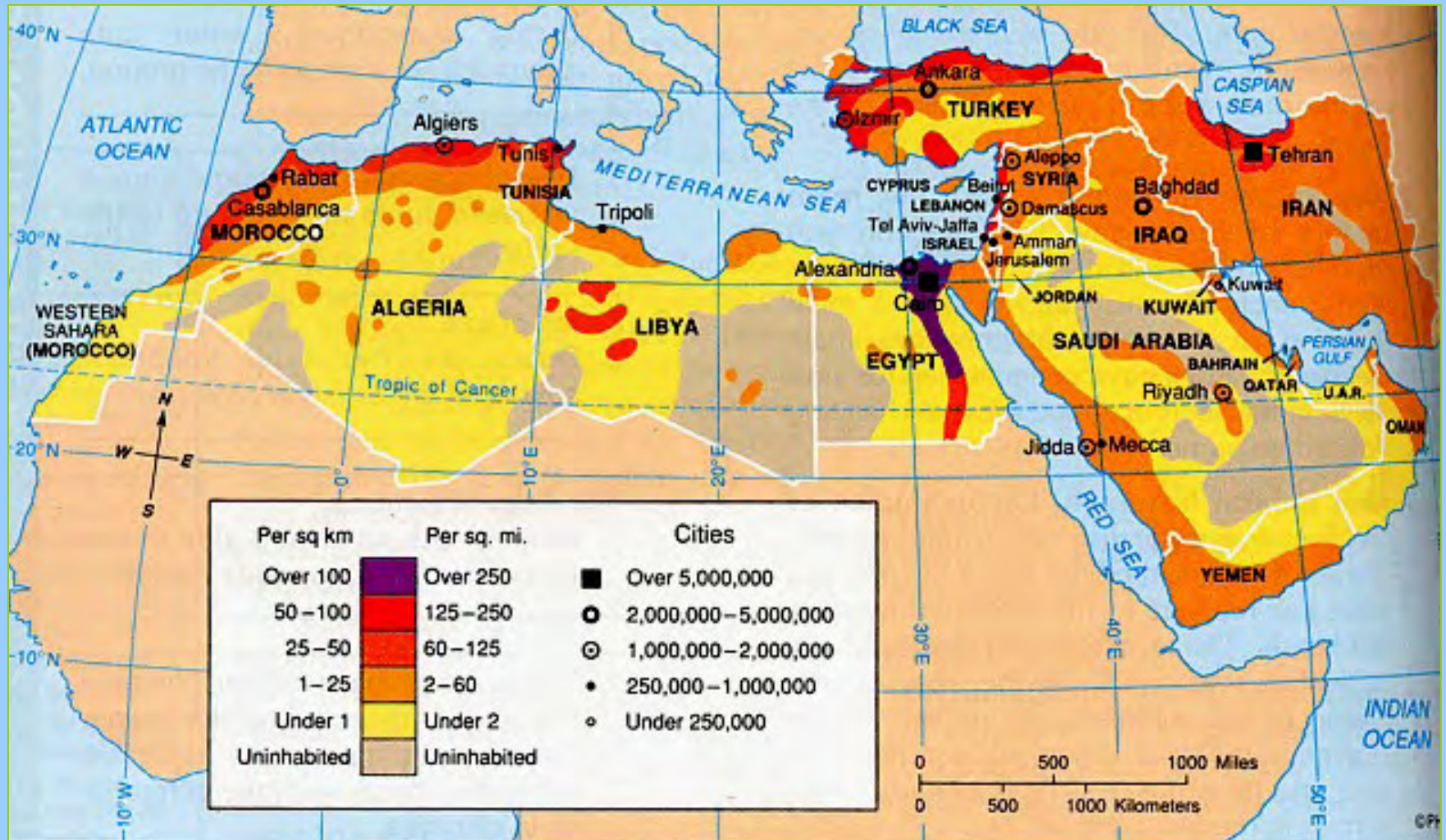
# The Middle East and the Latitude Lines



# Middle East: Climate Regions



# Middle East: Population Density



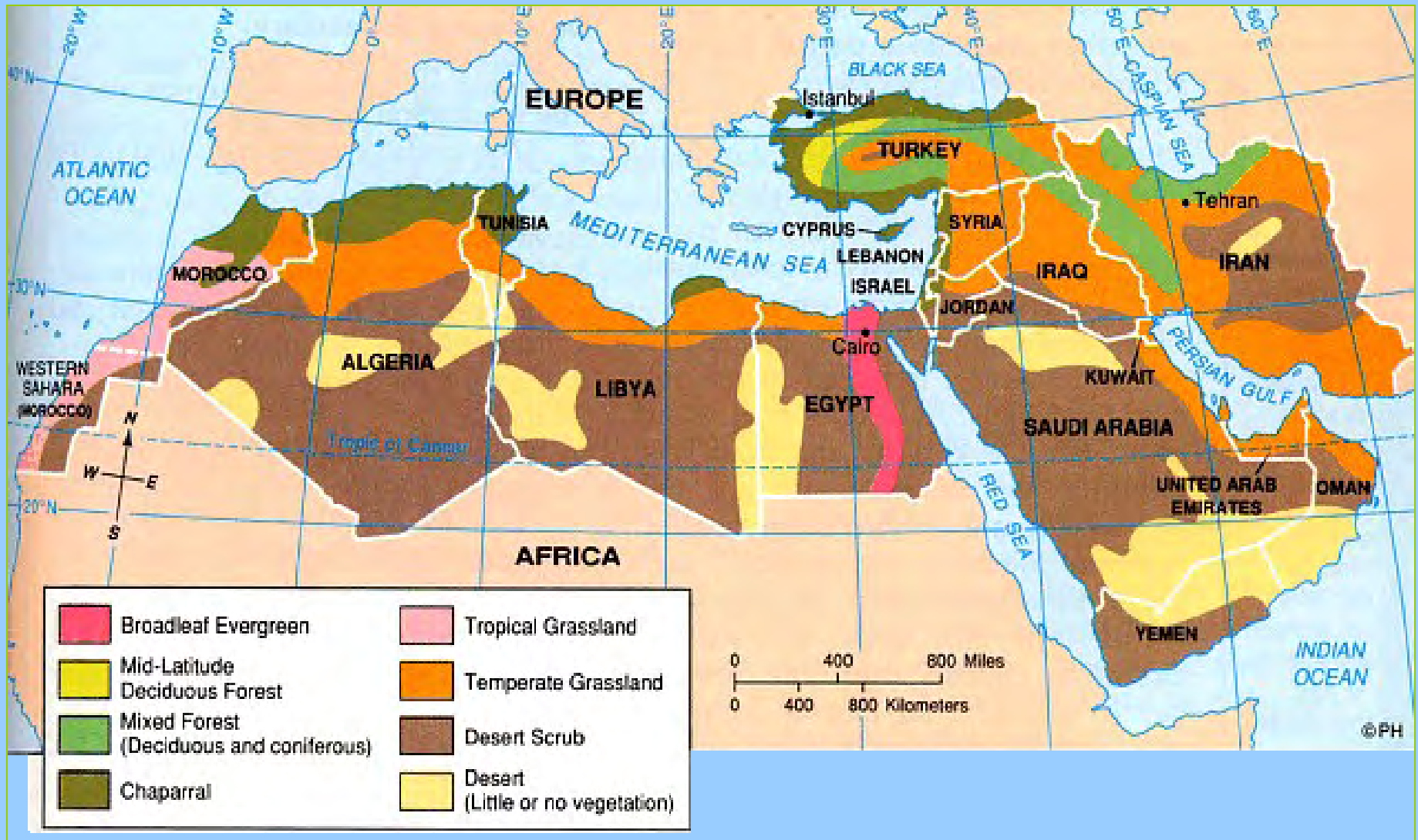
# Cairo, Egypt: the Most Populated City in the Middle East



**17,000,000+  
People!**

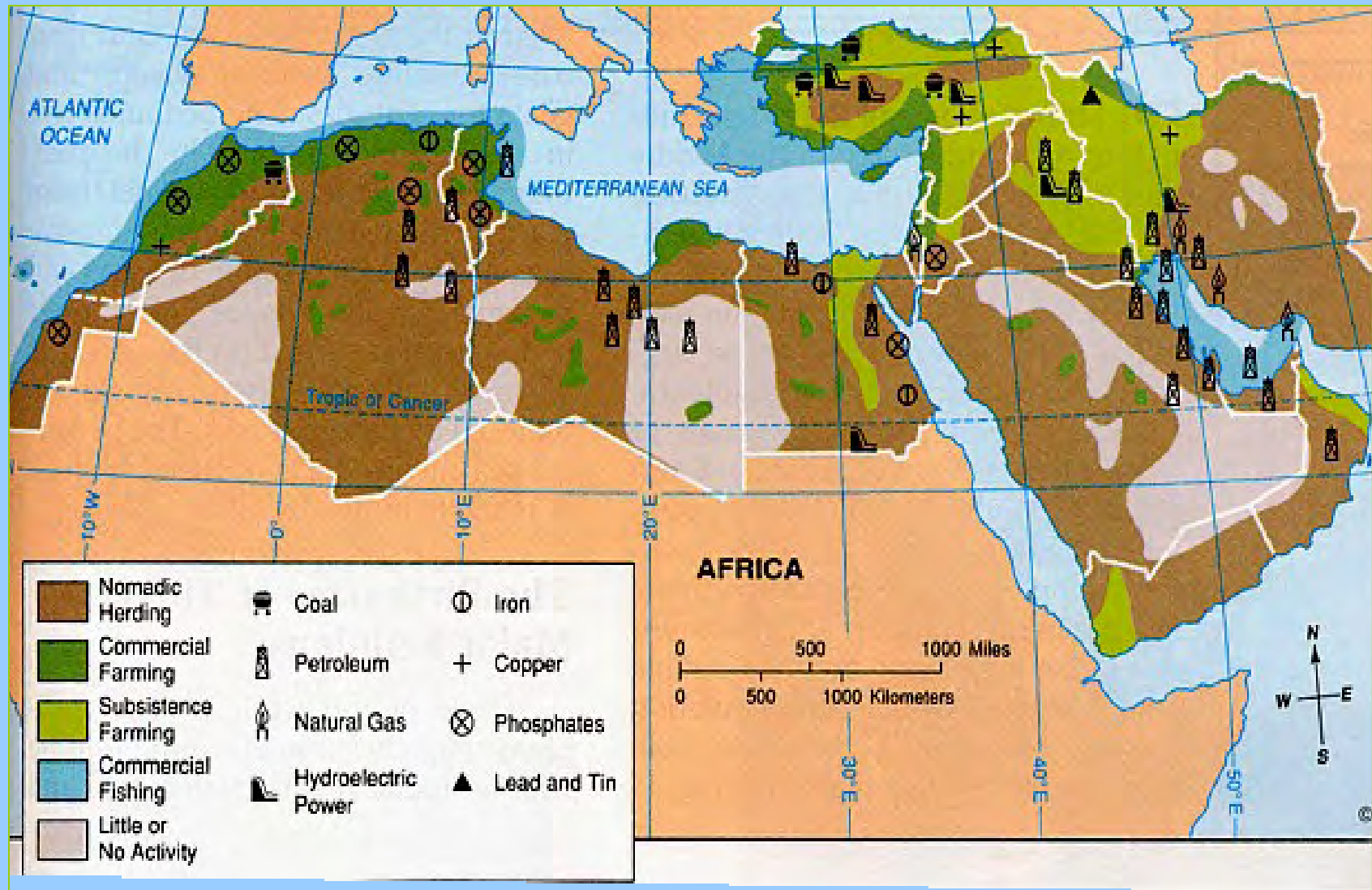


# The Middle East: Natural Vegetation





# The Natural Resources of the Middle East



# Saudi Oil Fields & Refineries



# Kuwait: *An Island Floating on a Sea of Oil*



**Kuwait  
t  
City**



# 4. History

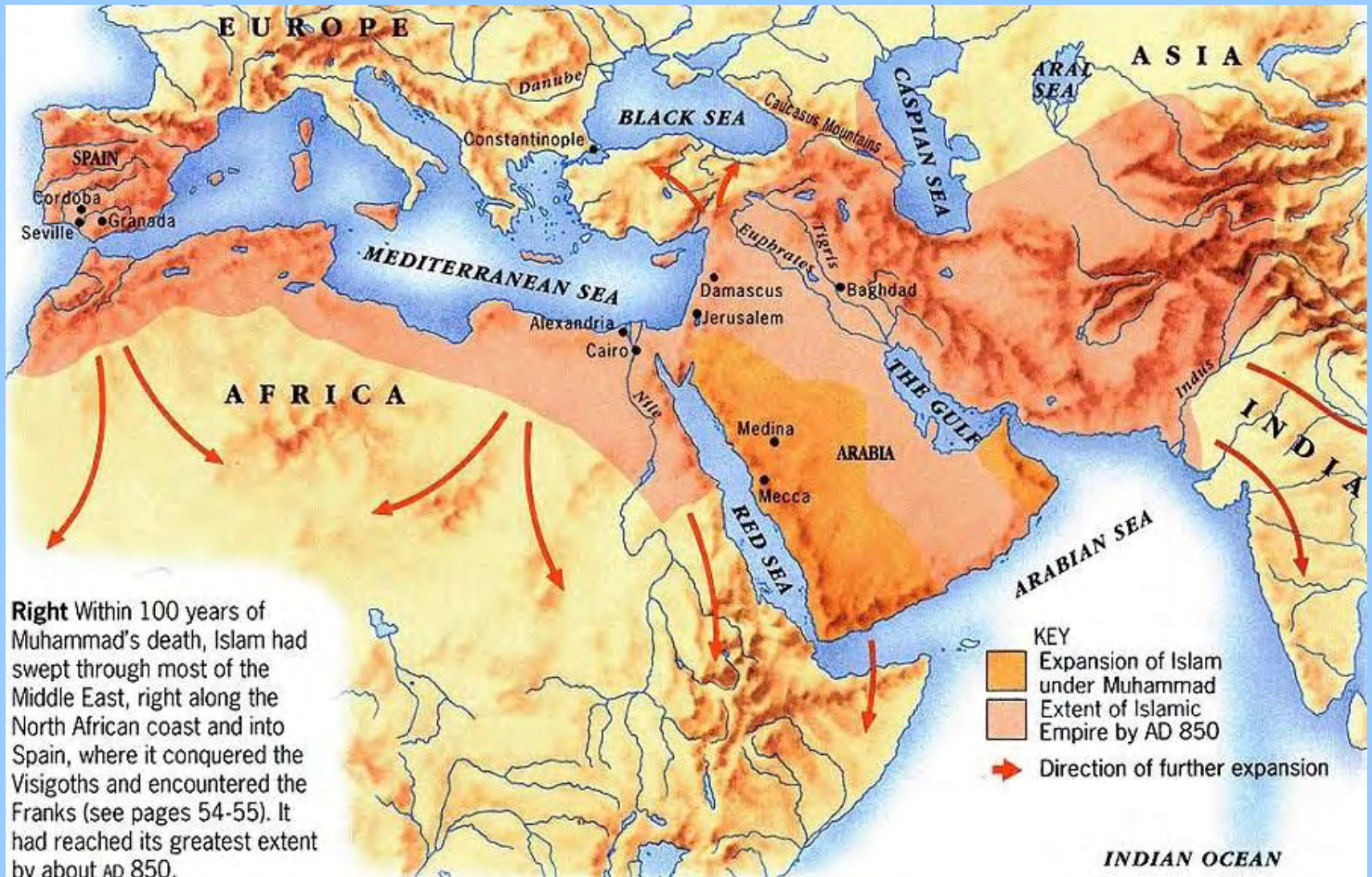
# Videos

- Origins of Israel Palestinian Conflict:  
<https://www.youtube.com/watch?v=wb6IiSUXpgw>
- Promises and Betrayals - Middle East - History Channel Documentary:  
<https://www.youtube.com/watch?v=JW2sm0iR0E8>
- Bernard Lewis on the Middle East 2011  
<https://search.yahoo.com/search?ei=utf-8&fr=aaplw&p=video+you+tube+book+lewis+middle+east>
- Bernard Lewis reflections on the Middle East- June 21, 2012  
[https://video.search.yahoo.com/video/play;\\_ylt=A2KLqIMqu.dUznoAMLz7w8QF;\\_ylu=X3oDMTByZjF2ZHFmBHNIYwNzcgRzbGsDdmlkBHZ0aWQDBGdwb3MDNw--?p=youtube+Lewis+Reflections+Middle+East&vid=fec0683d0646dd856e7e19a2988ec1b&l=56%3A22&turl=http%3A%2F%2Fts1.mm.bing.net%2Fth%3Fid%3DVN.608027418077432628%26pid%3D15.1&rurl=https%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3D43CSjiEoZZU&tit=Notes+on+a+Century%3A+Reflections+of+a+Middle+East+Historian%2C+June+21%2C+2012&c=6&sigr=11bfvclda&sig=1291o2rct&sigi=11r9sig65&age=1354042466&fr2=p%3As%2Cv%3Av&fr=aaplw&tt=b](https://video.search.yahoo.com/video/play;_ylt=A2KLqIMqu.dUznoAMLz7w8QF;_ylu=X3oDMTByZjF2ZHFmBHNIYwNzcgRzbGsDdmlkBHZ0aWQDBGdwb3MDNw--?p=youtube+Lewis+Reflections+Middle+East&vid=fec0683d0646dd856e7e19a2988ec1b&l=56%3A22&turl=http%3A%2F%2Fts1.mm.bing.net%2Fth%3Fid%3DVN.608027418077432628%26pid%3D15.1&rurl=https%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3D43CSjiEoZZU&tit=Notes+on+a+Century%3A+Reflections+of+a+Middle+East+Historian%2C+June+21%2C+2012&c=6&sigr=11bfvclda&sig=1291o2rct&sigi=11r9sig65&age=1354042466&fr2=p%3As%2Cv%3Av&fr=aaplw&tt=b)
- Noam Chomsky on the Middle East 2013  
[https://video.search.yahoo.com/video/play;\\_ylt=A2KLqIL1uudUa1kAWbz7w8QF;\\_ylu=X3oDMTBzM3UzBjRzBHNIYwNzcgRzbGsDdmlkBHZ0aWQDBGdwb3MDMTA-?p=youtube+Lewis+Reflections+Middle+East&vid=79ab2cc62e3bbc66464dd6ed00f46ff3&l=1%3A03%3A05&turl=http%3A%2F%2Fts1.mm.bing.net%2Fth%3Fid%3DVN.608001536611582232%26pid%3D15.1&rurl=htttps%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3DnZ0VzkahoGE&tit=Noam+Chomsky%3A+Edward+W+Said+Lecture%3A+Violence+and+Dignity+--+Reflections+on+the+Middle+East&c=9&sigr=11blbpeck&sig=12ri4q8vn&sigi=11r897a26&age=1364024463&fr2=p%3As%2Cv%3Av&norw=1&fr=aaplw&tt=b](https://video.search.yahoo.com/video/play;_ylt=A2KLqIL1uudUa1kAWbz7w8QF;_ylu=X3oDMTBzM3UzBjRzBHNIYwNzcgRzbGsDdmlkBHZ0aWQDBGdwb3MDMTA-?p=youtube+Lewis+Reflections+Middle+East&vid=79ab2cc62e3bbc66464dd6ed00f46ff3&l=1%3A03%3A05&turl=http%3A%2F%2Fts1.mm.bing.net%2Fth%3Fid%3DVN.608001536611582232%26pid%3D15.1&rurl=htttps%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3DnZ0VzkahoGE&tit=Noam+Chomsky%3A+Edward+W+Said+Lecture%3A+Violence+and+Dignity+--+Reflections+on+the+Middle+East&c=9&sigr=11blbpeck&sig=12ri4q8vn&sigi=11r897a26&age=1364024463&fr2=p%3As%2Cv%3Av&norw=1&fr=aaplw&tt=b)
- The Islamic State  
<https://www.youtube.com/watch?v=oIm76e1vMv0>
- The Arab Spring  
<http://www.brookings.edu/events/2011/12/13-aron-arab-spring>

# Roman Empire at its greatest extent 117 A.D.



# The Expansion of Islam



**Right** Within 100 years of Muhammad's death, Islam had swept through most of the Middle East, right along the North African coast and into Spain, where it conquered the Visigoths and encountered the Franks (see pages 54-55). It had reached its greatest extent by about AD 850.

# Social Mobility for All

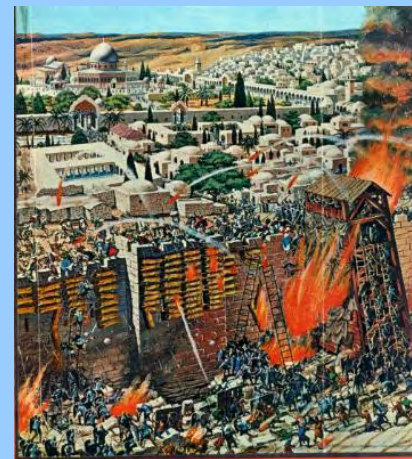
## Moses Maimonides (1135-1204)

The foremost intellectual figure of medieval Judaism, **Moses Maimonides** was born in Cordoba, Spain to an educated, distinguished family. Maimonides began his study of medicine in Fez, Morocco, and later moved to Cairo, Egypt. Soon after their arrival Maimonides' father and brother died, and Maimonides began to practice medicine to support his family. His fame as a physician spread, and he soon became the court physician for Sultan Saladin and his family. Maimonides also lectured at the local hospital, maintained a private practice, and was a **leader in the Jewish community**.

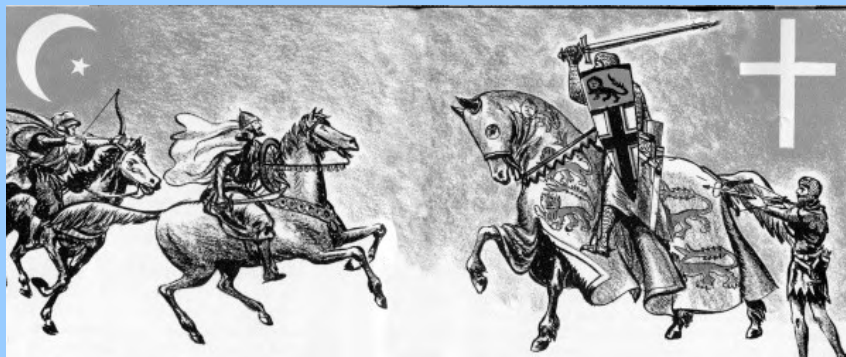
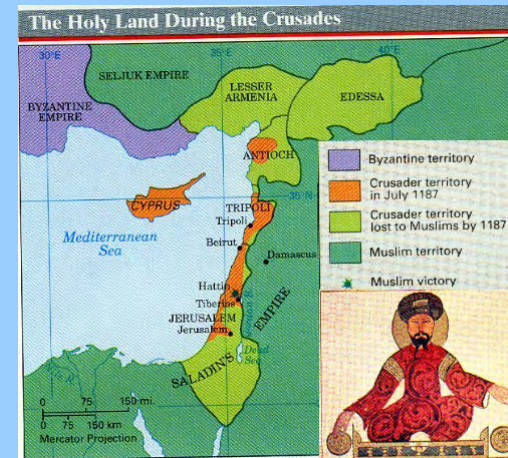


# The Crusades

- A series of four campaigns **between 1096 and 1270** urged by the Pope for recapturing Jerusalem.
- The Crusaders controlled a long strip of land along the Mediterranean (50 miles wide and 500 long).
- The fourth Crusade led to the sacking of Constantinople, and the weakening of the Byzantine Empire.

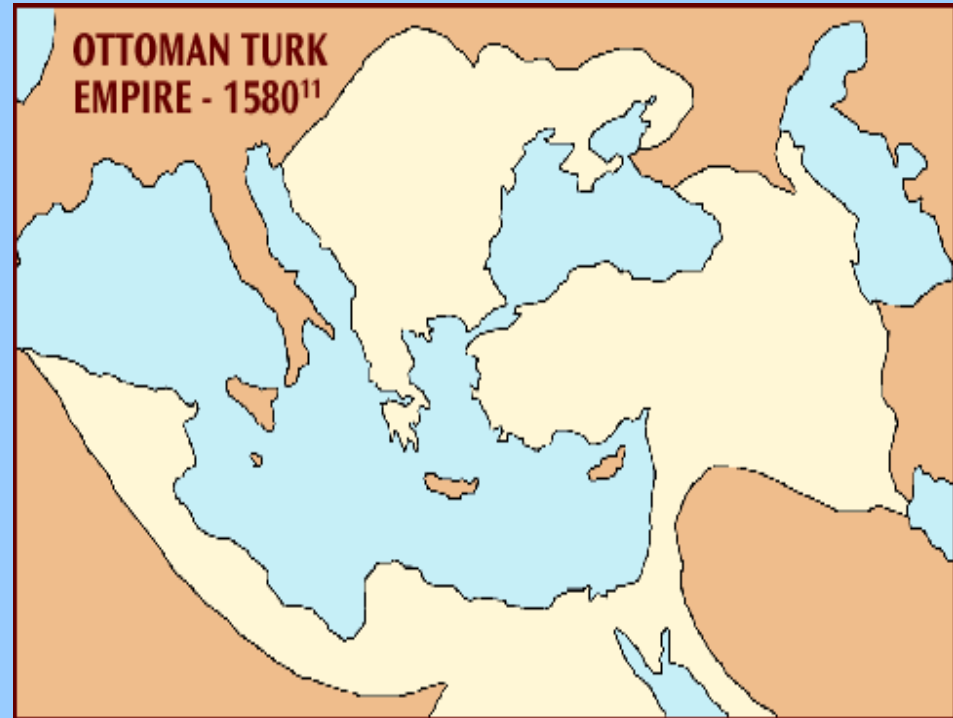


# The Crusades



# Ottoman Empire

- Communal politics – regulated by local courts: the *Millet* System.
- Limited government.
- Strong civil society – civil society institutions funded by foundations (*waqf*).
- Law enacted by civil society.



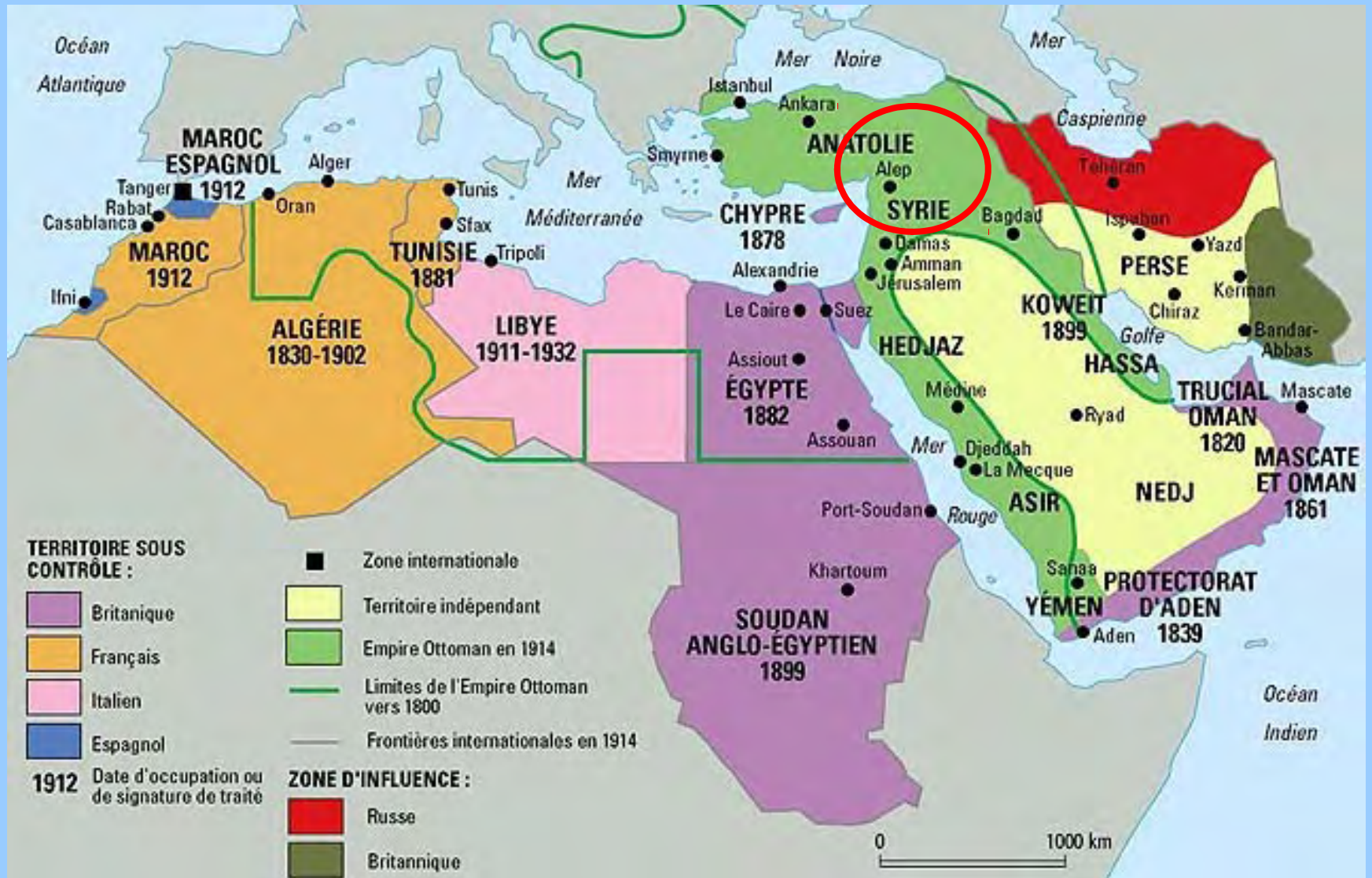
# Ottoman Empire



# Ottoman Empire



# The Middle East in 1914



# The Dismemberment of the Ottoman Empire

- The modernization of the Ottoman Empire.
- Turkification of the Empire.
- Centralization of political authority.
- Arab revolt and the **Sykes-Picot Agreement 1916** between France and UK to **divide the Arab provinces** after the defeat of the Ottoman Empire.



# The United Kingdom and Arab Independence

- The **McMahon–Hussein Correspondence**, or the **Hussein–McMahon Correspondence**, was an exchange of letters (14 July 1915 to 30 January 1916) during [World War I](#), between the [Sharif of Mecca](#), [Husayn bin Ali](#), and [Sir Henry McMahon](#), British [High Commissioner](#) in [Egypt](#), concerning the political status of lands under the [Ottoman Empire](#). The Arab side was already looking toward a large revolt against the Ottoman Empire; the British encouraged the Arabs to revolt and thus hamper the [Ottoman Empire](#), which had become a German ally in the War after November 1914.
- The **letters declared that the Arabs would revolt in alliance with the United Kingdom, and in return the UK would recognize Arab independence.** Later, the 1916 [Sykes–Picot Agreement](#) between France and UK was exposed showing that the two countries were planning to split and occupy parts of the promised Arab country.



# Colonialism after World War I



# Arab-Israel Conflict



## A Modern Conflict rooted in Ancient History

- **According to Jews**, their claim goes back 3,000 years when Jewish (Hebrew) kings first ruled from Jerusalem.
- **According to Palestinians (both Muslim & Christian)**, the land has belonged to them since the Jews were driven out by the Romans in 135 A.D.
- **According to Arabs**, the land has belonged to them since the Mohammed-led conquest of the area in the 7<sup>th</sup> century.

## A Conflict Complicated by Modern Events

- The implications of the Holocaust.
- Geopolitics - increased importance of oil in the Middle East and the political maneuverings in response to this fact.

*“Setting the Stage”*



Two Views of Israel's West Bank Barrier



Map at right: Current nation of Israel and the Palestinian territories it occupies: the Gaza Strip and West Bank

Bottom right: The new “West Bank barrier” being built by Israel.

# The Jews: 1800s – Pogroms (persecutions of Jews) begin in Europe

1894



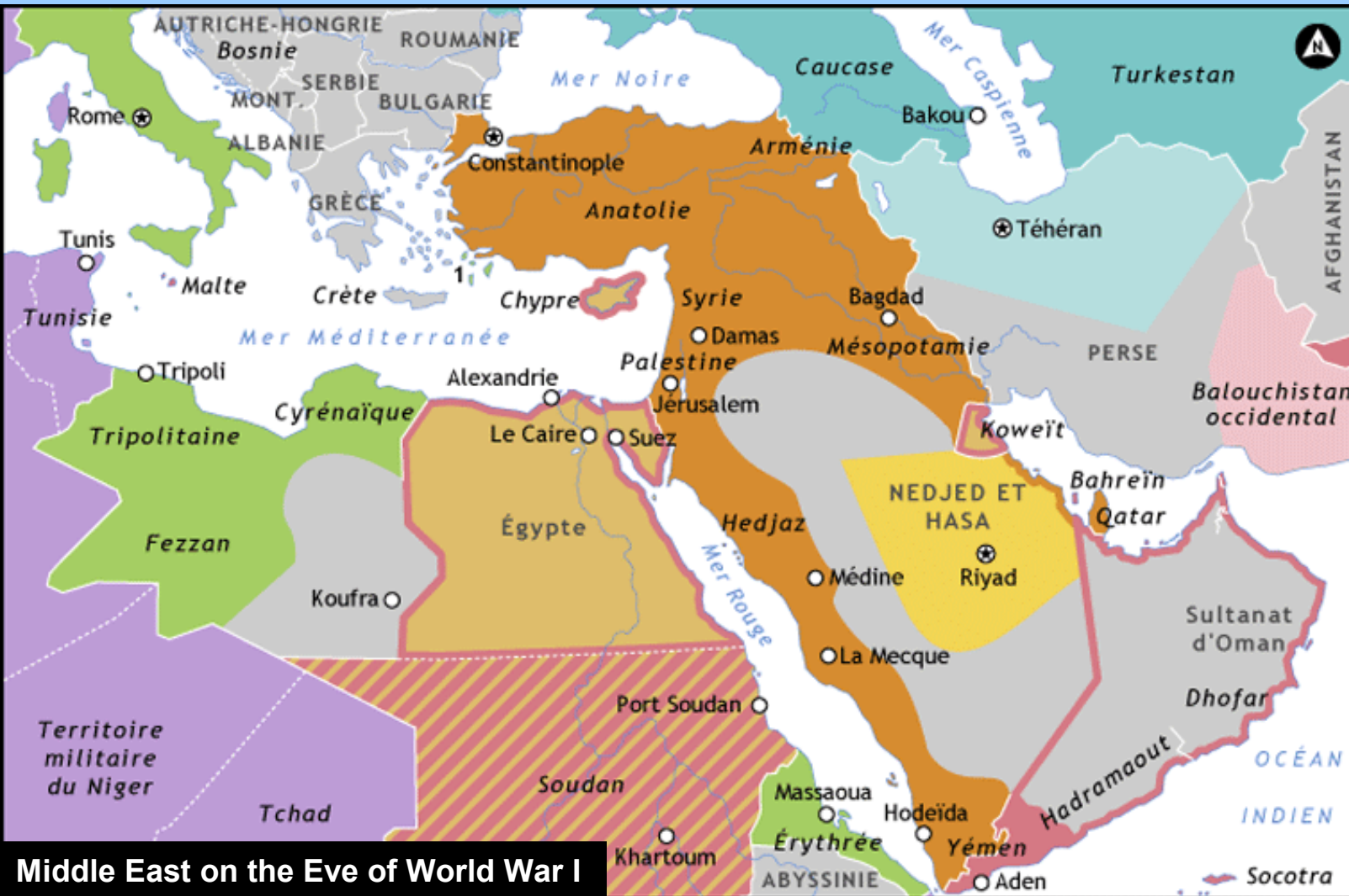
Theodor Herzl leads **Zionist movement** - a movement dedicated to creating a Jewish State in Palestine.

1896

Zionists begin settling in Palestine.

1914

WWI begins.



Middle East on the Eve of World War I

Empire ottoman	possessions britanniques	Italie et ses possessions	zone d'influence russe en Perse
État théoriquement vassal de l'Empire ottoman	territoires sous protection britannique	France et ses possessions	zone d'influence britannique en Perse
territoire ottoman sous administration britannique	condominium anglo-égyptien	Empire russe	1. Dodécanèse

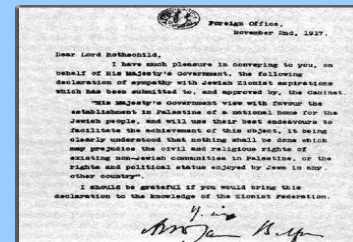
T. Loessin; Akins H.S.

# The Jewish State

- Arabs were concerned about the increased immigration of Jews to Palestine.
- Jews were making requests for a homeland to be carved out of the region when the war ended.
- Britain issues the Balfour Declaration:

The **Balfour Declaration** (dated 2 November 1917) was a **letter** from the United Kingdom's Foreign Secretary Arthur James Balfour to Baron Rothschild (Walter Rothschild, 2nd Baron Rothschild), a leader of the British Jewish community, for transmission to the Zionist Federation of Great Britain and Ireland:

*His Majesty's government views with favor **the establishment in Palestine of a national home for the Jewish people, and will use their best endeavors to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country.***



# How did the Treaty of Versailles change the World Map?

1918 :

Ottoman Empire is defeated in World War I igniting widespread Turkish nationalism leading to the creation of modern Turkey.

The League of Nations asks Britain to oversea Palestine as a **mandate** – a territory to be controlled by the League of Nations until ready for independence.

## MANDATE SYSTEM

1920-48

(Palestine: no states created during mandate)

1920-32

(Iraq declared independent in 1932)

1920-46

(Jordan declared independent in 1946)

British Mandate  
French Mandate



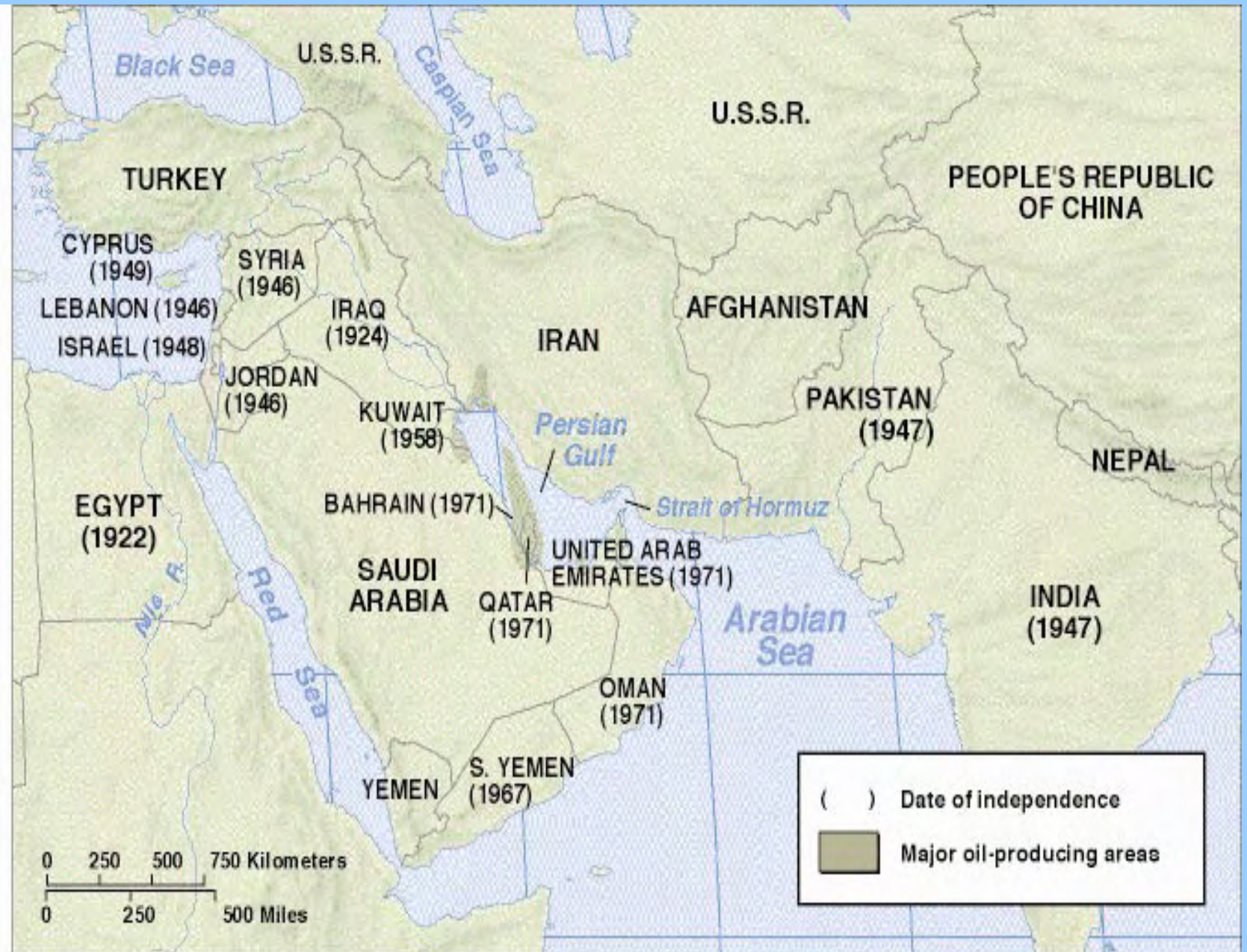
# Middle East after World War II

- Middle East countries achieved independence
- The superpowers – USA and USSR- tried to secure allies
  - Strategic importance in the Cold War
  - Vital petroleum fields
- Middle East Countries would devote large parts of their gross national product to large armies and arms purchases from both the West and the Soviet bloc.

# After World War II

Unable to settle the matter  
after World War II,  
Britain decides to turn the  
issue over to the U.N.





**Map 28.3 Decolonization in the Middle East and South Asia**



# Egypt



- In 1952, army officers led a *coup d'état* against King Faruk and replaced him with President Gamal Abdel Nasser
- Nasser became very popular in the Arab world and very unpopular in the West
- Nasser **nationalized the Suez Canal in 1956**, leading to a war with Israel, France, and Great Britain

# The 1956 Suez Crisis

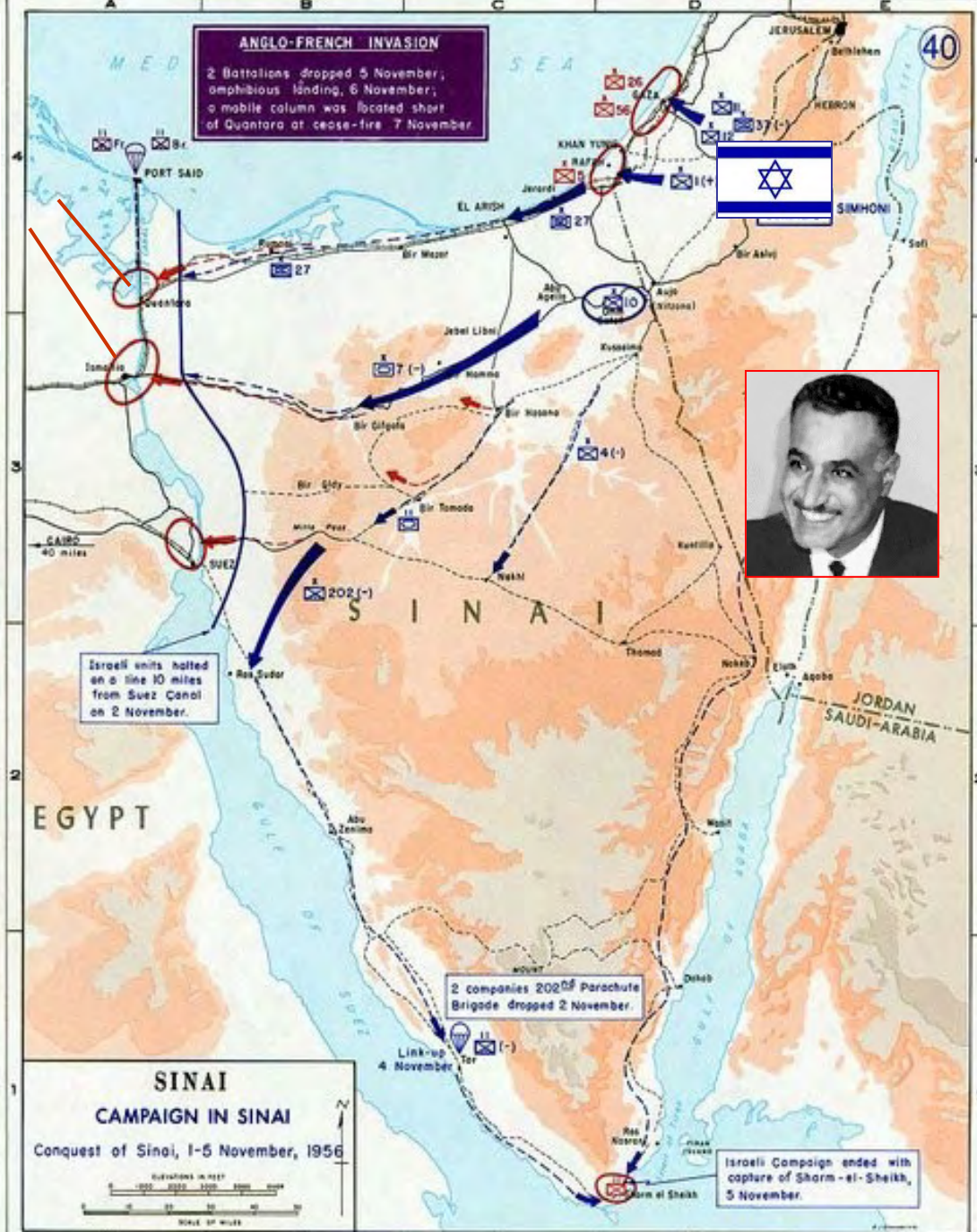
**Nasser** overthrew Egypt's president who many viewed as a puppet of Britain. Angry, Britain cuts off promised funds for a huge dam Egypt was building. In retaliation, Nasser seizes the Suez Canal – which Britain has controlled for nearly a century.



Egypt's new president Nasser seizes the Suez Canal.

- The 1956 Arab-Israeli war breaks out over **the Suez crisis**.
- Britain and France back an Israeli invasion of the Sinai.

Egypt was defeated but world pressure forced Israel and its allies to withdraw from Egypt and return the canal.



# The 1967 Six-Day War



**Nasser** and the other Arab allies remained upset after the 1956 War and by 1967 were equipped with Soviet tanks and aircrafts and began to mobilize for a retaliation on Israel.

Arab forces with Soviet support began mobilizing and closed off the Gulf of Aqaba.

Israel stages a pre-emptive strike and the 1967 Six-Day War begins.

Heavy Arab losses

Israel annexes Jerusalem, the West Bank, the Sinai Peninsula, and the Golan Heights.



# The U.S. and the Middle-East

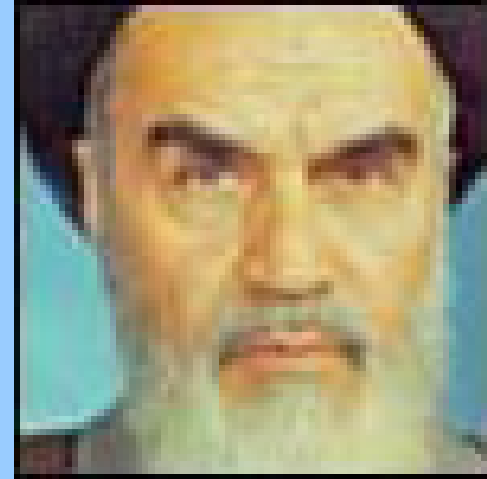
- Turkey has been a cornerstone of U.S. strategy (military bases, entry into UN).
  - Greek/Turkish disagreement over Cyprus led to a Turkish armed invasion in 1974 and the subsequent division of Cyprus by the U.N.
- During the 1970s and 1980s, the U.S. would rely on Egypt, Saudi Arabia, and Israel, along with bases in the Persian Gulf and the Red Sea.

# U.S.S.R. and the Middle-East

- Without changing its official anti-Zionist stance, from late 1944, until 1948 and even later, Stalin adopted a pro-Zionist foreign policy, apparently believing that the new country would be socialist and would accelerate the decline of British influence in the Middle East. It followed this policy and **gave support** to the UN plan to partition the British Mandate of Palestine, which led to the founding of the State of Israel.
- In the 1950s, the Soviet Union became allies with **Egypt and Syria** due to the Anglo-French debacle at Suez, the Arab–Israeli conflict. Later Egypt and Syria developed a defense treaty, in which if one of them declared war on Israel the other would get involved.
- The role the USSR played in the June 1967 war, between the State of Israel and the surrounding Arab countries, remains fiercely **debated**. Some scholars have argued that Moscow started the war in order to further its position in the area and increase Arab reliance on Soviet Aid on the notion that a key goal of the Soviet Union in the Middle East in the 1960s was to expand its military presence through the procurement of both naval and air bases. Others claim it was due to miscalculations and the Soviets' lack of control over the Arabs. Recently a theory has emerged that claims that the main reason for the Soviet move was to demolish Israel's nuclear development before it had obtained a working atomic weapon.
- **Afghanistan** had remained one of the poorest and least developed nations. Following a cycle of coups and countercoups, Babrak Karmal emerged and was backed by the Soviets. In December 1979, Soviet Union sent 80,000 troops to support the regime. Armed resistance by militant Muslims (Mujahedin) received support & training from U.S. Over a million refugees fled to Pakistan. The mountainous terrain was ideal for guerrilla warfare and Soviet forces could not eradicate Afghan opposition. **The Soviets withdrew in 1988-89.**

# Iran

- Iran was another cornerstone of U.S. foreign policy after WWII.
- Led by pro-United States ruler Mohammad Reza Shah, Iran built a large military using U.S. aid and petroleum revenues.
- The Shah was overthrown in 1979 and Iran became an Islamic Republic (theocratic rule) led by the Ayatollah Ruhollah Khomeini (1902-1989):
  - Iranian leaders denounced the U.S. as “the Great Satan”
  - Demanded the Shah stand trial
  - After the U.S. refused, the U.S. embassy was occupied and the staff taken hostage in 1979
  - They were released in January 1981.



# Iraq

- The Islamic revolution in Iran threatened to spread to Iraq.
- The Ba'athist government under Saddam Hussein attacked Iran in 1980.
- The war lasted until 1988 with Iraq receiving military supplies from the Soviet Union, other Arab nations, and the U.S. while Iran was supplied by North Korea, China, and Israel.
- An armistice was signed in 1988; Khomeini died in 1989.

# Israel

- After WWI, the area had become the British mandate of Palestine.
- When Jewish immigration accelerated, friction was created between Jews and Palestinian Arabs.
- After 1945, Zionists and Palestinian Arabs wanted individual nations and both felt they had claim to Palestine.
- Britain withdrew in 1947 and the U.N. proposed that the country be partitioned 50/50.



# Israel

- With the end of WWII, the Arab-Israeli conflict became the major political and military problem in the Middle East.
- After the Holocaust, many of the survivors had no place to go.
- Many Jews believed that they should have a homeland of their own.
- They concentrated on the biblical area of Israel.

# Israel

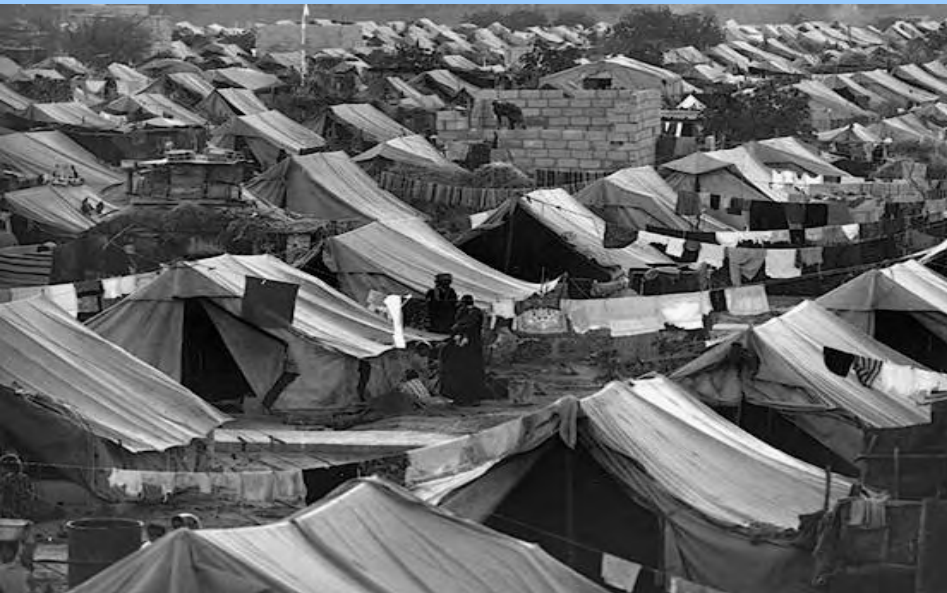
- A war broke out when the Jews, certain of U.S. and Soviet support, **declared** their independence and the creation of a new state of Israel on **May 14, 1948**.
- When fighting ended in 1949, the Israelis had conquered more territory than had been envisioned in the U.N. plan, and the rest of the territory fell to Egypt and Jordan, rather than forming an independent Palestinian state.
- Palestinian Arab refugees fled also to Lebanon, the West Bank, and the Gaza strip.

# Israel Becomes a State

The Palestinian state the U.N. had planned for the Palestinians never came into being.

Israel seized half that land in this first 1948-49 war. Egypt took control of the Gaza Strip, Jordan took the West Bank.

Thousands of Palestinians had to flee out of the areas now under Jewish control and found themselves homeless and living in U.N.-sponsored refugee camps.



**The U.N. recommends the partition of Palestine into one Palestinian state and one Jewish state;**

sympathy for Jews after the Holocaust helped generate increased Zionist support.



**1948:  
An independent state of Israel is created.**



*The next day after Israel announced its independence, six Arab states – Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, and Syria – invaded Israel.*

**Outbreak of full-scale Arab-Israeli war.**

*Israel would depend on strong American support in this war and future wars with its Arab neighbors.*



# The Jewish State

## Israël de 1947 à 1949



LE PLAN DE L'O.N.U.



APRES LA GUERRE DE 1948-1949



A. HOUOT - Aix-Marseille

# EXPANSION OF ISRAEL

**LEBANON**  
 Beirut  
 Sidon  
 Tyre  
 1958—U.S. Marines bolster government  
 1975—Civil War begins  
 1982—Israel invades  
 1983—U.S. Marine barracks bombed  
 1984—U.S. naval shelling; pull-out

**SYRIA**  
 Damascus  
 1976—Invasion of Lebanon  
**GOLAN HEIGHTS**

**ISRAEL**  
 1948—War of Independence  
 1956—Sinai War  
 1967—Six-Day War  
 1973—Yom Kippur War

1987—Palestinian uprising begins  
 1988—PLO declares independence

1988—King Hussein gives up West Bank claim

MEDITERRANEAN SEA

JORDAN

EGYPT

SINAI PENINSULA

SAUDI ARABIA

GULF OF SUZ  
 Suez Canal

RED SEA

Aqaba

Tel Aviv

Jerusalem

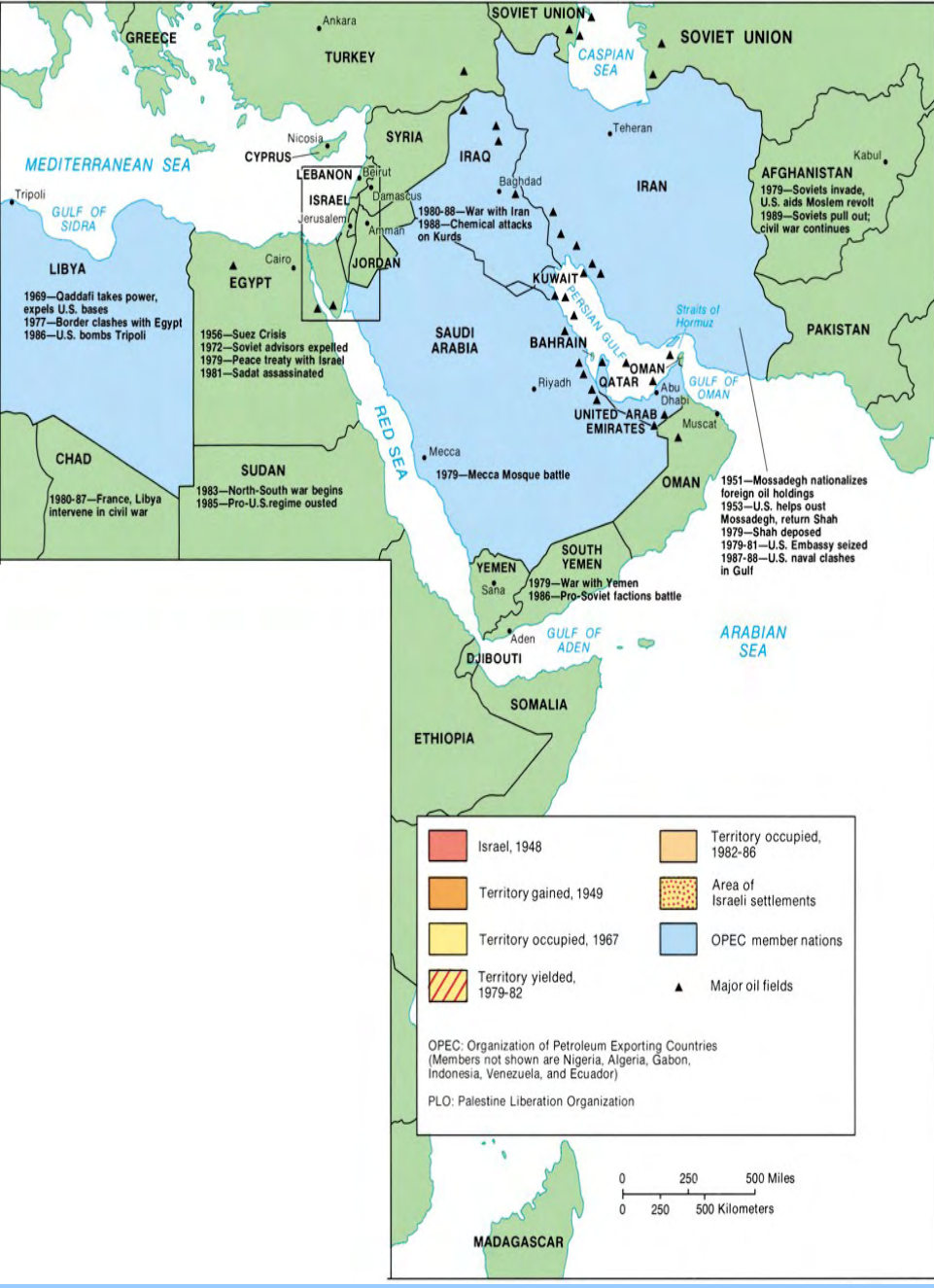
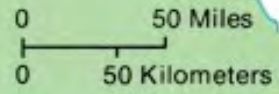
Amman

WEST BANK

Jordan R.

DEAD SEA

GAZA STRIP



# Palestinian Refugees

- During the 1948 Palestine War, around 85% (720,000 people) of the Palestinian Arab population of what has now become Israel fled or were expelled from their homes, to the West Bank, the Gaza Strip, and to the countries of Lebanon, Syria and Jordan. These people are the **so-called Palestinian Refugees**.
- They, and their descendants, who are also entitled to registration, are assisted by UNWRA in 58 registered camps, 10 of which were established in the aftermath of the Six-Day War in 1967 to cope with new Palestinian refugees.

# Palestine



- After 1967, the refugees form the Palestinian liberation organizations, (PLO) under the leadership of Yasir Arafat
  - The PLO used Lebanon as a base after 1970
  - The Lebanese civil war erupted again in 1975 and would continue for over 14 years
  - Beirut would witness bombings, random assassinations, and extensive destruction.
- In 1988, the PLO declared the independence of Palestine (the West Bank and Gaza).
- The conflict still continues.

# The Expansion of Israel

- Israel would fight victorious wars in 1956 against Egypt, and 1967 against Egypt, Syria, and Jordan, securing much of the territory around Israel.
- Yom Kippur War (1973)
  - Syria and Egypt launched a surprise attack against Israel
  - Soviet Union supplied the Arabs and the U.S. supplied the Israeli allies
  - The seven Arab members of the Organization of Petroleum Exporting Countries (OPEC) imposed a boycott of oil sales to countries seen as friendly to Israel (October 1973 to March 1974).



# "The 1973 Yom Kippur War".



October 6, 1973 was "The Yom Kippur" - the holiest day on the Jewish calendar - when Egypt and Syria opened a coordinated surprise attack against Israel. The equivalent of the total forces of NATO in Europe was mobilizing on Israel's borders. The whole world watched anxiously to see what steps would be taken by Israel's Prime Minister, Golda Meir.

**Joint Arab attack on holiest Jewish holiday.**

**The 1973 Yom Kippur War begins.**

**Israel counter-attacked. Signed an uneasy truce.**

# Camp David Accords

- In 1979, with the mediation of President Jimmy Carter Israel (Menachen Begin) and Egypt (Anwar Sadat) sign a peace treaty, the Camp David Accords:
  - Israel would return the Sinai to Egypt in exchange for recognition.
  - Israel had to negotiate a resolution of the Palestinian refugee problem (never happened).
  - Made an all-out war between Israel and the Arab world less likely.



- Egypt becomes first Arab nation to officially recognize Israel's statehood.
- Israel agrees to return Sinai Peninsula to Egypt.



Two years later, **Sadat is assassinated by angry Muslim extremists.**



Egypt's new President **Hosni Mubarak**



policy and maintained peace with Israel. Palestinians could no longer rely on Egypt in their conflict with Israel.



Withdrawal from Sinai Following the Israel-Egypt Peace Treaty



Palestinians continued to resent Israel's rule over their lands and they began turning increasingly to the **P.L.O. (Palestinian Liberation Organization)** - a militant group fighting an armed struggle for the liberation of Palestine from Israel.

**Yasir Arafat** was the leader of the P.L.O. from 1969 – 2004.

In 1987 Palestinians began the **intifada** - a widespread “uprising” with acts of civil disobedience – such as attacking Israeli soldiers, rock throwing, boycotts, demonstrations. By 1991 world pressure led to peace talks again.

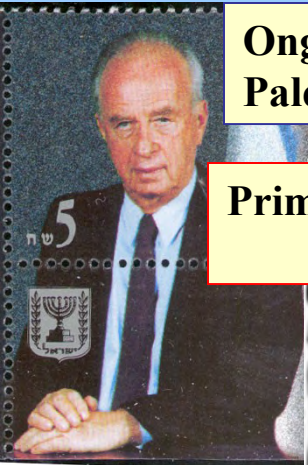
# "The Declaration of Principles"

Ongoing violence associated with the intifada as well as Palestinian civil disobedience led to pressure on Israel.

Prime Minister of Israel Yitzhak Rabin and P.L.O. leader Arafat issue a Declaration of Principles.

Rabin promised self-rule for the Palestinians in the Gaza Strip and West Bank.

Rabin and Arafat were both awarded the Nobel Peace Prize in 1994.



1995-1922



In the same manner that Sadat had been assassinated in 1981 by Muslim extremists on his side who were angry about his willingness to make peace with Israel...



Following the assassination of Egypt's President Sadat in 1981, Israeli Prime Minister Rabin paid a respectful visit to his memorial.



Memorial to Yitzhak Rabin in Tel Aviv, Israel

...Israel's Prime Minister Rabin was also assassinated in 1995 by a right-wing Jewish extremist angry at Rabin's concessions to the P.L.O.



1997: Arafat congratulates the West Bank town of Hebron being returned to Palestinian control after 30 years under the Israelis. But Israel's new Prime Minister Netanyahu then approved a large new Jewish housing project in eastern Jerusalem. New violence broke out, led primarily by a right-wing Islamic extremist group called Hamas.

**1998: A “land-for-peace” deal is signed by Netanyahu and Arafat that called for a promised crackdown on terrorists, redeployment of Israeli troops, transfer of 14.2 percent of the West Bank land to Palestinian control, safe passage corridors for Palestinians between Gaza and the West Bank.**



1999: Israel's new Prime Minister Barak released 200 Palestinian prisoners and began transferring West Bank land to Palestinian control as part of the terms of the 1998 accords.

**2000: Israeli right-wing opposition leader Ariel Sharon led a delegation to a Jerusalem site that Jews and Muslims consider sacred. Crowds of Palestinians in Gaza and the West Bank began attacking Israeli forces. A deadline for a final peace accord passes with no agreement reached. Barak resigns.**



2001: Ariel Sharon wins the election. The new U.S. Bush Administration, which had been mostly mute on the Middle East conflict, was suddenly stirred to interest following the 9/11 attacks on the U.S.



**2002: Despite renewed diplomatic efforts by the U.S., the U.N., Russia, and even from the Saudi Crown Prince, the violence intensified with a barrage of suicide bombings.**



2003: Once the P.L.O. President Yasser Arafat, under pressure from the U.S., EU, U.N., and Russia, instituted a constitutional reform for the Palestinian Authority, including transferring some of his powers to the newly created post of prime minister, the quartet formally presented the details of the proposed "road map to peace" to the Israelis and the Palestinians.



Mahmoud Abbas was elected to the new position of Prime Minister by the newly formed Palestinian Authority cabinet.



**2004: Palestinian Authority President Yasser Arafat, 75, the leader who passionately sought a homeland for his people but was seen by many Israelis as a ruthless terrorist and a roadblock to peace, died.**

2005: Palestinian President Mahmoud Abbas will meet U.S. President George W. Bush in Washington on May 26 to further discuss the "Road Map to Peace."

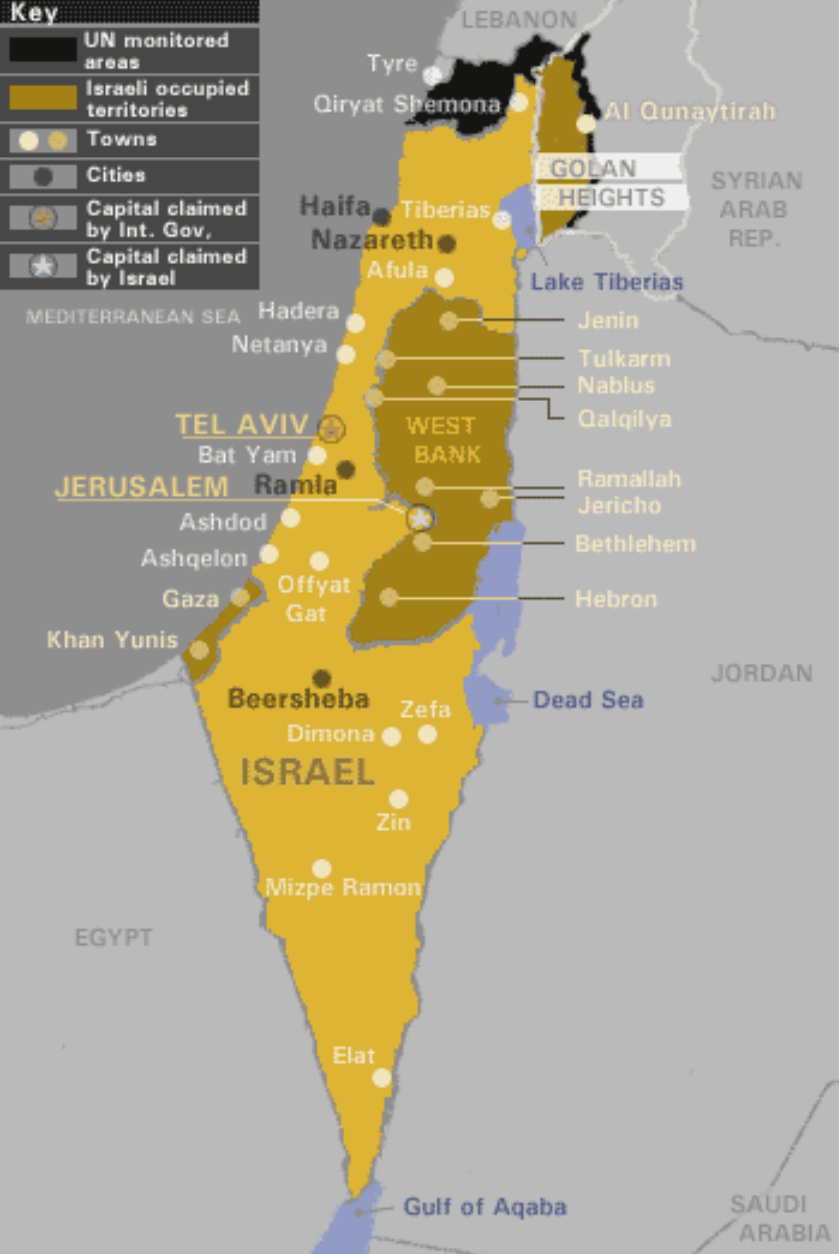




The United Nations established the U.N. Relief and Works Agency for Palestinian Refugees in the Near East to help care for those Palestinians. More than 3.7 million Palestinians are registered with the agency in Jordan, Syria, Lebanon, the West Bank and Gaza. More than 1 million of those refugees live in 59 U.N.-operated refugee camps -- 27 of them in the West Bank and Gaza. Jordan hosts the most refugees -- about 1.6 million, of which 280,000 live in 10 camps.

Israeli leaders have held the position that the right of return is non-negotiable saying that it would create a demographic problem for Israel, making it unable to continue as a Jewish state.





# Demographics

**Israel:** Disputed. Israel claims Jerusalem as its capital, but most countries have embassies in Tel Aviv.

**Area:** 8,019 sq. mi, slightly smaller than New Jersey.

**Population:** 5,938,093 (July 2011 est.).

**Gaza Strip:** Israeli occupied territory with limited Palestinian self-government.

**Area:** 139 sq. mi, mostly limestone hills.

**Population:** 1,178,119 (2011 est.)

**West Bank:** Israeli occupied territory with areas of limited Palestinian self-government.

**Area:** 2,263 sq. mi

**Population:** 2,090,713 (2011 est.)

**Settlements:** about 380,000 Israeli settlers in the West Bank; about 20,000 in the Israeli-occupied Golan Heights; about 300,000 in East Jerusalem.

# September 11, 2001

- The **September 11 attacks** were a series of four coordinated [terrorist attacks](#) by the [Islamic terrorist](#) group [al-Qaeda](#) on the [United States](#) in New York City and the Washington DC area on Tuesday, September 11, 2001.
- The attacks killed 2,996 people and caused at least \$10 billion in property and infrastructure damage.



# Motives of the Attacks of 9/11

- Osama bin Laden's declaration of a [holy war](#) against the United States, and a 1988 *fatwā* –Islamic Legal Pronouncement -[signed by bin Laden](#) and others, calling for the killing of American civilians, are seen by investigators as evidence of his motivation.
- In bin Laden's November 2002 "Letter to America", he explicitly stated that al-Qaeda's motives for their attacks include:
  - [U.S. support of Israel](#);
  - Support for the "attacks against Muslims" in [Somalia](#);
  - Support of Russian "atrocities against Muslims" in [Chechnya](#);
  - Pro-American governments in the Middle East (who "act as your agents") being against Muslim interests;
  - Support of [Indian](#) "oppression against Muslims" in [Kashmir](#);
  - [The presence of U.S. troops in Saudi Arabia](#);
  - The [sanctions against Iraq](#).

# The War in Afghanistan

- The **War in Afghanistan (2001–present)**: following the September 11 attacks, the United States invaded the country supported initially by close allies.
- Its aims were to dismantle [al-Qaeda](#), and to deny it a safe base of operations in Afghanistan by removing the [Taliban](#) from power. Key allies, including the United Kingdom, supported the U.S. from the start.
- In August 2003, NATO became involved as an alliance, taking the helm of the [International Security Assistance Force](#).
- On December 28, 2014, NATO formally ended combat operations in Afghanistan and transferred full security responsibility to the Afghan government.

# The War in Iraq

- The **Iraq War** was a protracted armed conflict that began with in March 2003 the invasion of Iraq led by the United States.
- The Bush Administration based its rationale for the war on the **assertion that Iraq possessed weapons of mass destruction (WMDs)** and that Saddam's government posed an immediate threat to the United States and its coalition allies.
- U.S. officials accused Saddam of harboring and supporting al-Qaeda, while others cited the desire to end a repressive dictatorship and **bring democracy** to the people of Iraq.
- The invasion toppled the government of Saddam Hussein. The conflict, however, continued for much of the next decade as an insurgency emerged to oppose the occupying forces and the post-invasion Iraqi government.
- The power vacuum following Saddam's demise and the **mismanagement of the occupation** led to widespread sectarian violence between Shias and Sunnis as well as a lengthy insurgency against U.S. and coalition forces. The United States responded with a troop surge in 2007; the heavy American presence and deals made between the occupying forces and Sunni militias reduced the level of violence.
- The U.S. began withdrawing its troops in the winter of 2007–2008 and formally withdrew all combat troops from Iraq by December 2011, but the insurgency and various dimensions of the civil armed conflict continue
- After the invasion, **no substantial evidence was found to verify the initial claims about WMDs**. The rationale and misrepresentation of pre-war intelligence faced heavy criticism within the U.S. and internationally.

# The Arab Spring

Understanding the Revolutions of 2011 by Jack O. Goldstone  
The Post-Islamist Revolutions by Asef Bayat

# How it Started



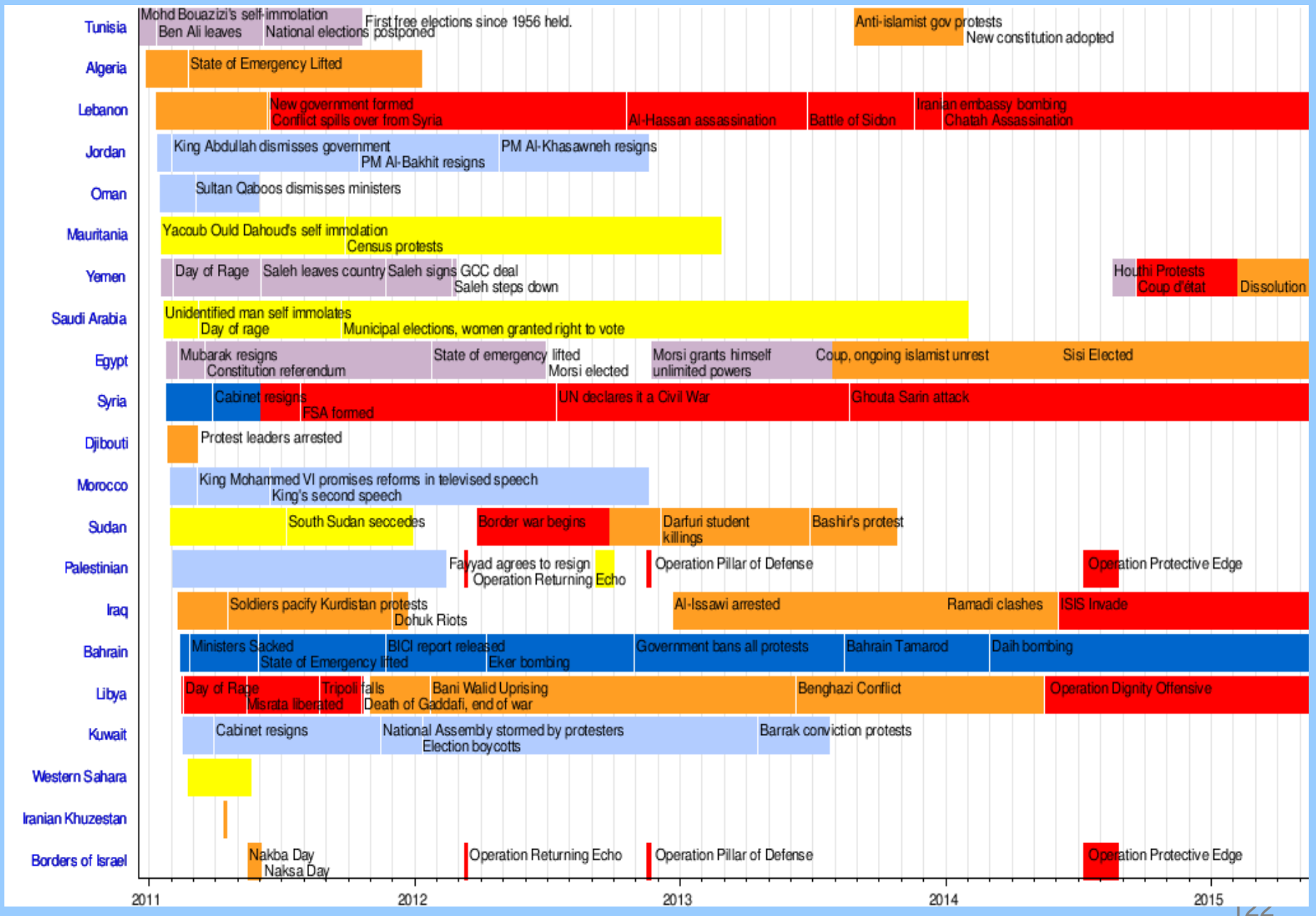
- **Tarek el-Tayeb Mohamed Bouazizi** (March 29<sup>th</sup>, 1984 –January 4<sup>th</sup>, 2011) was a Tunisian street vendor who set himself on fire on 17 December 2010, which became a catalyst for the **Tunisian Revolution** and the wider **Arab Spring** against autocratic regimes. His self-immolation was in response to the confiscation of his wares and the harassment and humiliation inflicted on him by a municipal official and **her** aides.



# The Arab World Impacted by the Arab Springs



# Arab Spring Timeline



# Egypt - Tahir Square – A Normal Day



# Egypt - Tahir Square January 2011



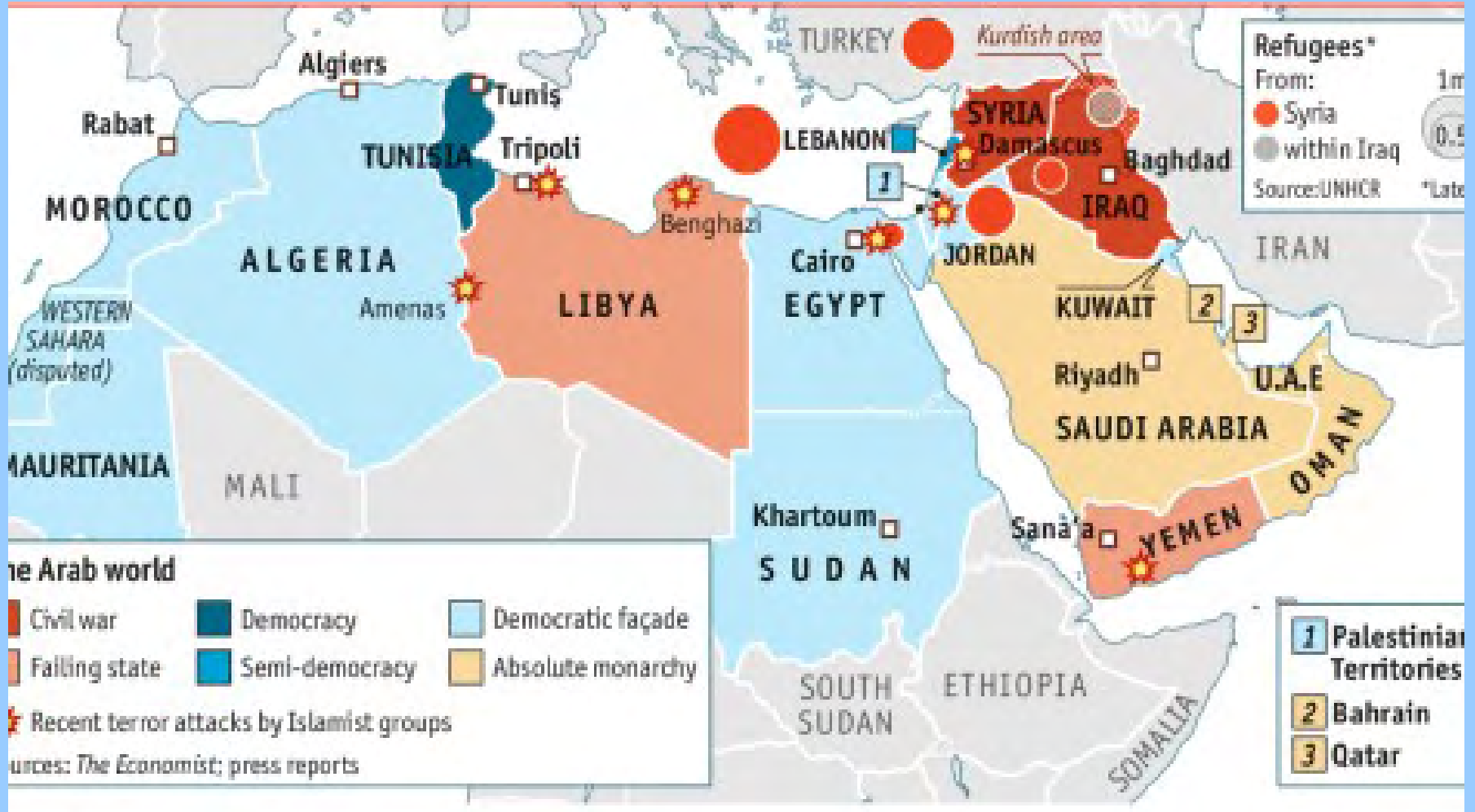
# The Arab Revolts: A Search for Dignity

- The year 2011 saw dramatic changes in the Arab world. Unprecedented popular demonstrations in Tunisia, Egypt, and Libya led to the overturning of autocratic rule in North Africa.
- Arab political language is changing: *“The new slogans are about equitable distribution of wealth, defeating nepotism and corruption, freedom of expression and assembly, all of which are rights meant to restore self-respect and render to people their due sense of dignity,” Nabil Echchaibi, an Arab scholar.*
- One of the remarkable aspects of the prospective democratic transitions in North Africa and the Middle East is that it has taken so long. With the exception of Central Asia, *the Arab world is the last major region to start down the democratic path.*

# Status of the Arab Awakening

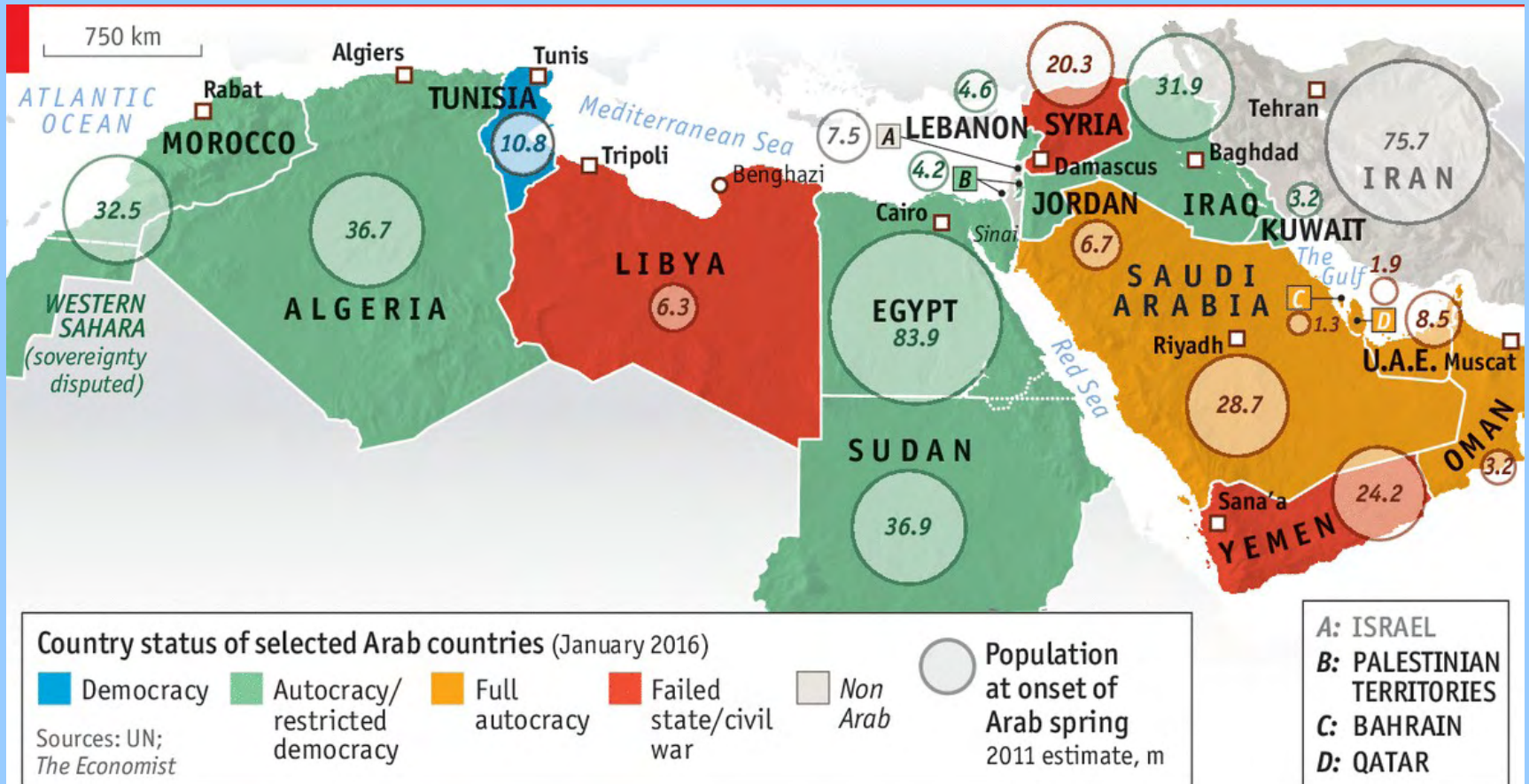
(As of July 2014)

Source: The Economist



# Status of the Arab Awakening

(As of January 2016)  
Source: The Economist



Economist.com

# Arab Spring: Why Now?

Many of the challenges, frustrations, and unmet aspirations in the Arab world have existed for years. **Why then is there such agitation for reform now? There is no single answer.**

- The uprising began in **December 2010**, when a fruit vendor, set himself on fire in **Tunisia** to protest his lack of opportunity and the disrespect of the police.
- The upheaval would then spread from **Tunisia to Egypt to Yemen and Bahrain; and that the shocks would reverberate around the Middle East.**
- The **old regimes themselves were surprised** by the force and speed of the uprisings. Even traditional **opposition parties were behind the curve**, often remaining hesitant well after newer popular protest movements sprang up and seized the moment (with the help of social media and communications technologies that proved to be a new and powerful political tool).

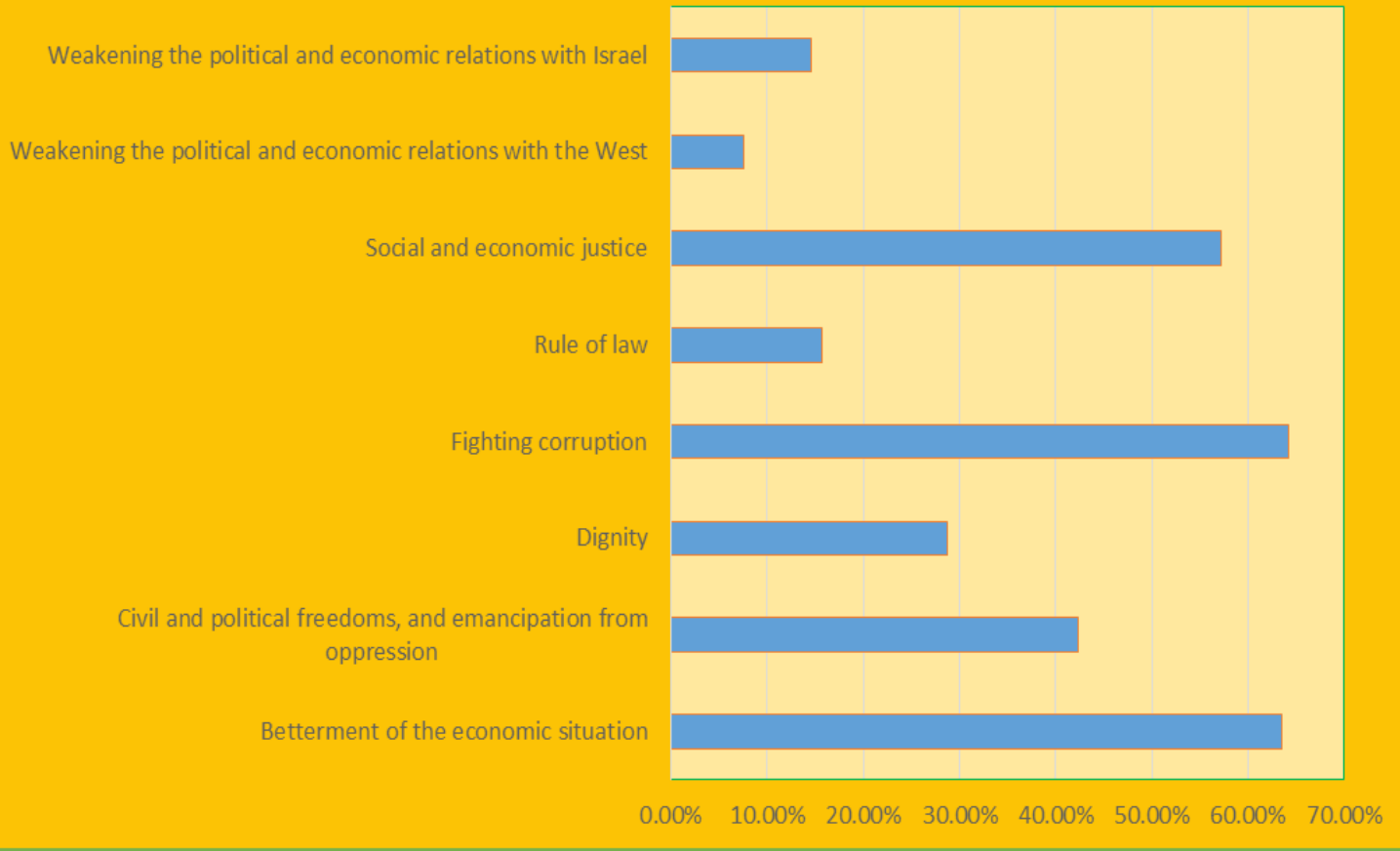


# Triggers and Drivers – Immediate and Underlining Causes

- Rising food prices
- High Unemployment Rate (especially youth unemployment)
- Frustration with closed, corrupt, unresponsive political systems
- Lack of freedom of expression and political freedom
- Increasing wealth and income inequality.

# Main Reasons for the Arab Spring uprisings

Main Reasons for the Arab Spring (% of surveyed who were asked to identify 3 main reasons for Arab Spring) - Arab Barometer 2012-14



# The Arab Spring

- In Tunisia, Egypt, and Libya **the military plays** a significant role.
- In both countries military resentments made the military less likely to crack down on mass protests; officers and soldiers would not kill their countrymen just to keep the Ben Ali and Mubarak families and their favorites in power.
- In Egypt, the military was crucial in the overcoming of the democratic elected President Morsi condemned to a death penalty.
- A similar defection among factions of the Libyan military led to Qaddafi's rapid loss of large territories.

# Necessary Conditions for a Revolution

- **For a revolution to succeed, a number of factors have to come together:**
  1. The government must lose its legitimacy.
  2. Elites (especially in the military) must be alienated from the state and no longer willing to defend it.
  3. A broad-based section of the population, spanning ethnic and religious groups and socioeconomic classes, must mobilize.
  4. International powers must either refuse to step in to defend the government or constrain it from using maximum force to defend itself.

# Necessary Conditions for a Revolution

Revolutions rarely triumph because these conditions rarely coincide.

- In almost all cases, broad-based popular mobilization is difficult to achieve because it requires bridging the different interests of the urban and rural poor, the middle class, students, professionals, and different ethnic or religious groups.
- In addition, other countries have often intervened to save embattled rulers in order to stabilize the international system (i.e., in support of their opposition to Communists/Iran/Radical Islamist Groups etc.) -A Recent Example: Bahrain.

# The Authoritarian Regimes

## How did authoritarian regimes manage to resist change?

- They preserved some of the **formal aspects of democracy**, e.g., elections, political parties, a parliament, or a constitution. However, they ruled above them by installing their supporters in key positions and sometimes by declaring states of emergency, which they justify by appealing to fears of external (or internal) enemies.
- Behind the scenes, **dictators generally accumulate great wealth**, which they use to buy the loyalty of supporters and punish opponents.
- They also seek relationships with foreign countries, promising **stability** in exchange for aid and investment.

# The Authoritarian Regimes

- Dictators control their countries' military elites by keeping them divided.
- To keep the masses depoliticized and unorganized, authoritarian regimes control elections and political parties and pay their populations off with **subsidies** for key goods, such as electricity, gasoline, and foodstuffs.
- When combined with **surveillance, media control, and intimidation**, these efforts generally ensure that citizens stay disconnected and passive.

# The Collapse of Authoritarian Regimes

- Fast-growing and urbanizing populations in the Middle East have been hurt by low wages and by food prices that rose by 32% in the last year alone, according to the UN's Food and Agriculture Organization (FAO).
- But it is not simply such rising prices, or a lack of growth, that fuels revolutions; **it is the persistence of widespread and unrelieved poverty amid increasingly extravagant wealth (i.e., inequality).**
- Although economies across the region have grown in recent years, the gains have by-passed the majority of the population, being amassed instead by a wealthy few.
- However, over time power becomes too concentrated and it is difficult to hold on to.



# The Post-Islamist Revolutions

- Religious rhetoric has been remarkably absent, even though the participants of the Middle East's many uprisings remain overwhelmingly people of faith.
- In Tunisia, protesters' central objective was to establish a democratic government. Similarly, in Egypt the revolution demanded "change, freedom, and social justice" and was broadly **secular**.
- ⑩ In fact, **the major religious groups did not initially back the revolution**. The Muslim Brotherhood's old-guard joined reluctantly and only after being pushed by the group's younger members.

# The Post-Islamist Revolutions

- Libya's rebel movement and provisional government, the National Council, is composed not of Islamists or al Qaeda members but of a mix of the secular and faithful, including doctors, lawyers, teachers, regime defectors, and activists working to end Muammar al-Gaddafi's oppression.
- According to their spokesman, Islamist presence is minimal, since the country's Islamists were, for the most part, crushed by Qaddafi long ago.

# The Post-Islamist Revolutions

- In Yemen and Syria, where protesters are also demanding democracy, there has also been no evidence of a major Islamist presence.
- Today's overwhelmingly **civil** and **secular** revolts **represent a departure** from the Arab politics of the mid-1980s and 1990s.
- Bolstered by Iran's 1979 Islamic Revolution, in those days the political class was consumed by the idea of establishing an Islamic order, including a religious state and sharia.

# The Post-Islamist Revolutions

- Recently, **Islamism began to lose its appeal**, and the Iranian model of revolution lost much of its attractiveness.
- Al Qaeda's violence, moreover, had caused a backlash against ordinary Muslims, who found al Qaeda's practices abhorrent to the true spirit of Islam.
- Post-Islamism emerged as a frame within which religious politics could become more inclusive.
- **Muslims could confidently remain Muslim but also have a democratic state.**
- Role of the **diaspora**
- **Sectarism has not disappeared**

# After The Arab Spring

- Some Western governments, having long supported dictators (e.g., Mubarak) against a rising tide of radical Islam, now fear that Islamist groups are poised to take over.
- Many polls have shown that **Turkey's experience (or the Turkish model: secular, democratic, Western-friendly)** engages the imagination of Arab public opinion in a way that Iran's does not. Arabs tend to see in Turkey not just a vibrant democracy, but a dynamic economy led by Islam's equivalent of Christian Democrats.
- However the secularization of Turkey is being questioned.
- After the Arab spring there other two models: **Iran the Islamic republic and ISIS the Islamic State.**

ISIS

Thanks to Wendy Peters  
Senior Vice President  
Terrorism Practice Group Willis North America

# Videos and Articles

- Article and Video:

<http://www.theatlantic.com/features/archive/2015/02/what-isis-really-wants/384980/>

- Myths about Isis:

<http://www.vox.com/cards/isis-myths-iraq/crazy-irrational>

- Ideology

<http://www.npr.org/2014/12/11/370156315/to-fight-isis-you-have-to-understand-its-ideology>

- The Evolution of ISIS

<http://www.al-monitor.com/pulse/tr/security/2013/11/syria-islamic-state-iraq-sham-growth.html>

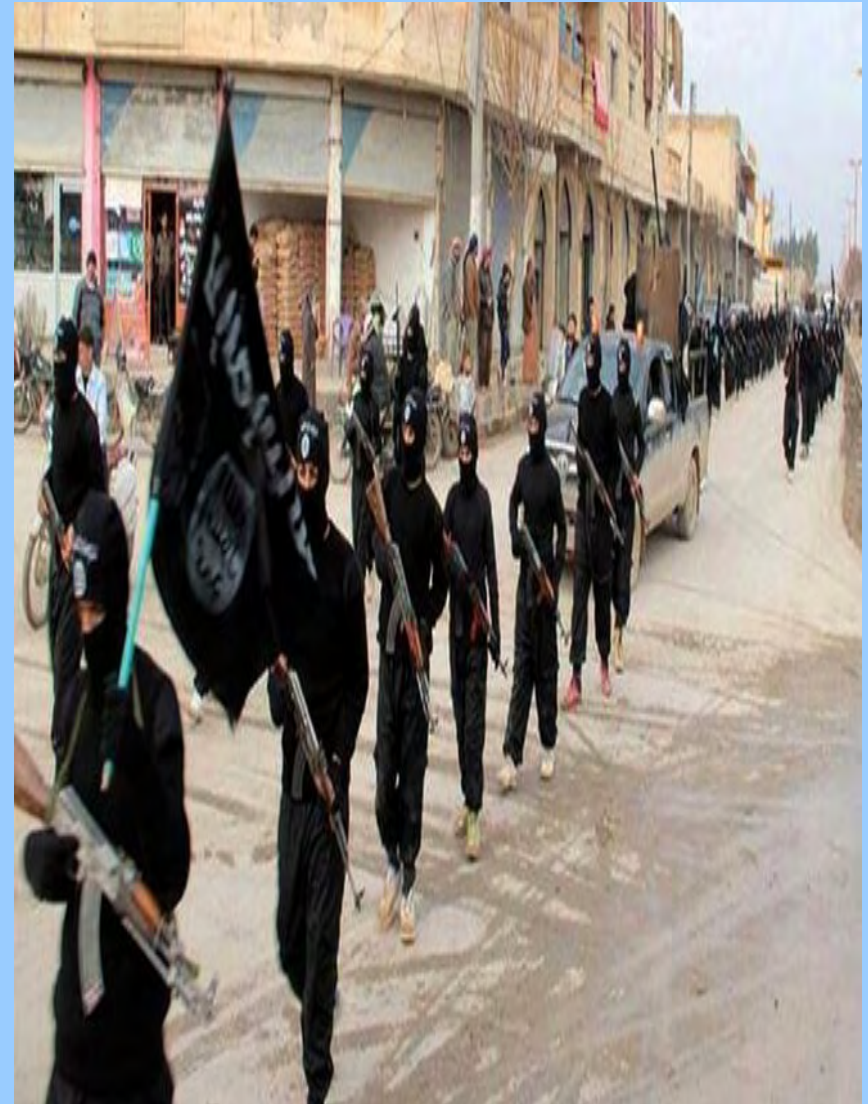
- The Islamic State Ideology and Propaganda

<http://www.brookings.edu/events/2015/03/11-islamic-state-ideology-propaganda>

# Isis

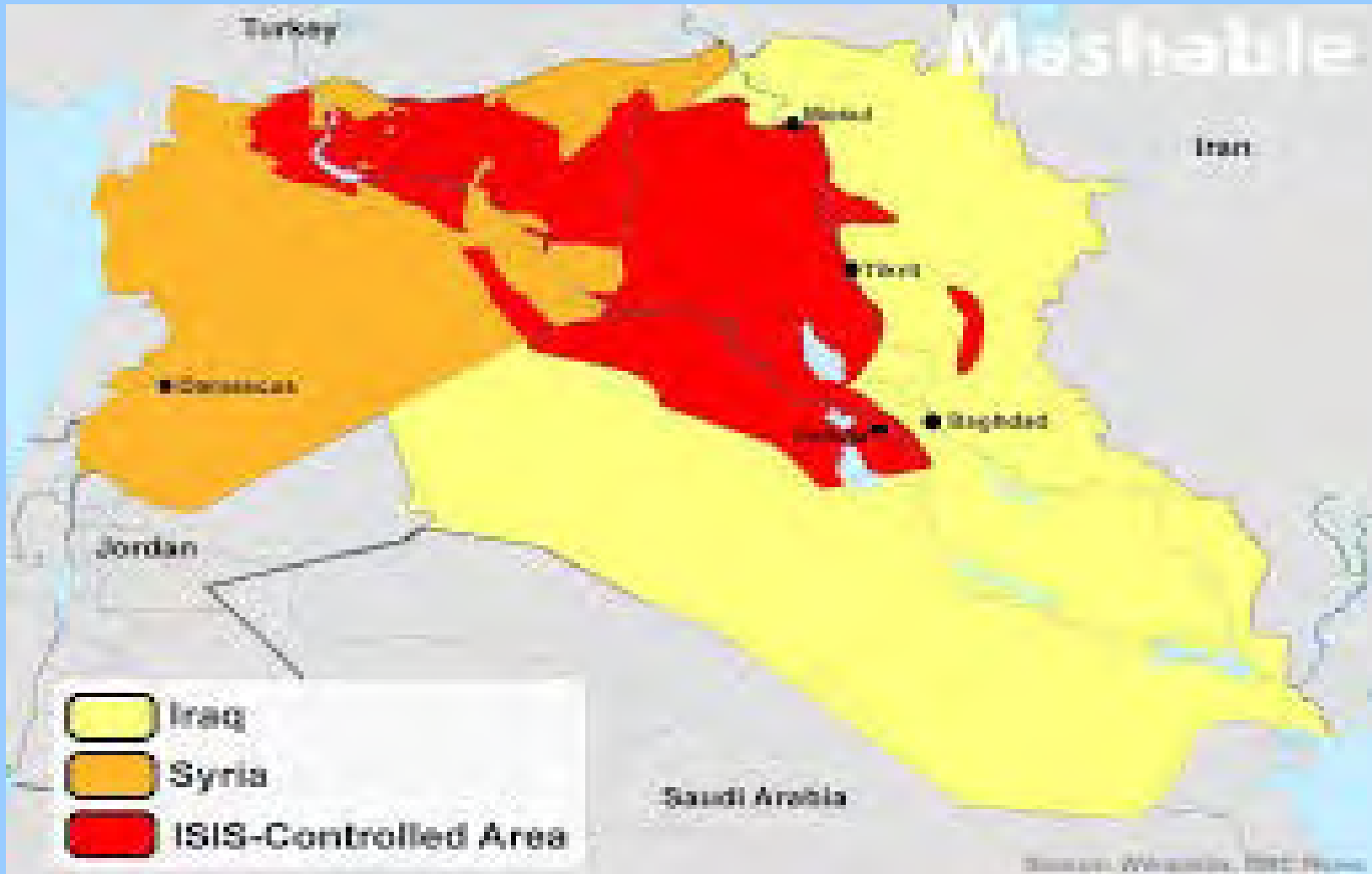
ISIS: Islamic State of Iraq and Syria;  
ISIS: Islamic State of Iraq and the Levant

- ❖ Estimated 50,000 in Syria / 30,000 in Iraq
- ❖ Estimated \$2 billion in net assets by mid 2014 private donors, robbing banks, etc.
- ❖ Produces raw crude and sells electric power in Syria
- ❖ Sophisticated in use of social media; cunning, brutal, well-funded.
- ❖ ISIS is believe to have established foothold in Mexico in cooperation with drug cartels.



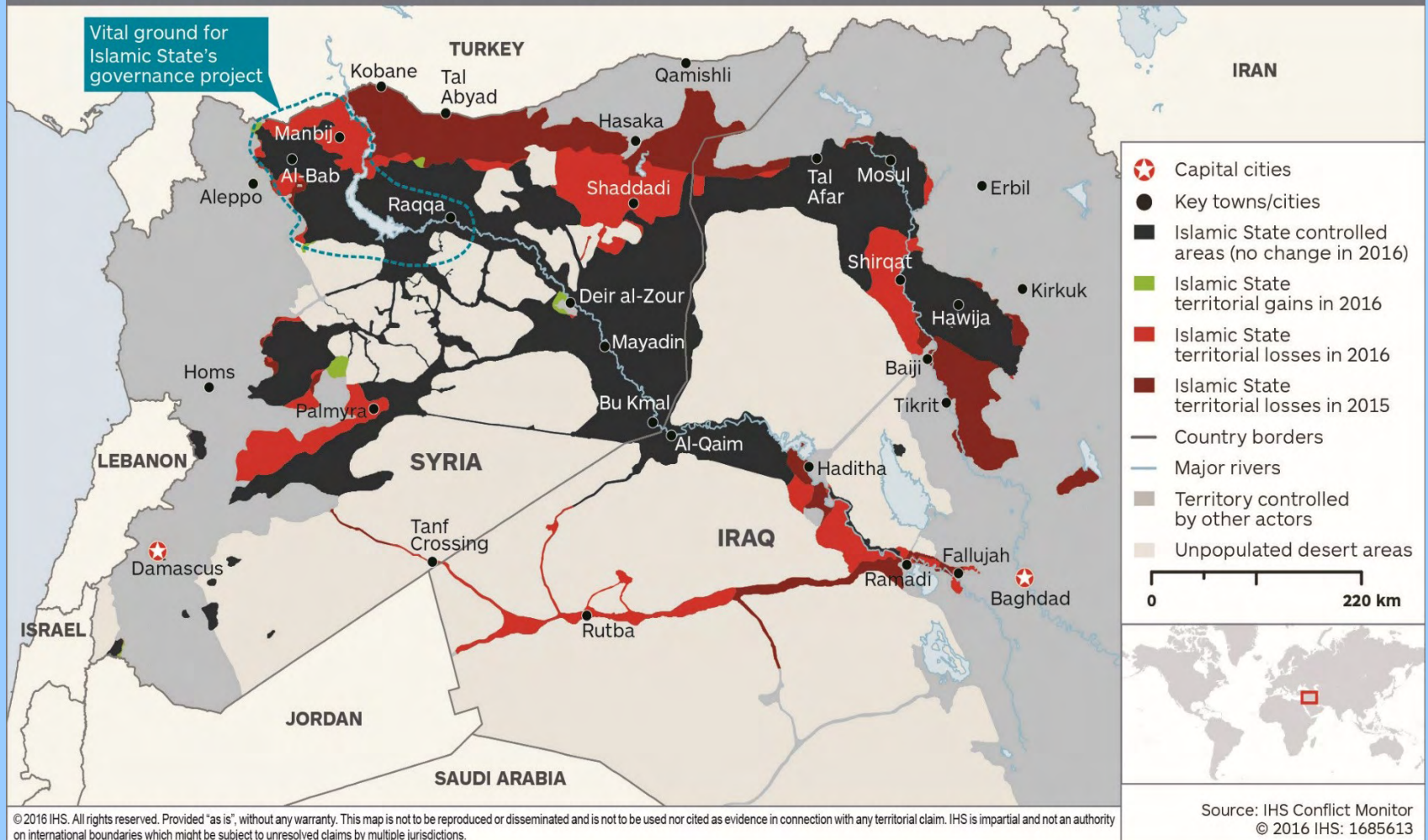


# The Islamic State - 2014



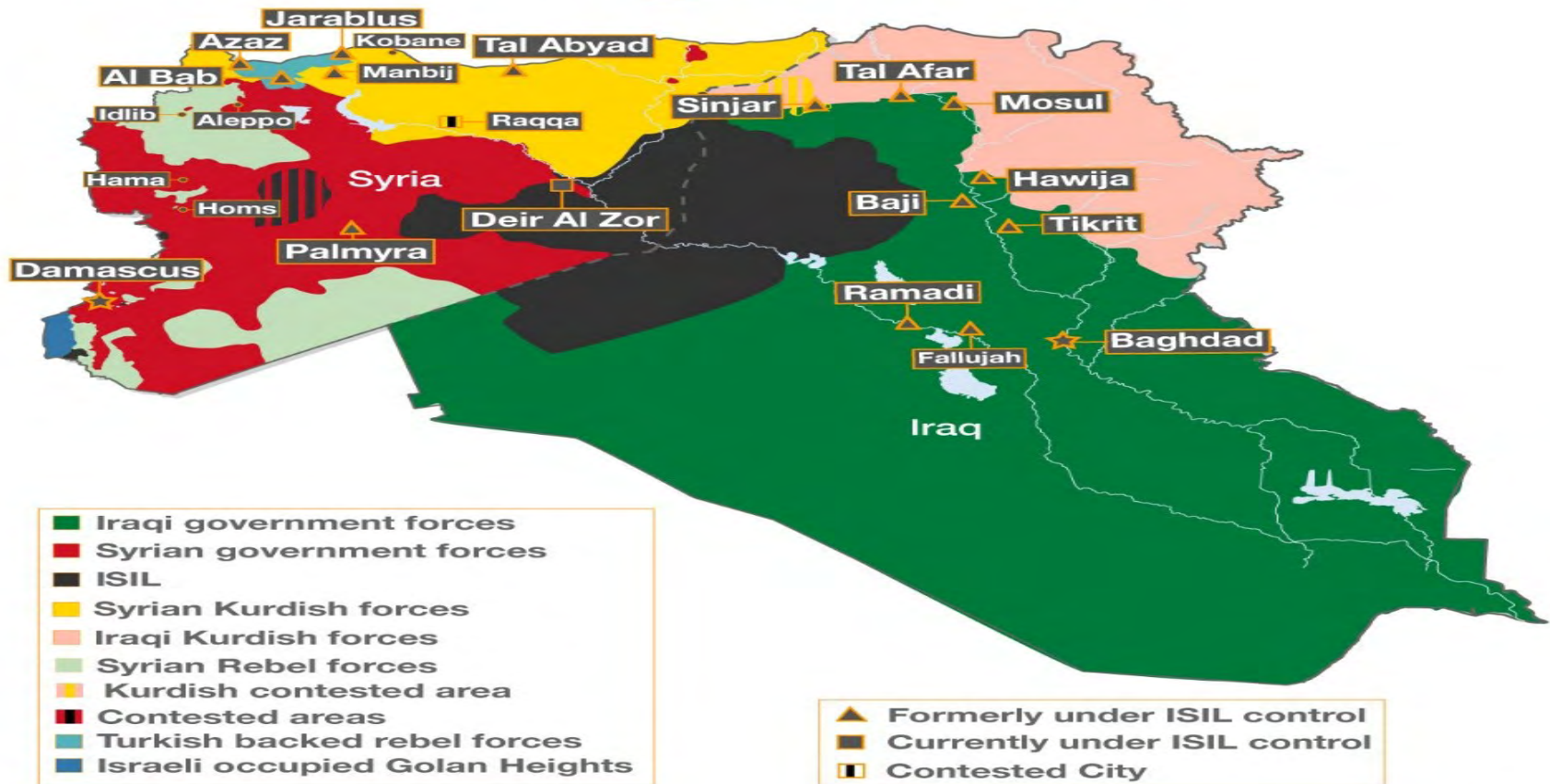
# The Islamic State - 2016

Islamic State territorial losses between January 2015 and 3 October 2016



# The Islamic State - 2017

## The battle against ISIL

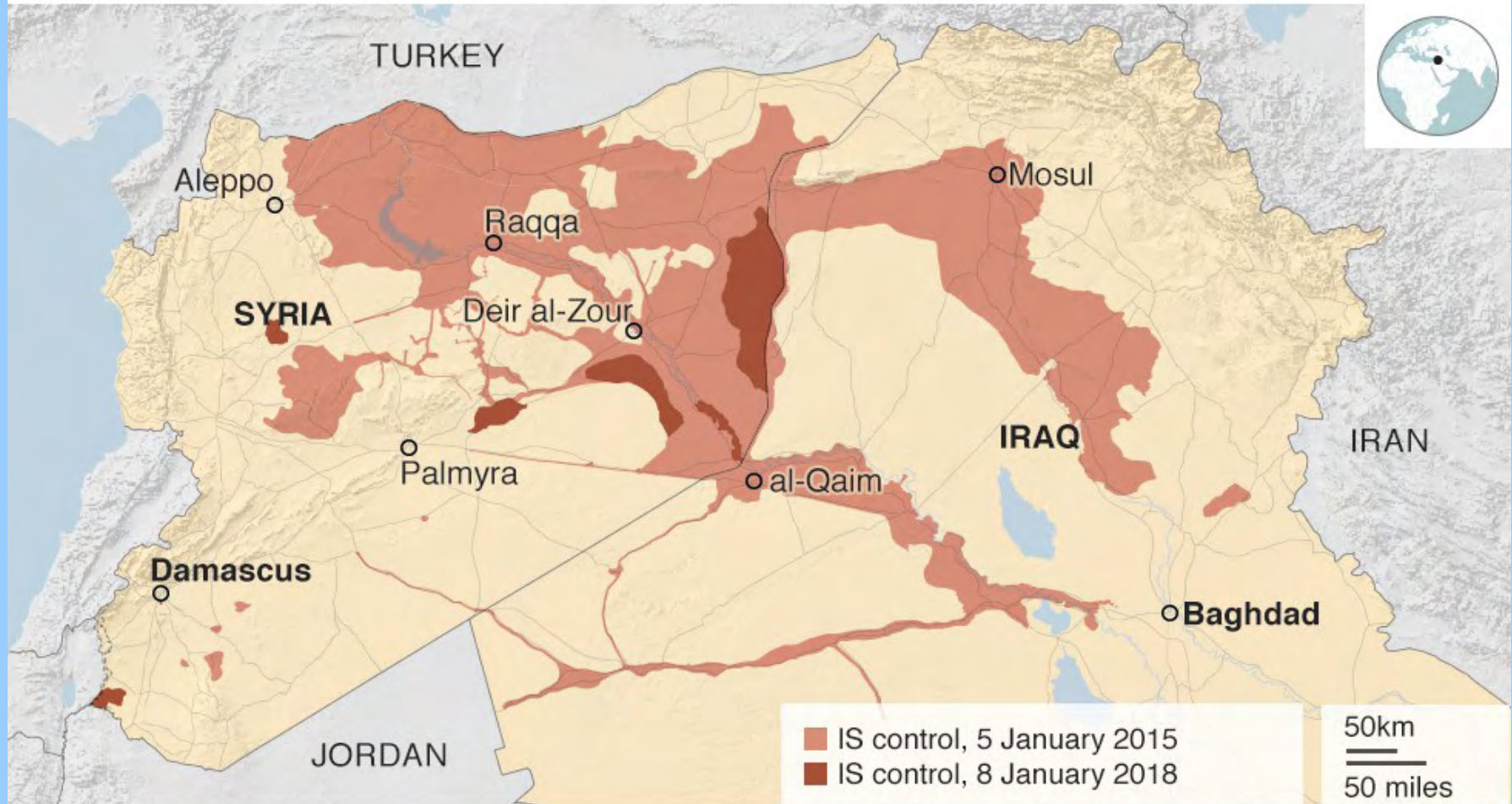


Source: Institute for the Study of War, LiveUAMap, FSA Platform  
Updated: October 2017



# The Islamic State -2018

How much territory IS has lost since January 2015



Source: IHS Conflict Monitor

BBC

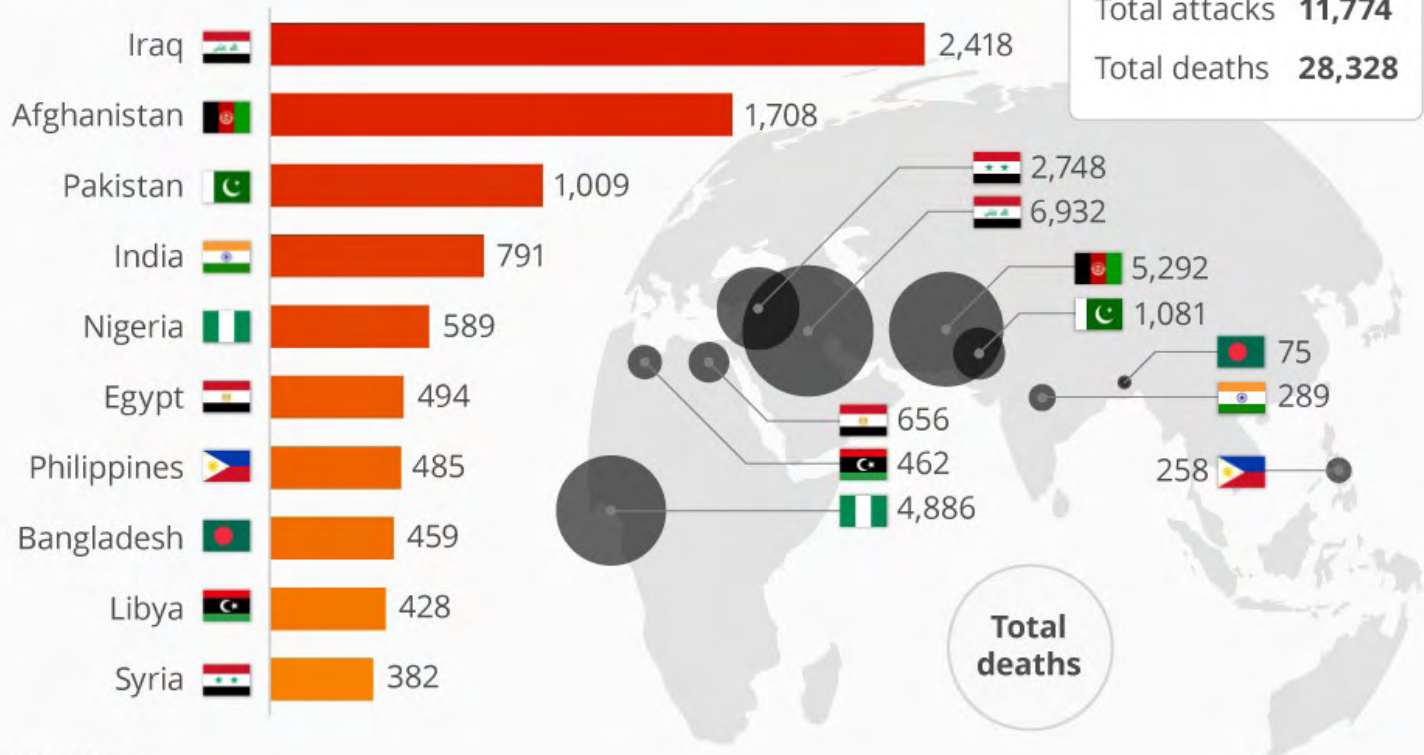


# Terrorist Attacks in 2015

## The Countries With The Most Terrorist Attacks

Terrorist attacks and total deaths worldwide in 2015

### Total attacks

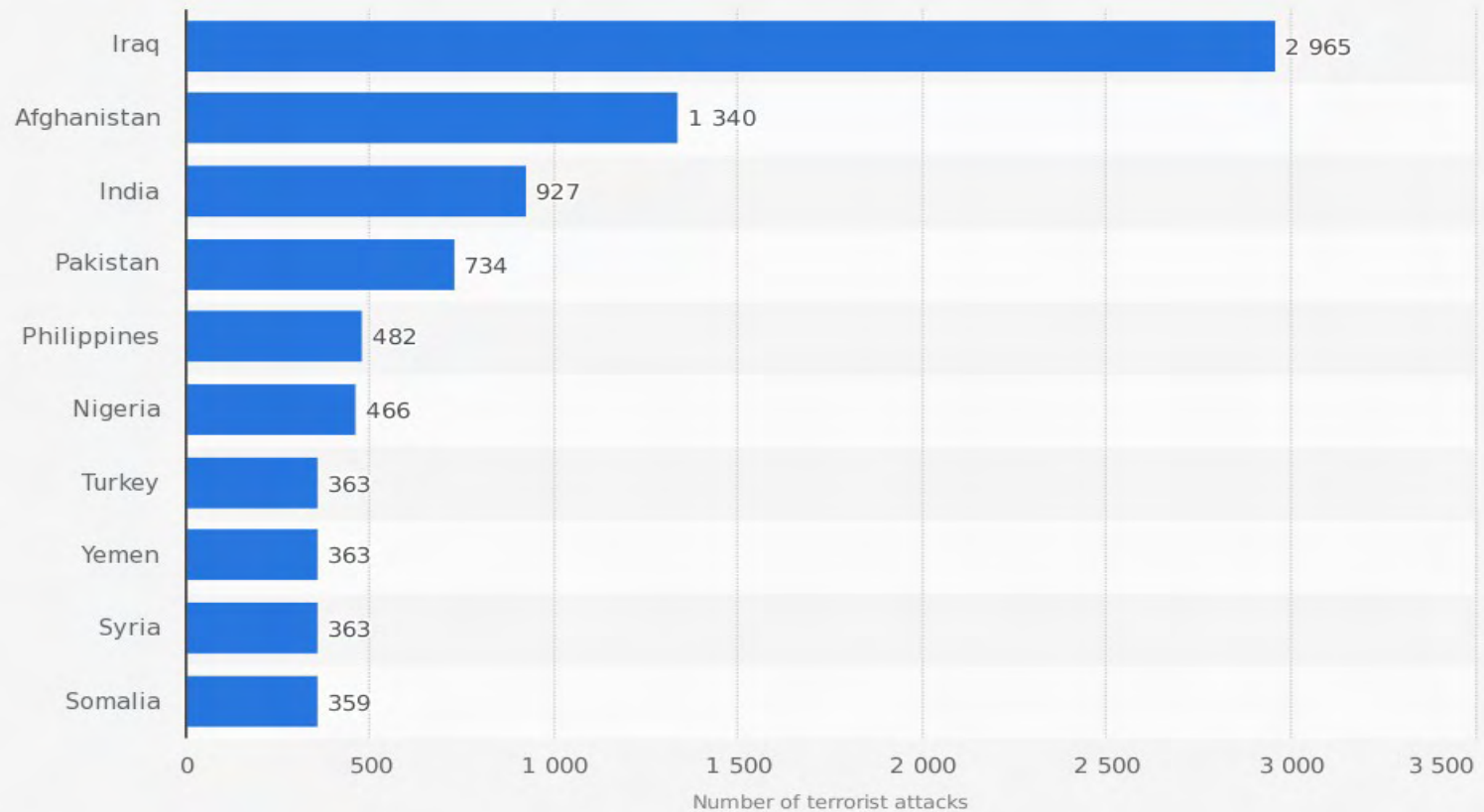


@StatistaCharts Source: US State Department

statista

# Terrorist Attacks 2016

Number of terrorist attacks in 2016, by country



**Sources**

US Department of State; National Consortium for the Study of Terrorism and Responses to Terrorism  
© Statista 2017

**Additional Information:**

Worldwide; 2016

# Countries Hit by Terrorism

## Global Terrorism Index 2015

RANK	COUNTRY	SCORE
------	---------	-------

1	■ Iraq	10
2	■ Afghanistan	9.233
3	■ Nigeria	9.213
4	■ Pakistan	9.065
5	■ Syria	8.108
6	■ India	7.747
7	■ Yemen	7.642
8	■ Somalia	7.6
9	■ Libya	7.29
10	■ Thailand	7.279
11	■ Philippines	7.27
12	■ Ukraine	7.2
13	■ Egypt	6.813
14	■ Central African Republic	6.721
15	■ South Sudan	6.712
16	■ Sudan	6.686
17	■ Colombia	6.662
18	■ Kenya	6.66
19	■ Democratic Republic of the Congo	6.487

20	■ Cameroon	6.466
21	■ Lebanon	6.376
22	■ China	6.294
23	■ Russia	6.207
24	■ Israel	6.034
25	■ Bangladesh	5.921
26	■ Mali	5.871
27	■ Turkey	5.737
28	■ United Kingdom	5.613
29	■ Greece	4.976
30	■ Uganda	4.894
31	■ Bahrain	4.871
32	■ Nepal	4.791
33	■ Indonesia	4.755
34	■ Algeria	4.75
35	■ United States	4.613
36	■ France	4.553
37	■ Mozambique	4.386
38	■ South Africa	4.231
39	■ Iran	4.222

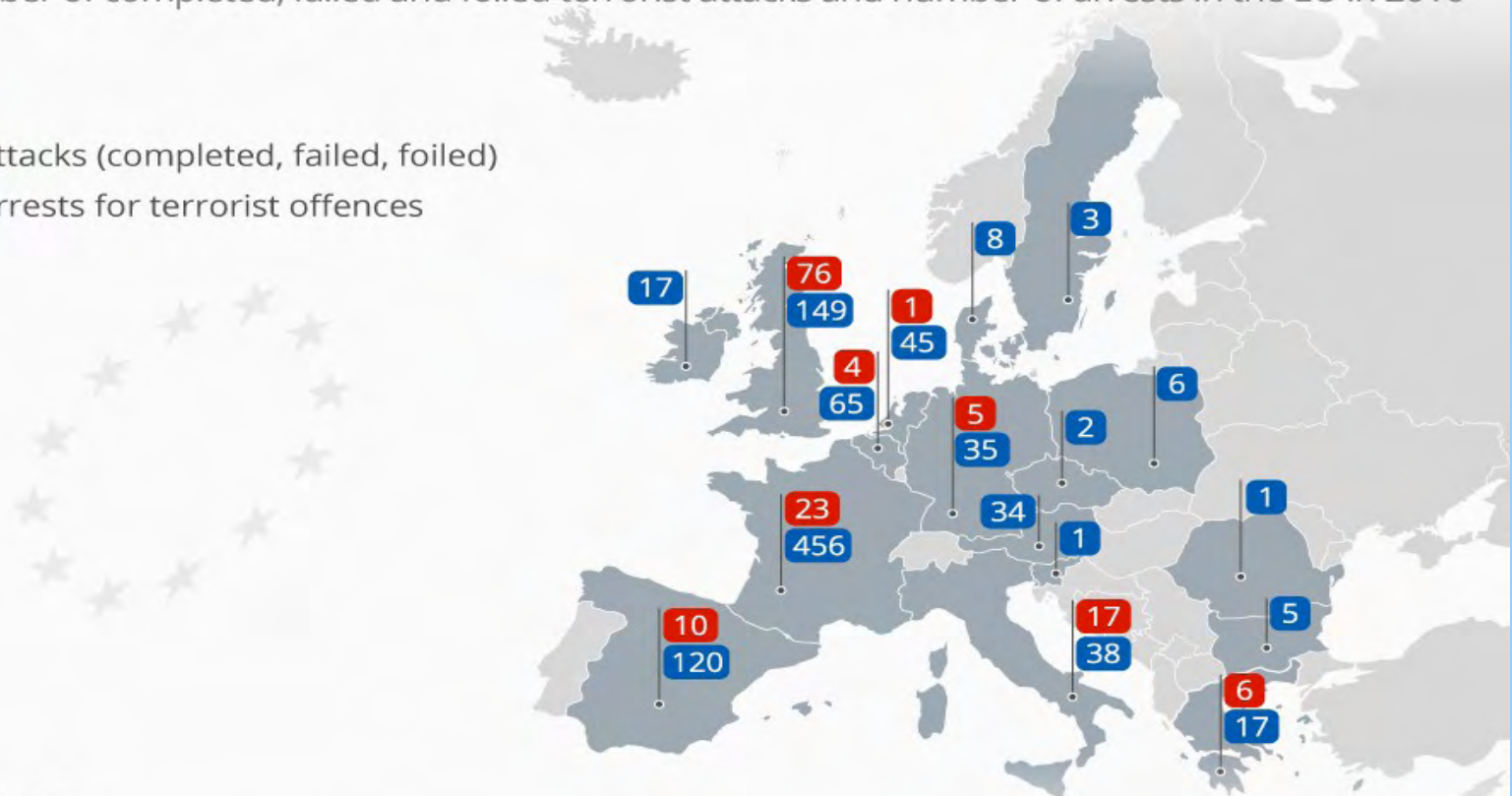


# Terrorism in Europe

## Terrorism in Europe in 2016

Number of completed, failed and foiled terrorist attacks and number of arrests in the EU in 2016

- Attacks (completed, failed, foiled)
- Arrests for terrorist offences



@StatistaCharts Source: Europol

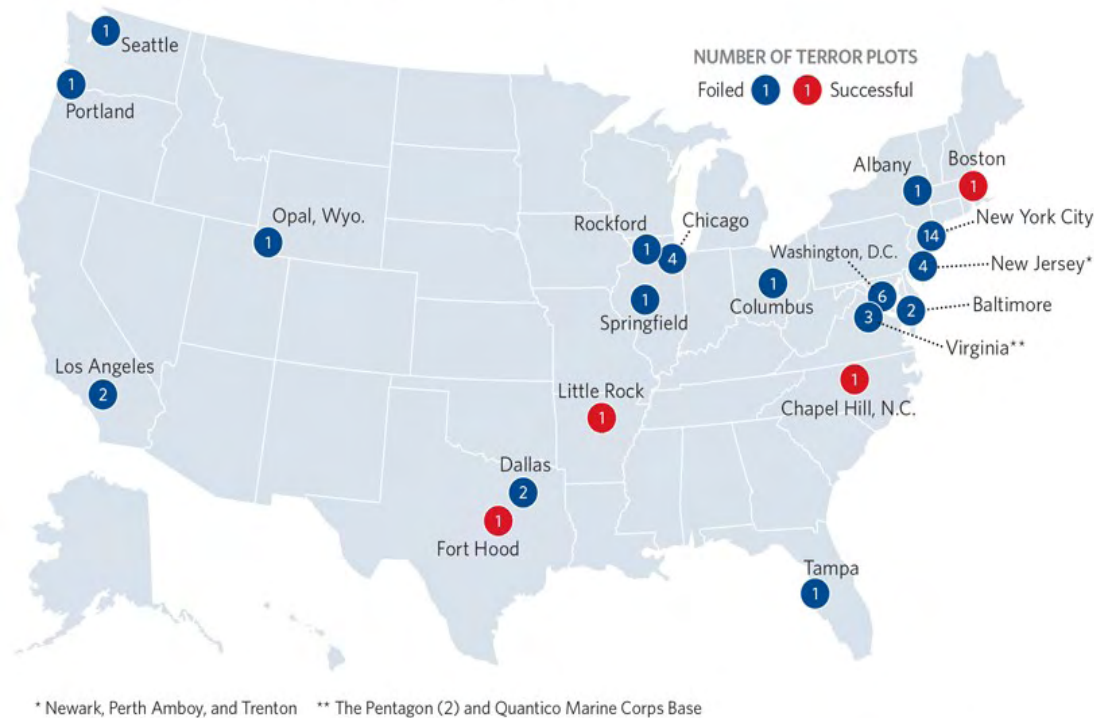
statista

# Terrorism in the US

MAP 1

## Terrorists Have Targeted Locations Across the U.S.

*This map locates 49 specific sites targeted for terror attacks since September 11, 2001. More than 10 additional plots with no clear target were also foiled.*



Source: Heritage Foundation research based on media reports and court documents.

SR 137 heritage.org

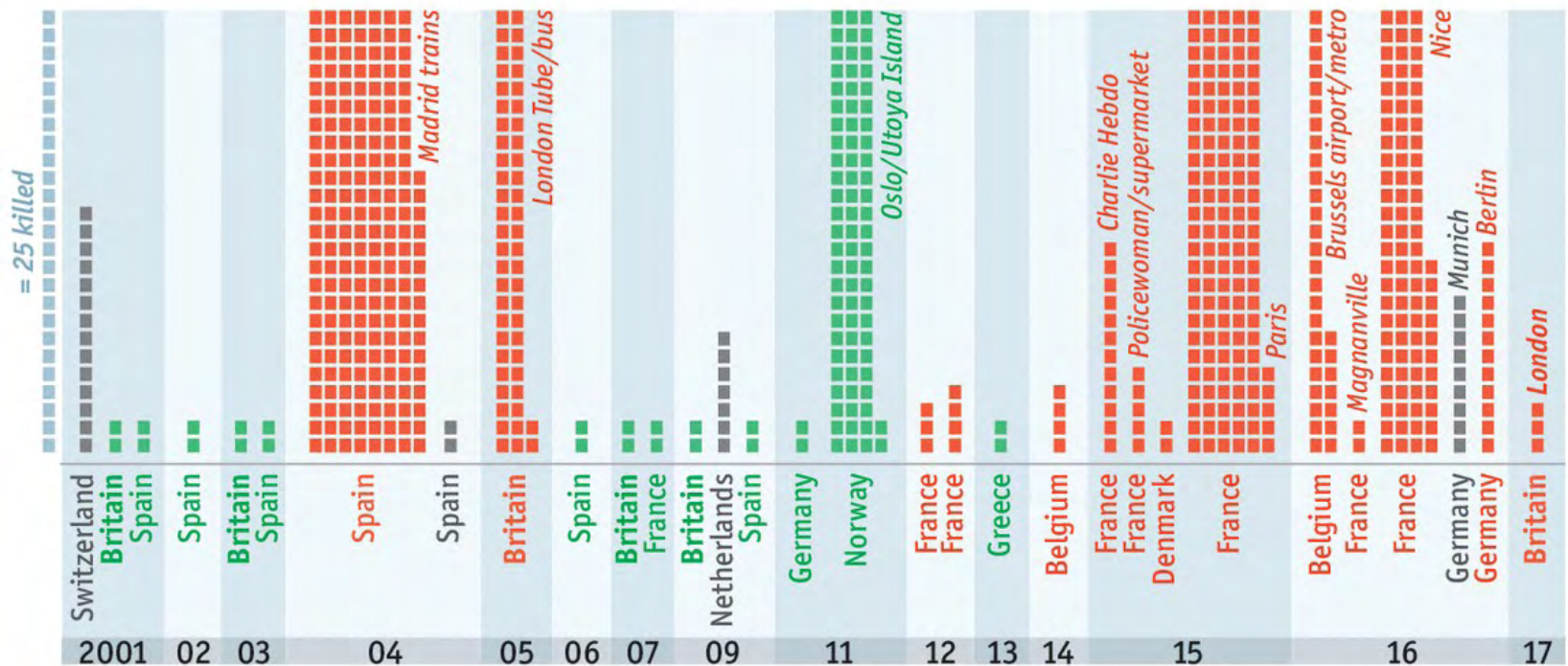
- At least 19 publically known terrorist attacks against the US have been foiled since 9/11.
- While not of the scale of 9/11, the fear of home grown terrorists increases
- Motives can vary from revenge for war on Islam, to poverty, to animal rights, or governmental policy.
- Over 100 US citizens have been identified as ISIS recruits.
- New tactics: Cyber terrorism, electromagnetic pulse, biological agents (e.g. ebola) .
- Attacks on the power grid in 2014 in California.

# Terrorism in Europe

## Terror's toll

Major attacks in western Europe, September 11th 2001 to March 23rd 2017\*

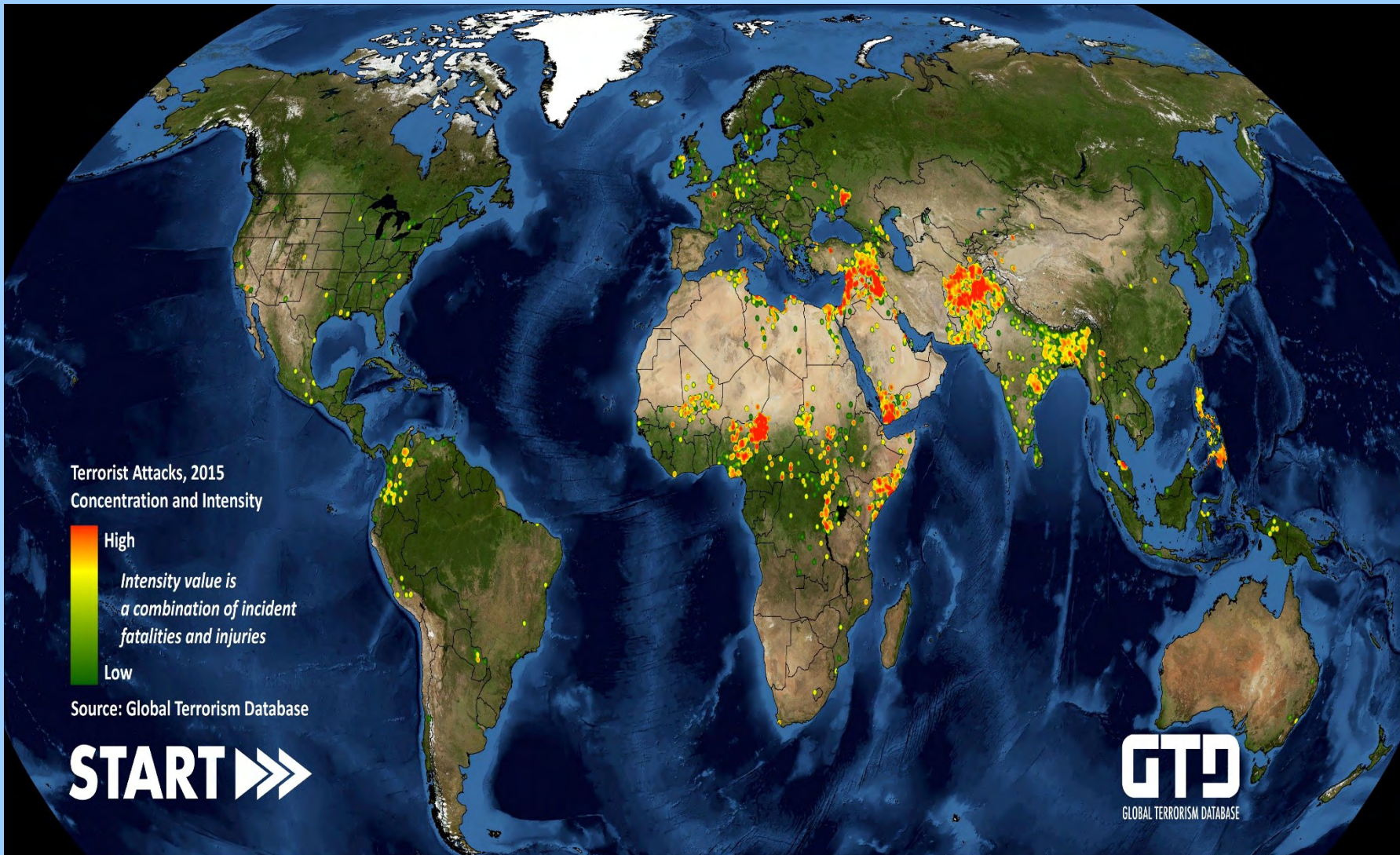
Attacks causing two or more deaths† by: ■ jihadists ■ other ■ unknown/no affiliation □ =1 killed



Sources: Global Terrorism Database, University of Maryland; press reports

\*At 11am GMT †Excluding perpetrators

# Terrorism in the World





# 5. Culture and Religion

Thanks to Louay M. Safi  
Executive Director  
ISNA Leadership Development Center

# Arab, Muslims, Islam

**Arab** is an ethno-linguistic category, identifying people who speak the [Arabic](#) language as their mother tongue (or, in the case of immigrants, for example, whose parents or grandparents spoke Arabic as their native language). Arabic is a Semitic language, closely related to Hebrew and Aramaic. While Arabs speak the same language, there is enormous ethnic diversity among the spoken dialects. There are 26 countries or territories in western Asia and Africa where Arabic is the official or one of the official languages of the state: [Algeria](#), [Bahrain](#), Chad (with French), Comoros (with French and Shikomor), Djibouti (with French), [Egypt](#), Eritrea (with Tigrignan), [Iraq](#) (with Kurdish), [Israel](#) (with Hebrew), [Jordan](#), [Kuwait](#), [Lebanon](#), [Libya](#), Mauritania, [Morocco](#), [Oman](#), [Palestine](#), [Qatar](#), [Saudi Arabia](#), Somalia (with Somali), [Syria](#), Sudan, [Tunisia](#), [United Arab Emirates](#), Western Sahara, and [Yemen](#).

**Muslims**: by most estimates, about one-fifth of humanity's six billion plus people, or approximately 1.5-1.8 billion, are Muslim. While we tend to think of Muslims as being in the Middle East, perhaps because that is where Islam began, most Muslims don't live there. In fact, the country with the most Muslims is Indonesia in Southeast Asia (202.9 million Muslims), and the largest regional concentration of Muslims is in the South Asian countries of India, Pakistan and Bangladesh, with nearly half a billion Muslims. Africa also has a very large Muslim population-not only are there over 180 million Muslims in North Africa, but also approximately 220 million Muslims in the countries of sub-Saharan Africa as well. There are also minority Muslim communities in countries across the world, from China to Western Europe to Canada and the United States, Latin America.

**Islam** means "surrender" or "submission". "Salam" (which means "peace") is the root word of "Islam". In a religious context the word "Islam" means "the surrendering of one's will (without compulsion) to the true will of God in an effort to achieve peace". It is a universal way of life and civilization. Between 1.5 and 1.8 billion people in the world identify their religion as Islam. Along with Judaism and Christianity it traces its roots through Prophet Abraham and back to the first humans Adam and Eve.

# Islam and Muslims

- The world of Islam is as diverse as the world of Christianity.
- Islam is experienced differently across cultures. In the words of a contemporary scholar of Islam: “*Islam is like a river in that it takes its color from the cultural bed it flows through.*”



# What is ISLAM?

Islam is an Arabic term derived from the word peace, which also means submitting to a higher will.

Islam means seeking peace by submitting to the Divine Will.

# Who are the Muslims?

- ❖ Individuals who completely and peacefully submit to the will of God, believe in the Articles of Faith and practice the Five Pillars of Islam.
- ❖ Muslims constitute 1/5 of world population, about 1.4 billion, and form the majority in 40 countries.
- ❖ Most Muslims live outside the Middle East.



# Who is God in Islam?

Say: He is God, the One; God, the Eternal and Absolute; He begets not, nor is He begotten; And there is none like unto Him.

Qur'an (112 : 1-4)

# Who is God in Islam?

“God is He, beside whom there is no other god; He knows (all things) both secret and open; He, Most Gracious, Most Merciful.”

“God is He, beside whom there is no other god; the Sovereign, the Holy, the Peace, the Guardian of Faith, the Preserver of Safety, the Exalted in Might, the Irresistible, the Supreme: Glory to God! (High is He) above the partners they attribute to Him. He is God, the Creator, the Evolver, the Form Giver. To Him belong the Most Beautiful Names: whatever is in the heavens and on earth, does celebrate His Praises and Glory: and He is the Exalted in Might, the Wise.”

**(Qur'an 59: 22-4)**

# • Who is Prophet Muhammad?



- ❖ Born in Makkah (Mecca) in the year 570 (CE).
- ❖ Received his first revelation from God at the age of forty, while engaged in a meditative retreat, through Archangel Gabriel (Holy Spirit).
- ❖ Revelations continued for twenty-three years, and are recorded in the Qur'an.

# Qur'an



Qur'an is the primary source of Islamic guidance.



The Qur'an is the record of the words of God revealed to Prophet Muhammad in Arabic through Archangel Gabriel. This revelation came in phases and continued for twenty-three years.



# Sunnah – Saying and Teaching of the Prophet



Sunnah, the practices, examples and saying of Prophet Muhammad



A major source of Islamic guidance



Illustrates Islamic faith in practice



Collected in hundreds of texts known as “*Hadiths*” (narrations).

# Articles of Faith



Belief in the Oneness or Unity of the Divine



Belief in Angels created by God



Belief in the Revealed Books of God.



# Articles of Faith



Belief in the Messengers and Prophets



Belief in the Day of Judgment



Belief in Divine Dispensation

# The Five Pillars of Islam

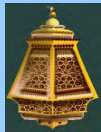
Islam is built on five pillars, the first of which is a statement of faith. The other four are major exercises of faith



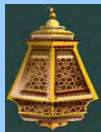
Declaration of Faith (Shahadah).



Prayer (Salah)



Obligatory Charity (Zakah)



Fasting (Siyam)



The Pilgrimage (Hajj)

# Hajj Pilgrimage



# Mecca



# Spirit of Islam

- O mankind! We created you **from** a single (pair) of a male and a female, and made you into nations and tribes, that you may know each other. Verily the most honored of you in the sight of God is the most righteous of you. And God has full knowledge and is well acquainted with all things.

**Qur'an (49:13)**

# The Spirit of Islam

The leading features of Mohammedanism [Islam] involve that in actual existence nothing can become fixed, but that everything is destined to expand itself in activity and life in boundless amplitude of the world, so that **the worship of the one remains the only bond by which the whole is capable of uniting**. In this expansion, all limits, all national and cast distinctions vanish, no particular race, no political claim of birth or possession is regarded—only man as a believer.

G.W.F. Hegel, *Philosophy of History*

# Respect of Religious Diversity

- Muslims, like Christians and Jews, trace their religion to Prophet Abraham. Israelites are the descendant of Isaac and Arabs are the descendant of Ishmael.
- *“Say (O Muslims), We believe in God, and the revelation given to us, and to Abraham, Ishmael, Isaac, Jacob, and the Tribes, and that given to Moses and Jesus, and that given to (all) Prophets from their Lord: we make no difference between one and another of them: and we bow to God in submission.”*

(Qur'an 2:136)

# Respect of Religious Diversity

## Salvation: Devotion Not Association

*“Those who believe (in the Qur’an), those who follow the Jewish (scripture), the Christians, and the Sabians, anyone **who believes in God** and the Last Day, and works righteousness, on them shall be no fear, nor shall they grieve.” (Qur’an 2:62)*

## Search For Common Ground

*"Say: O People of the Book! come to common terms as between us and you: that we worship none but God; that we associate no partners with him; **that we erect not, from among ourselves, Lords and patrons other than God.**" (3:64)*



# Religious Diversity

Mention the glory of Spanish Jewry in the days before the Inquisition and what comes immediately to mind are the southern cities of **Cordoba and Granada**, where giants of Jewish history like Moses Maimonides and Yehuda Halevi lived and wrote, and **where highly literate Jewish communities helped the Muslim leaders of Spain create a glorious civilization at a time when Christian Europe was slumbering in the Dark Ages.**

Another city where Jewish life flourished **before the Inquisition** is **Toledo**, the beautiful former capital of Castille, located near Madrid in central Spain, which, like Cordoba and Granada, is today much visited by Jewish tourists from around the world.

# Key Differences between Islam and Christianity

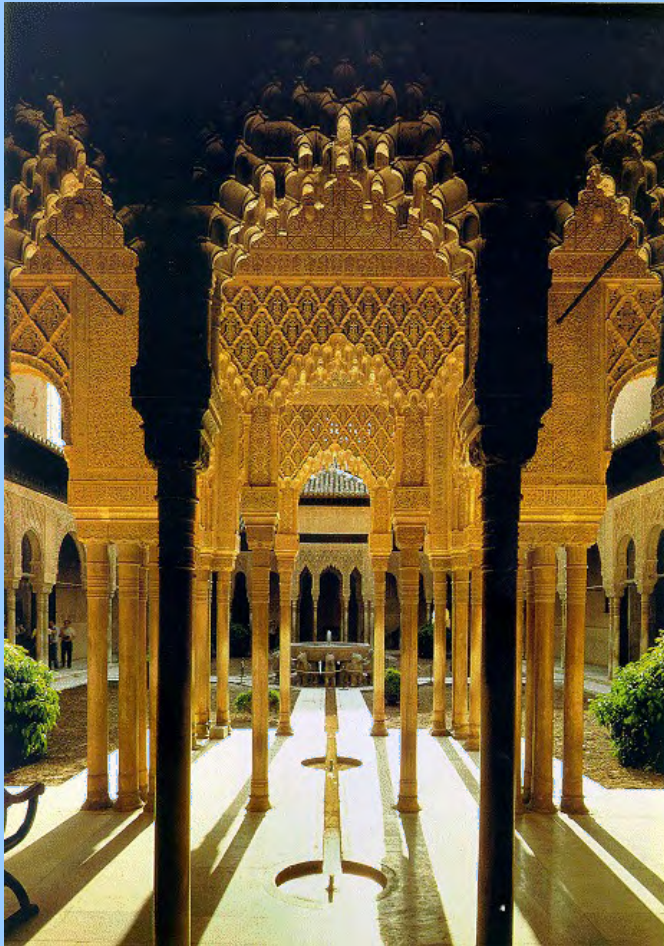
- **Interpretation of Religion.** In the case of Christianity the Bible; church fathers, church councils, ecumenical creeds; papal decrees and canon law for Catholics. In the case of Islam, the interpretation of Qur'an are complex and complicated since Islam lacks the unified teaching authority that Catholicism calls the "*magisterium*." Islam contains many schools of thought and there is no one single or simple source of interpretation on disputed points. The primary principle is that the whole of the Qur'an is used to understand individual passages, just as Christians sometimes say that "Scripture interprets Scripture." However, in Islam the Qur'an is God's word only in the Arabic text, so even translations are regarded as mere interpretations.
- **Role of Modernity and Rationality.** The shift of interest from community to individuality and freedom brought by modernity challenged the central place once occupied by religion. All these led to an increased indifference towards any transcendental guarantor that could act in a neutral reason-governed space. In the case of Islam, such a situation is impossible to tolerate, because it would mean God's desecration by reducing the Qur'an to the statute of a simple book like many others that offer an opinion on a Supreme Being who does not decide the destiny of humanity any more, but becomes a simple matter of opinion. While Western Christianity adjusted to modernity and even justified that freedom, rationality and individuality were consistent with its essence, Islam accepted modernity only within the realities stated by the Qur'an.
- **Division between Religion and State.** The key difference between Christianity and Islam is the difference between Jesus and Muhammad. Jesus was a spiritual leader who laid down His life to save the world. Muhammad was a spiritual leader, who became a political leader, then a violent military leader. Jesus accomplished His mission by dying on the cross. Muhammad accomplished his mission (at least largely) by ruling by the sword. **In other words, in Islam there is no distinction between state and religion.**

# Islamic Civilization

The **Muslims of Spain** were the most cultured people of the West. Literature and art became their glories, and learning flourished when rulers, often men of letters themselves, invited some of the best scholars of the Muslim East to settle in Spain.

**By the twelfth century scholars from northern Europe were flocking to Spain to study, and through them much of the learning of the Arabs was passed to Christian Europe.**

# Islamic Civilization



▲ Alhambra Palace, **Granada 715**



▲ Umayyad Mosque, Damascus 705  
Khaju Bridge in Isfahan, built 1602 ▼



# Islamic Civilization



◀ **Cordova University**  
(Cordova 786)

**Al Azhar University** ▶  
(Cairo 972)

**The Blue Mosque**  
(Istanbul 1603)



# Sunni and Shia

<b>Item</b>		
<i>Meaning of n</i>		
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# Sectarism

## Believers, beliefs and branches

A brief glossary of Muslim traditions and sects\*

Branch (numbers)	Belief	Foes
Sunnis (1 billion-plus)	Follow the sayings, deeds and practices ( <i>Sunnah</i> ) of Muhammad. Emphasis on texts and legal interpretation	Hardline Shias see Sunnis as domineering distorters of Muslim history and destroyers of others' shrines
Shias (100m-plus)	Believe Muhammad's kin were his rightful successors, and that the last of a line of 12 imams may reappear soon. Embittered by repression and terrorist attacks	Some Sunnis accuse Shias of innovation ( <i>bida</i> ) and compromising God's unique status ( <i>shirk</i> )
Sufis (unknown <sup>†</sup> )	Adhere to Islam's mystical tradition, cultivate remembrance ( <i>dhikr</i> ) of God through asceticism and recitation of prayers. May be either Sunni or Shia	Strict Sunnis see Sufis as dangerous innovators who over-praise their own holy teachers
Salafists/ Wahhabis (at least 17m <sup>‡</sup> )	Imitate the earliest generations of Muslims and distrust later interpretations. Strict, austere Sunnis, may be peaceful or violent, pietistic or political. Often followers of al-Wahhab, 18th-century Salafist teacher. Prevalent in Saudi Arabia	Sufis, Shias, many moderate Sunnis see them as zealous and intolerant
Ismailis (15m)	Disagree with other Shias about the line of spiritual succession after 8th century, notable do-gooders, relaxed about religious rules	Hardline Sunnis question their status as Muslims
Alevis (10m)	Downplay formal Muslim rituals, stress sexual equality, overlap with the Bektashi mystical movement. Leftist, fear Sunni majority. Based in Turkey	Turkish Sunnis see them as heretical, disloyal, pro-Syrian
Ahmaddiyas (4m <sup>§</sup> )	Revere a 19th-century Indian Muslim revivalist. Vigorous but oppressed in Pakistan and South Asian diaspora, keen builders of schools and hospitals	All mainstream Muslim authorities see them as heretics
Alawites (3m)	Emphasise the Shia imams, esoteric offshoot of Ismaili Shiism. Some rites overlap with Christianity. Rulers of Syria	Many mainstream Shias, most Sunnis see them as heretics

\*Selected categories, not necessarily exclusive <sup>†</sup>Many Sufis practise in secret

<sup>‡</sup>In Saudi Arabia, more elsewhere <sup>§</sup>In Pakistan, elsewhere unknown

Source: *The Economist*

# Sunni and Shia

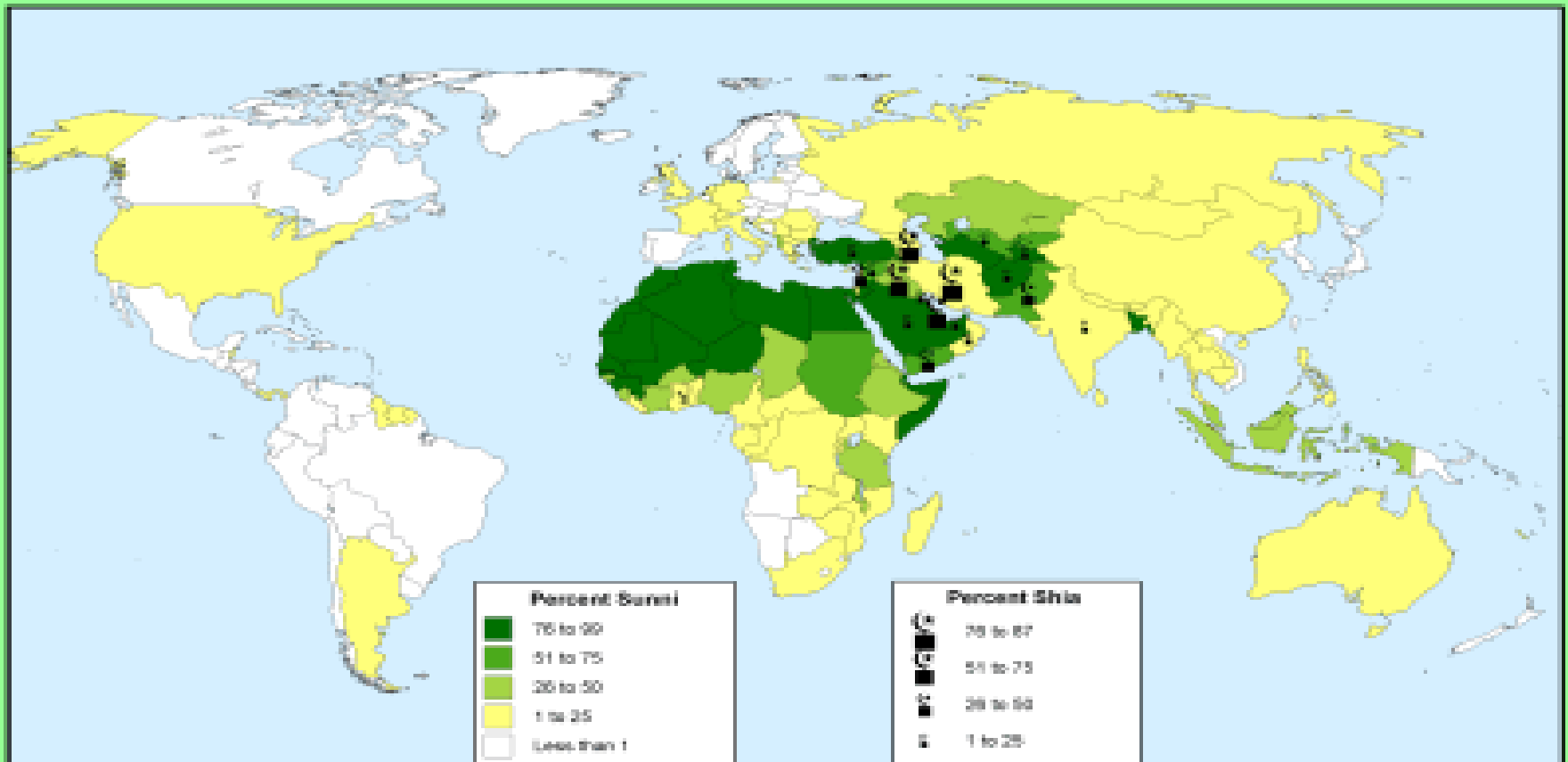
**Table 2. – Middle East/North African Countries, Shiite/Sunni**

<b>Country</b>	<b>Muslim (in mil.)</b>	<b>Muslim % Total Pop.</b>	<b>% Shiite</b>	<b>Shiite (in mil.)</b>	<b>Sunni (in mil.)</b>
Afghanistan	28.1	100%	13%	3.6	24.4
Algeria	34.2	98%	0%	0.0	34.2
Bahrain	0.6	81%	70%	0.4	0.2
Egypt	78.5	95%	0%	0.0	78.5
Iran	73.8	99%	93%	68.2	5.5
Iraq	30.4	99%	68%	20.5	9.9
Jordan	6.2	98%	0%	0.0	6.2
Kuwait	2.8	95%	23%	0.6	2.2
Lebanon	2.5	59%	50%	1.3	1.3
Libya	6.2	96%	3%	0.2	6.0
Oman	2.5	88%	75%	1.9	0.6
Pakistan	174.1	96%	13%	21.8	152.3
Qatar	1.1	78%	10%	0.1	1.0
Saudi Arabia	24.9	97%	13%	3.1	21.8
Syria	20.2	92%	18%	3.5	16.7
Turkey	73.6	98%	13%	9.2	64.4
United Arab Emirates	3.5	76%	10%	0.4	3.2
Yemen	23.4	99%	38%	8.8	14.6
<b>Total Populations</b>				<b>143.7</b>	<b>443.0</b>



# Sunni and Shia Around the World

## Distribution of Sunni and Shia Muslims

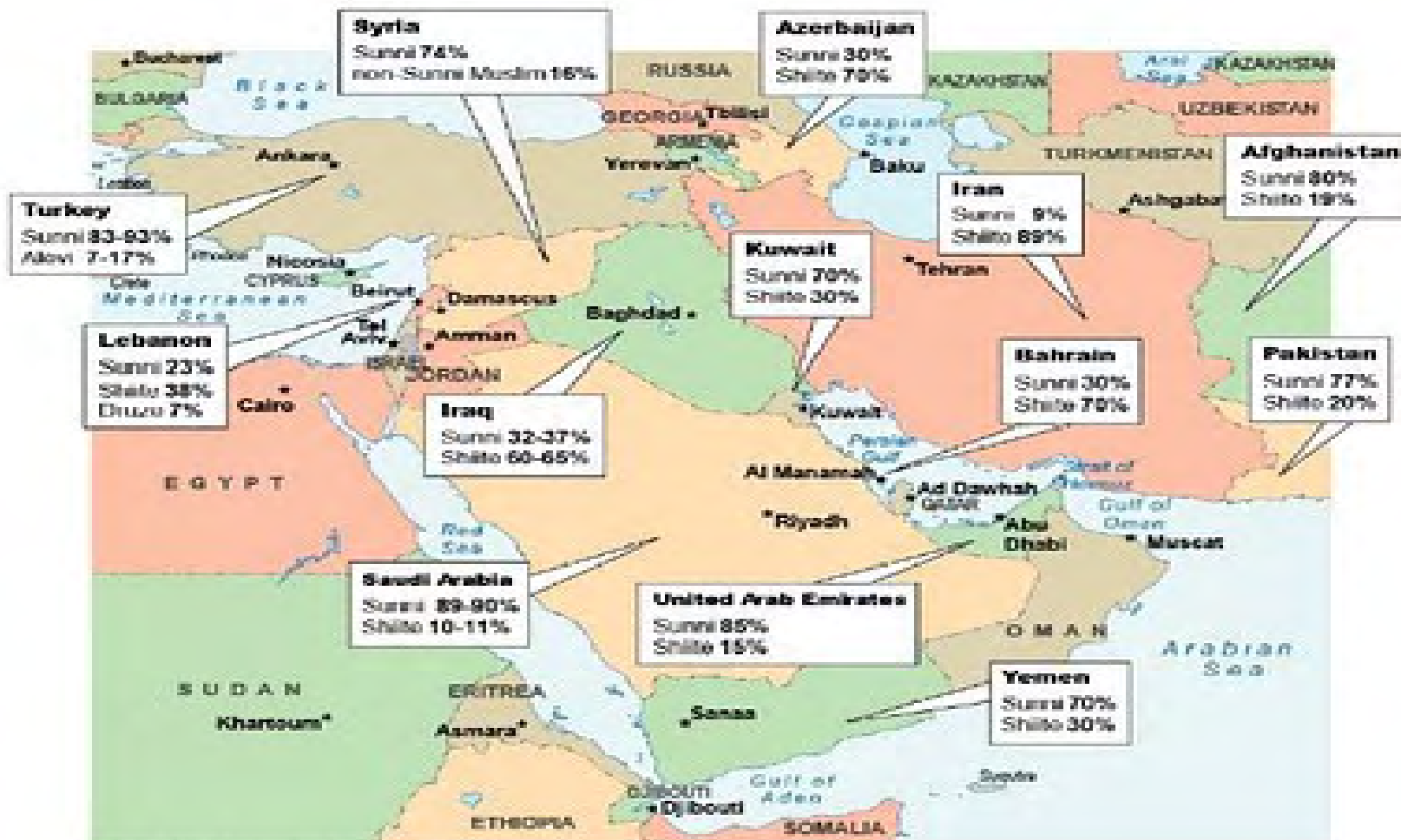


Note: Percent Sunni and Shia of Muslims in each country.  
Source: Data from Patrick Johnson's "Operation World", 1993, World Factsbook, 1997.  
Produced by GlobalMapping International, 3401, 7148, 501-3389

# Sunni and Shia in the Middle East



# Sunni and Shia in the Middle East



Source: Map Resources. Adapted by CRS. (1/24/06)

# Sunni and Shia

Video: Sunni and Shia

- [http://www.cfr.org/peace-conflict-and-human-rights/sunni-shia-divide/p33176#/!](http://www.cfr.org/peace-conflict-and-human-rights/sunni-shia-divide/p33176#/)
- <https://www.youtube.com/watch?v=5KLvjs7Yrtw>

# 6. Society

# Middle Eastern Culture

- Honor (self-respect to self-pride) and expectation of equal treatment regardless of wealth, position, or rank.
- Fierce sense of independence and resentment of imposed rules or decisions not sanctioned by social norms and customs.
- Strong loyalty to extended family, friends, and locality, and a great expectation of solidarity.
- Hospitality to guests and visitors.

# Family Role

- Family is often inclusive of cousins
- Family loyalty and obligation is paramount
- Family is seen as a person's ultimate refuge and support system
- Children are taught profound respect for adults

# Men and Women

- The public display of intimacy between men and women is considered offensive.
- This code also applies to husbands and wives.
- The maintenance of family honor is one of the highest values.
- In Middle Eastern cultures, promiscuous behavior can be more damaging to family honor.
- Most Middle Easterners still prefer arranged marriage. The family always plays a major role in the decision of any member to wed.



# Status of Women

- Statements on women's status vary in applicability depending on the country involved. For instance, in Turkey, Lebanon, Syria, Jordan, and Egypt, educated women have been very active at all levels of society.
- In the Persian Gulf States, most women do not work. Those who do, work only in all-female environments such as schools and banks for women, except those in the medical profession
- Traditionally-oriented men and women don't see prevailing customs as restrictions-rather as protections

# Women Social Participation

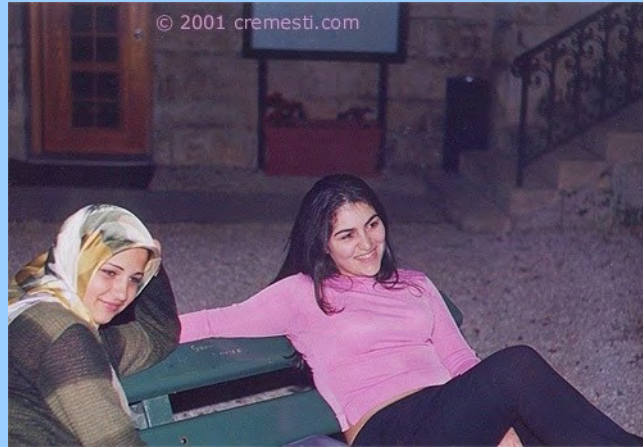
- Traditional Muslim societies are patriarchic.
- Modern Influence and Muslim feminism
- Islamic Influence and Revisiting Islamic Sources:  
*Believing men and women are the guardian and protector of one another, they both enjoin the good and prohibit evil, establish prayers, give for charity, and obey God and His Messenger.*

(Qura'n 9: 71 )

# Middle Eastern Women



# Middle Eastern Women



# Politicization of Hijab

- Hijab is a veil that covers the head and chest, which is particularly worn by some [Muslim](#) women beyond the age of [puberty](#) in the presence of adult males outside of their immediate family and, according to some interpretations, in the presence of adult non-Muslim females outside of their immediate family. It can further refer to any head, face, or body covering worn by Muslim women that conforms to a certain standard of [modesty](#). Women attire (hijab) have been frequently viewed via a political lens.
- Kemal Attaturk prohibited Islamic outfit.
- Syrian government placed ban on the hijab in the 1980s.
- Turkey and Tunisia persecutes women who wear hijab since early 1990s.
- Iran and Saudi Arabia continue to enforce hijab.
- France outlawed hijab in late 2003.

# Continuity and Change

- Middle Eastern society has been in a state of flux for over a century, searching for a new direction and identity, and experiencing a great deal of tension as rivaling forces compete for its future.
- The most pronounced tension is between modernity and tradition, that increasingly takes the form of struggle between Islam and modernity.
- Islam is viewed by many Muslims not simply as a religion, but also as a cultural identity and heritage.
- While cultures and traditions vary markedly, the following qualities are often shared by M.E. Culture.

# Modernization

- Islam was dismissed by the 1950s as Pre-Modern and obsolete:

*Whether from East or from West, modernization poses the same basic challenge—the infusion of “a rationalist and positivist spirit” against which scholars seem agreed, “Islam is absolutely defenseless.”*

Daniel Lerner, *The Passing of Traditional Society*

# Islam and Modernity

- The Shock of Modernity
  - Colonialism and the Loss of independence
  - Modern State and the Loss of local autonomy and control
  - Westernization and the Loss of Tradition
  - Fragmentation and the Loss of Unity
- Islamic Reassertion
  - Rejection: Radical Islam
  - Reconciliation: Reform Islam
  - Dualism: Traditional Islam



# Traditional City



▲ Umayyad Mosque built 705-715 AD.

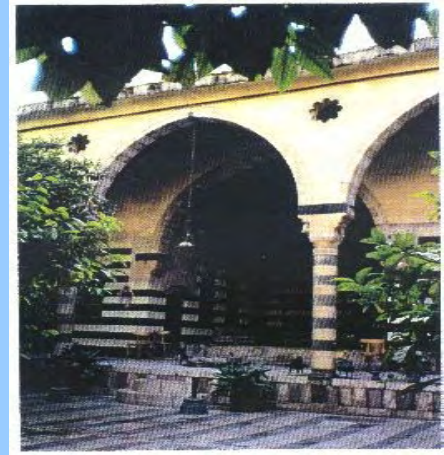
◀ Suq (Shopping Mall) Al-Hamiddiyyah.

# Traditional City



Narrow Allies, Plain External Design

# Traditional City



- Privacy
- Open space is located within the traditional house.
- All Houses look alike from outside – no decoration.
- Court yard is located inside the house.

# Modern City



Modern Dubai



Modern Cairo

- Multi-Story apartment buildings is the new residential pattern.

# Sharia Law

For Arabs *sharia* ("legislation") means the moral code and religious law of a prophetic religion.

The term "sharia" has been largely identified with Islam in English usage.

*Sharia* (Islamic law) deals with several topics including: crime, politics, and economics, as well as personal matters such as sexual intercourse, hygiene, diet, prayer, everyday etiquette and fasting.

Adherence to Islamic law has served as one of the distinguishing characteristics of the Muslim faith historically, and through the centuries Muslims have devoted much scholarly time and effort on its elaboration.

Interpretations of sharia (*fiqh*) vary among Islamic sects and respective schools of jurisprudence, yet in its strictest and most historically coherent definition, sharia is considered the infallible law of God.

# Women Punished under Sharia Law



Official from the Department of [Propagation](#) of Virtue and the Prevention of Vice, beating a woman in [Afghanistan](#) for violating local interpretation of sharia.

# Jihad

- **Jihad** is an [Islamic term](#) referring to a religious duty of [Muslims](#). In Arabic, the word *jihād* is a noun meaning "struggle" or "resisting". A person engaged in jihad is called a [mujahid](#), the plural of which is *mujahideen*. The word *jihad* appears frequently in the [Quran](#), often in the idiomatic expression "striving in the way of God".
- Muslims and scholars do not all agree on its definition. Within the context of the classical Islamic law, it refers to struggle against those who do not believe in the [Islamic God \(Allah\)](#) and do not acknowledge the submission to Muslims, and so is often translated as "Holy War", although this term is controversial.
- According to the *Dictionary of Islam* and Islamic historian [Bernard Lewis](#), in the large majority of cases jihad has a military meaning.
- Javed Ghamidi states that there is consensus amongst Islamic scholars that the concept of jihad will always include armed struggle against wrong doers. It was generally supposed that the order for a general war could only be given by the [Caliph](#) (an office that was claimed by the Ottoman sultans), but Muslims who did not acknowledge the spiritual authority of the Caliphate (which has been vacant since 1923)—such as non-Sunnis and non-Ottoman Muslim states—always looked to their own rulers for the proclamation of a jihad. There has been in fact no universal warfare by Muslims on non-believers since the early caliphate. Some proclaimed Jihad by claiming themselves as [mahdi](#), e.g., the Sudanese [Mahommed Ahmad](#) in 1882.

# **7. The European Union and the Middle East**



# The EU and the Middle East

- In 1973, the then European Community (EC) recognized the rights of the Palestinians; in 1980, through its Venice Declaration, the EC also recognized the Palestinian right to self-determination. In 1999, the EU's Berlin Declaration "prepared the ground" for the adoption of the two-state solution; and in 2002, through its Seville Declaration, the EU made explicit that a future Palestinian state should be based on the 1967 borders.
- In 2007, Nicolas Sarkozy launched a proposal to establish a "*Mediterranean Union*", which would consist principally of Mediterranean states. The Mediterranean Union would be modeled on the European Union with a shared judicial area and common institutions. At the Paris Summit for the Mediterranean (13 July 2008), 43 Heads of State and Government from the Euro-Mediterranean region decided to launch the Barcelona Process: Union for the Mediterranean (UfM).
- A key of the Mediterranean union was the **common and shared governance** of institutions between countries on the two sides of the Mediterranean sea.

# The EU and the Middle East

- The Mediterranean Union accepts and commits to the purpose of promoting "**peace, stability and prosperity**" throughout the region. The four chapters of cooperation developed in the framework of the Barcelona Process remain valid:
  - *Politics and Security*
  - *Economics and Trade*
  - *Socio-cultural*
  - *Justice and Interior Affairs.*
- The objective to establish a **Free Trade Area** in the Euro-Mediterranean region by 2010 (and beyond). In addition to these four chapters of cooperation, the 43 Ministers of Foreign Affairs gathered in Marseilles on November 2008 identified six concrete projects that target specific needs of the Euro-Mediterranean region and that will enhance the visibility of the Partnership:
  - *De-pollution of the Mediterranean; Maritime and land highways; Civil protection; Alternative energies: Mediterranean solar plan; Higher education and research: Euro-Mediterranean University.*
  - *The Mediterranean business development initiative.* The purpose of the initiative is to promote small and medium-sized enterprises from the Mediterranean partner countries by "assessing the needs of these enterprises, defining policy solutions and providing these entities with resources in the form of technical assistance and financial instruments."

# The EU and the Middle East

- At the beginning of November 2010 the peace talks stalled, and the Egyptian co-president conditioned the occurrence of the summit on a gesture from Israel that would allow the negotiations to resume. According to some experts the announcement of the construction of 1,300 **new settlements** in East Jerusalem ended all the possibilities of celebrating the Euro- Mediterranean summit of heads of States. On the 15<sup>th</sup> of November it was decided to postpone the summit *sine die*, alleging that the stagnation of the Middle East Peace Process would hinder a "satisfactory participation."
- In December 2010, the *Arab Spring* began.
- In May 2012 **Nicholas Sarkozy lost** the election for President of France.
- On May 14<sup>th</sup>, 2012, EU foreign ministers stated for the first time clearly that "ending the conflict was a European interest". This culminated in the decision of the majority of EU member states' governments in late November 2012 to abstain or vote in favor of the upgrade of Palestine to "**observer-member state**" in the UN.
- Starting in January 2014, EU financial assistance will no longer go to Israeli entities in the occupied territories. The directive covers most areas of co-operation between the EU and Israel such as science, economics, culture, sports and academia, but it does not cover trade-related issues.

# EU and the Middle East

## Economic and Financial Cooperation

- The **European Commission (EC)** contributes to the relationship with Mediterranean countries through the European Neighborhood Policy Instrument (ENPI). Some of the initiatives: Depollution of the Mediterranean (€22 million); Maritime and land highways (€7.5 million); Alternative energies: Mediterranean Solar Plan (€5 million); Euro-Mediterranean University of Slovenia (€1 million).
- The **European Neighborhood Instrument (ENI)** came into force in 2014. It is the financial arm of the European Neighborhood Policy, the EU's foreign policy towards its neighbors to the East and to the South. It has a budget of €15.4 billion and will provide the bulk of funding through a number of programs.
- The **European Investment Bank (EIB)** contributes to the support of Mediterranean countries through its Euro-Mediterranean Investment and Partnership (FEMIP). Following the June 2012 meeting the EIB announced it would give € 500 million to support projects in the Mediterranean.
- The **InfraMed Infrastructure Fund** was established in June 2010 by five European financial entities: the French Caisse des Dépôts, the Moroccan Caisse de Dépôts et de Gestion, the Egyptian EFG Hermes, the Italian Cassa Depositi e Prestiti and the **European Investment Bank (EIB)**. On an initial phase, the Fund will contribute €385 million to projects on infrastructure.

# EU and the Middle East

## Economic and Financial Cooperation

- Traditionally, the European Union (EU) has been blamed for its “*megaphone*” diplomacy and for its rhetoric that is never translated into real foreign policy. UE’s voice regarded as “*unpleasant background noise*”, the phrase used by Foreign Affairs Ministry spokesman Yigal Palmor in 2012.
- North European countries do not regard the Middle East as a priority as compared to European eastward expansion and consolidation.
- The financial and economic crisis of 2008 hit particularly hard European Mediterranean countries, i.e., Greece, Italy, Spain and weakened the European interest on the Middle East and Mediterranean countries.

# EU and the Middle East

## Economic and Financial Cooperation

Enlargement: the impossible solution?

- History
- Incentives
- Not for all
- East Europe and Mediterranean Countries

# **8. The United States and the Middle East**

# The United States and the Middle East

- The United States has been entangled in the region's political conflicts and it is considered **the heir to British imperialism in the region**. The main factors of the US policy in the Middle East are:
  - desire to keep the vast **oil reserves** in hands friendly to the United States,
  - wish to keep out potential rivals (such as the Soviet Union at the time of the **Cold War** and possibly China),
  - opposition to neutrality in the cold war,
  - fight to terrorism, and
  - domestic political considerations.
- These factors often clash with the **democratic values of the USA**
- The United States provides a **continuous staunch support to Israel**. At the same time, the United States has been associated with the support of **authoritarian regimes** in Middle East countries, e.g., Mubarak in Egypt, Hafez al-Assad in Syria, to support **stability and not democratic values**. The US policy in the Middle East before September 11, 2001 includes U.S. alliances with Iraq to counter Iran; the Gulf War of 1991.
- The feeling of anger and humiliation after the **terrorist attacks of the September 11<sup>th</sup>**, 2001, has been as the main factor that compelled the United States to invade Afghanistan (2001) and Iraq (2003) under the so-called Bush Doctrine (2002).



# The United States and the Middle East

- Beginning in the early 1970s, the United States dramatically increased its **foreign assistance to the Middle East**. After the U.S. withdrawal from South Vietnam, the Middle East began to receive a disproportionate share of U.S. aid; more U.S. foreign aid than any other region of the world, a trend that has continued to this day.
  - The leading recipient of aid is Israel, but several other countries in the region - Egypt, Lebanon, Palestinians and Gaza, and Jordan - are awarded hundreds of millions of US dollars annually.
  - The Near East region as a whole, which includes North Africa and the Persian Gulf States and Iraq, received \$5.26 billion in 2010, more than all of Africa (\$5.19 billion), and nearly eight times the amount of aid delivered to East Asia.

# The United States and the Middle East

- People in the Middle East perceived the new order of the Bush Doctrine as dangerous as the old Cold War order because it would feature an activist U.S. foreign policy without the inhibitions imposed by the superpower rivalry.
- Currently, faced with the Arab Spring, to many observers and people in Middle East countries, the **US policy looks ineffective**. The United States has not provided a clear support to the democratic process that the Arab Spring has initiated (e.g., Libya, Egypt, and Syria) and it is struggling between the **old authoritarian and gradualist approach and a rhetoric support to the democratic process**.
- American policies in the Middle East, mainly stem from the belief that American military involvement in the Middle East protects U.S. access to **“cheap” oil**. That portends ill for the people of the Middle East, as well as for American citizens, who will see their taxes continue to raise, their consumer economy increasingly distorted by military spending, and their blood spilled—all in the name of U.S. leadership.
- The role of oil from the Middle East can change following the **energy boom** in the United States.

# The United States and the Middle East: Opinion Poll

## Ten Nation Impressions of America (2002)

In the aftermath of the September 11 attacks, Americans became painfully aware of the gap in understanding between American world and much of the Arab world. Front page headlines and newsmagazine cover stories asked “*why do they hate us?*” Pundits and scholars across the ideological spectrum offered answers that ranged from the serious to the silly.

Some suggested that (i) *the behavior of the attackers was not aberrant, but characteristic of Islam and its followers.* They suggested that the West and Islam are not only different, but are inevitably headed toward a clash.

Others suggested that (ii) *“they” –the Arabs -hate US democratic values, US superpower status, US wealth, and American people.*

Still others noted that (iii) *it is the US policy of unquestioning support for Israel, the US denial of Palestinian rights, and US collaboration with authoritarian regimes in the Middle East that is behind the Arab hostility towards the USA.*

# The United States and the Middle East: Opinion Poll

## 5 Nation Survey of the Middle East (2006)

Continuing Conflict in Iraq and Palestine Deepens U.S.-Arab relationships.

Results of the 2006 AAI/Zogby International poll in 5 Arab countries show:

- Overall Arab attitudes towards U.S. have worsened; negative attitudes have hardened.
- Attitudes toward U.S. policies in Iraq and Palestine are a key factor.
- Attitudes toward American values, people and culture have declined as well.
- Uncertainty resulting from these two conflicts has significantly dampened Arab confidence in prospects for economic development and political stability.

<http://www.aaiusa.org/pages/opinion-polls/>

# The United States and the Middle East: Opinion Poll

- Is Peace Possible?

A report on a comprehensive survey of attitudes among Israeli Jews, Israeli Arabs, Palestinians in the Occupied Lands, Refugees in Lebanon, Refugees in Jordan, and Jewish Americans.

Conducted in **September 2012** an extensive survey of public opinion with over 4,200 participants among: Israeli Jews and Arabs; Palestinians in the West Bank, Gaza, and East Jerusalem; Palestinian refugees in Lebanon and Jordan; and the American Jewish community.

A review of the **results establishes the enormous challenges confronting peacemaking efforts. Wide gaps separate Israeli Jewish and Palestinian public opinions. At present, no easy agreement can be reached on issues as fundamental as: the location of borders, the disposition of Israeli settlements and settlers, the resolution of the refugee issue, and the status of Jerusalem.**

<http://www.aaiusa.org/pages/opinion-polls/>

# The United States and the Middle East: Opinion Poll

- [Today's Middle East: Pressures and Challenges](#) (November 2014)

Conducted for the Sir Bani Yas Forum, an annual event cohosted by the UAE Ministry of Foreign Affairs and the Washington-based Center for Strategic and International Studies, **Today's Middle East: Pressures & Challenges**, surveyed eight Middle East and North African countries on the emergence of ISIS, the role of the Muslim Brotherhood, the growth of sectarianism, the future of Syria and Iraq, Iran's nuclear program, and more.

The poll confirms many prevailing assumptions about regional outlooks, and it reveals some surprising shifts in public opinion. A key finding is that despite deep regional antipathy towards ISIS, there is popular opposition to any Western-led intervention and extremely low support for U.S. policies - two factors, which may become a significant challenge to the efficacy of the U.S.-led military campaign against the group.

# The Joint Comprehensive Plan of Action- The Iran Nuclear Deal

The **2015 Iran Nuclear Deal** - the Joint Comprehensive Plan of Action- was struck among the US, under the administration of former President Barack Obama, Iran, five other countries (China, France, Germany, Russia, UK), and the European Union.

The deal prevents Iran from developing nuclear weapons while offering sanctions relief to allow the Islamic Republic to participate in international commerce and banking.

# The Joint Comprehensive Plan of Action- The Iran Nuclear Deal

- **Enrichment**
  - Iran's enrichment capacity, enrichment level and stockpile will be limited for specified durations.
  - There will be no enrichment facilities other than Natanz.
  - Iran is allowed to conduct research and development on centrifuges with an agreed scope and schedule.
  - Fordow, the underground enrichment center, will be converted to a "nuclear, physics and technology center".
- **Reprocessing**
  - The Heavy Water facility in Arak with help of international venture will be redesigned and modernized to "Heavy Water Research Reactor" with no weapon grade plutonium by-products.
  - The spent fuel will be exported, there will be no reprocessing.
- **Monitoring**
  - Implementation of the modified Code 3.1 and provisional application of the Additional Protocol.
  - Iran agreed IAEA procedure, which enhanced access by modern technologies to clarify past and present issues.
- **Sanctions:** When the IAEA verifies Iran's implementation of its key nuclear commitments:
  - The EU will terminate all nuclear-related economic sanctions.
  - The United States will cease the application of all nuclear-related secondary economic and financial sanctions.
  - The UN Security Council will endorse this agreement with a resolution which terminates all previous nuclear-related resolutions and incorporate certain restrictive measures for a mutually agreed period of time.



# The Joint Comprehensive Plan of Action

## The Iran Nuclear Deal

Capability	Before JCPOA	After JCPOA (for 10-year period)	After 15 years
<b>First-generation centrifuges installed</b>	19,138	capped at 6,104	<b>Unconstrained</b>
<b>Advanced centrifuges installed</b>	1,008	0	<b>Unconstrained</b>
<b>Centrifuge R&amp;D</b>	Unconstrained	Constrained	<b>Unconstrained</b>
<b>Stockpile of low-enriched uranium</b>	7,154 kg	300 kg	<b>Unconstrained</b>
<b>Stockpile of medium-enriched uranium</b>	196 kg	0 kg	<b>Unconstrained</b>

# The Joint Comprehensive Plan of Action- The Iran Nuclear Deal

- Under US law, the President is required to renew the waiver on sanctions every 120 days.
- On January 12, 2018, President Trump announced that he would waive the sanctions against Iran for the "last time", unless an agreement can be reached between the US and Europe within the next 120 days that would strengthen the nuclear deal.
  - *"Despite my strong inclination, I have not yet withdrawn the United States from the Iran nuclear deal. Instead I have outlined two possible paths forward: either fix the deal's disastrous flaws, or the United States will withdraw. This is the last chance. In absence of such an agreement [between the US and European powers], the United States will not again waive sanctions in order to stay in the Iran nuclear deal."*
- **Four critical components to fix the deal:**
  - It must demand that Iran allow immediate inspections at all sites requested by international inspectors.
  - Any deal "must ensure that Iran never ever comes close to possessing a nuclear weapon"
  - These provisions must have no expiration date". One reason Trump has criticized the nuclear deal is that certain aspects of the agreement expire after 10 or 15 years.
  - Any deal "must explicitly state that long-range missile and nuclear weapons programs are inseparable, and that Iran's development and testing of missiles should be subject to severe sanctions."



## Some Reactions to the Iran Nuclear Deal

- **Israel:** On July 14, 2015, Prime Minister [Benjamin Netanyahu](#) said: "Israel is not bound by this deal with Iran, because Iran continues to seek our destruction, we will always defend ourselves." Netanyahu called the deal a "capitulation" and "a bad mistake of historic proportions".
- **Saudi Arabia:** On 14 July, the official *Saudi Press Agency* released a statement attributed to an "official source" saying, "The Kingdom of Saudi Arabia has always believed in the importance of reaching a deal regarding Iran's nuclear program that ensures preventing Iran from obtaining nuclear weapons and at the same time includes a specific, strict and permanent mechanism for inspecting all sites—including military ones—along with a mechanism for rapidly and effectively re-imposing sanctions in case Iran violates the deal. U.S. Secretary of Defense [Ashton B. Carter](#) said that Saudi Arabia approved of the international agreement, despite the fact that "the Saudis, along with other Sunni Arab countries in the Persian Gulf, view the predominantly Shiite Iran as a regional adversary." The Saudis have undertaken a military campaign in Yemen against [Iranian-backed Houthi insurgents](#) there.
- **Iran:** On July 14, 2015, *The New York Times* reported, "Iran's influential hard-liners, who have criticized Mr. Rouhani in much the same way that President Obama has been denounced by Republicans in the United States, signaled their intent to undercut the agreement," which they believe to be too favorable to the West. Foad Izadi, a professor at the University of Tehran, complained that of the 19 Iranian "major red lines" identified by the supreme leader during negotiations, "18 and a half have been crossed." Conservative lawmaker [Alireza Zakani](#) said "celebrating too early can send a bad signal to the enemy."

# European Union and the Iran Deal

- Since the early 2000s, the EU has been eager to prove itself as an independent actor in a multipolar world, through the defense of its **doctrine of effective multilateralism**. Effective multilateralism emphasized the EU's close involvement with other international institutions like the United Nations. It also strengthened the EU's effectiveness as an institution by promoting a more cohesive foreign policy identity that could transcend variations in foreign policy doctrines across its measures. Effective multilateralism was initially difficult to implement as it conflicted drastically with the Bush administration's unilateral, neoconservative foreign policy inclinations as well as with Trump's bilateralism.
- The European Union's especially active role in resolving the Iran nuclear crisis can be attributed to a wide range of long-standing economic and political linkages with the Iranian regime, that the EU was keen to preserve. In particular, the EU's policy towards Iran was driven by its need to **access Iranian energy reserves**. Iran possesses the biggest combined energy deposits in the world, with the **fourth largest oil reserves** and second largest natural gas reserves. Prior to the institution of the EU oil embargo in 2012, Iran was the seventh largest provider of oil to the European Union. The EU also opted not to extend its sanctions to **Iranian electricity exports**, which allowed the Iranian natural gas industry to become a source of limited foreign currency influxes. The 2014 Russian annexation of Crimea and subsequent souring of relations between the EU and Russia led to optimism amongst European policymakers that a nuclear deal with Iran would result in Iranian energy exports, compensating for disruptions in the flow of Russian gas. Iran's rhetoric on this issue vacillated, however. On September 24, 2014, Rouhani declared that **Iran could be a "secure energy center for Europe"**. A little over a week later on October 4, however, Rouhani declared that Iran was not ready to replace Russia as a gas exporter as its extraction capacity was limited and Iran needed to satisfy domestic demand first.
- **European businesses** provided extensive support for an Iran nuclear deal. More than 100 Western business delegations traveled to Iran in the 15 months prior to the nuclear deal with 90% of those delegations representing European businesses.
- Despite these positives, serious **questions must be raised about the long-term sustainability of the EU's effective multilateralism strategy with regards to Iran**. Should Iran fail to comply with the deal's terms and continue to destabilize the Middle East through the sponsorship of terrorist networks, the Iran deal could become an agent of polarization rather than a breeder of new confidence in the EU's ability to act as a diplomatic arbiter. Ultimately, Iran's conduct and the willingness of EU countries skeptical about the deal, like France, to remain committed to a

# January 2018

Following the US decision to move the US Embassy from Tel Aviv to Jerusalem and the US decision to freeze US\$ 125 millions to the Palestinian Authority, on January 14, 2018

Mr. Mahmoud Abbas - Palestinian Authority President- gave an angry speech in Ramallah, the Palestinian administrative capital in the occupied West Bank.

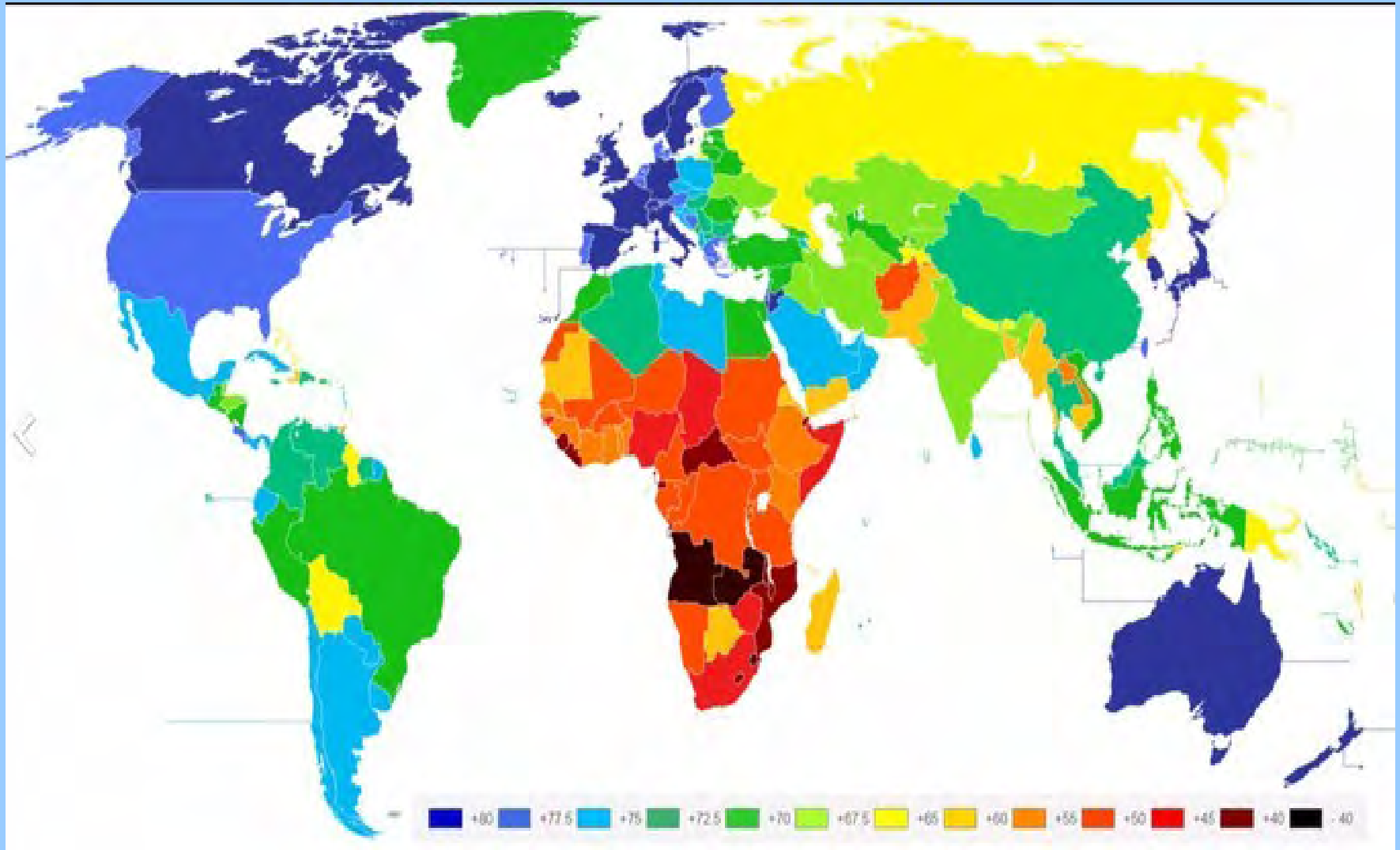
He told Mr. Trump “*may your home be demolished*” – a colloquial Arabic expression of anger and frustration.



- He also said he considered the 1993 Oslo Accords, which created the Palestinian Authority, to be dead.
- He also said: “*Any future negotiations will take place only within the context of the international community, by an international committee created in the framework of an international conference,*” he added. “*Allow me to be clear: We will not accept American leadership of a political process involving negotiations.*”
- The Palestinians have recognized Israel since 1988 but reject Jewish settlements in the West Bank and insist on the right of Palestinian refugees from 1948 to return to their homes inside Israel - a demand Israel rejects.

# 9. The Economic and Social Performance in the MENA Countries

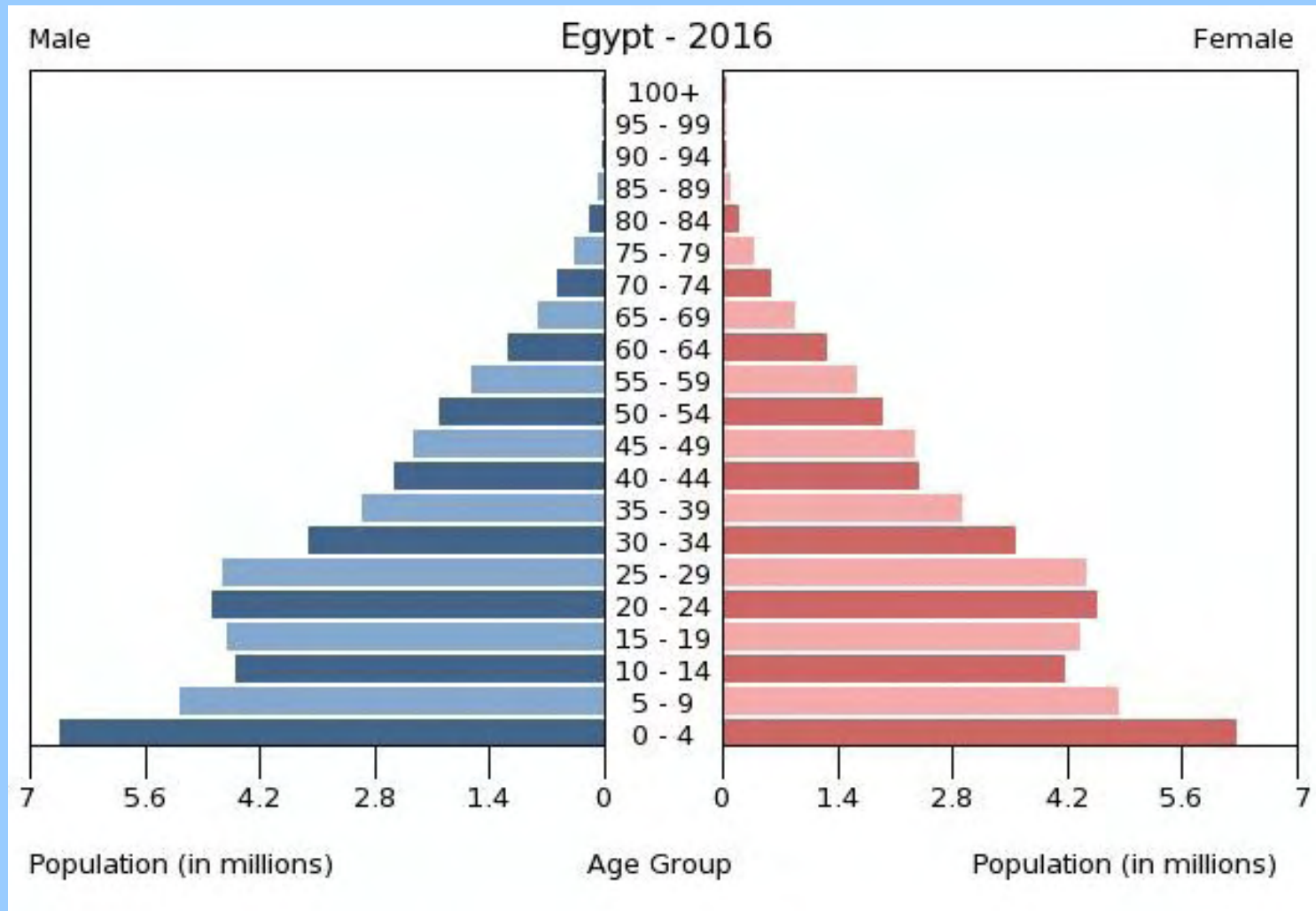
# Worldwide Life Expectancy by Country



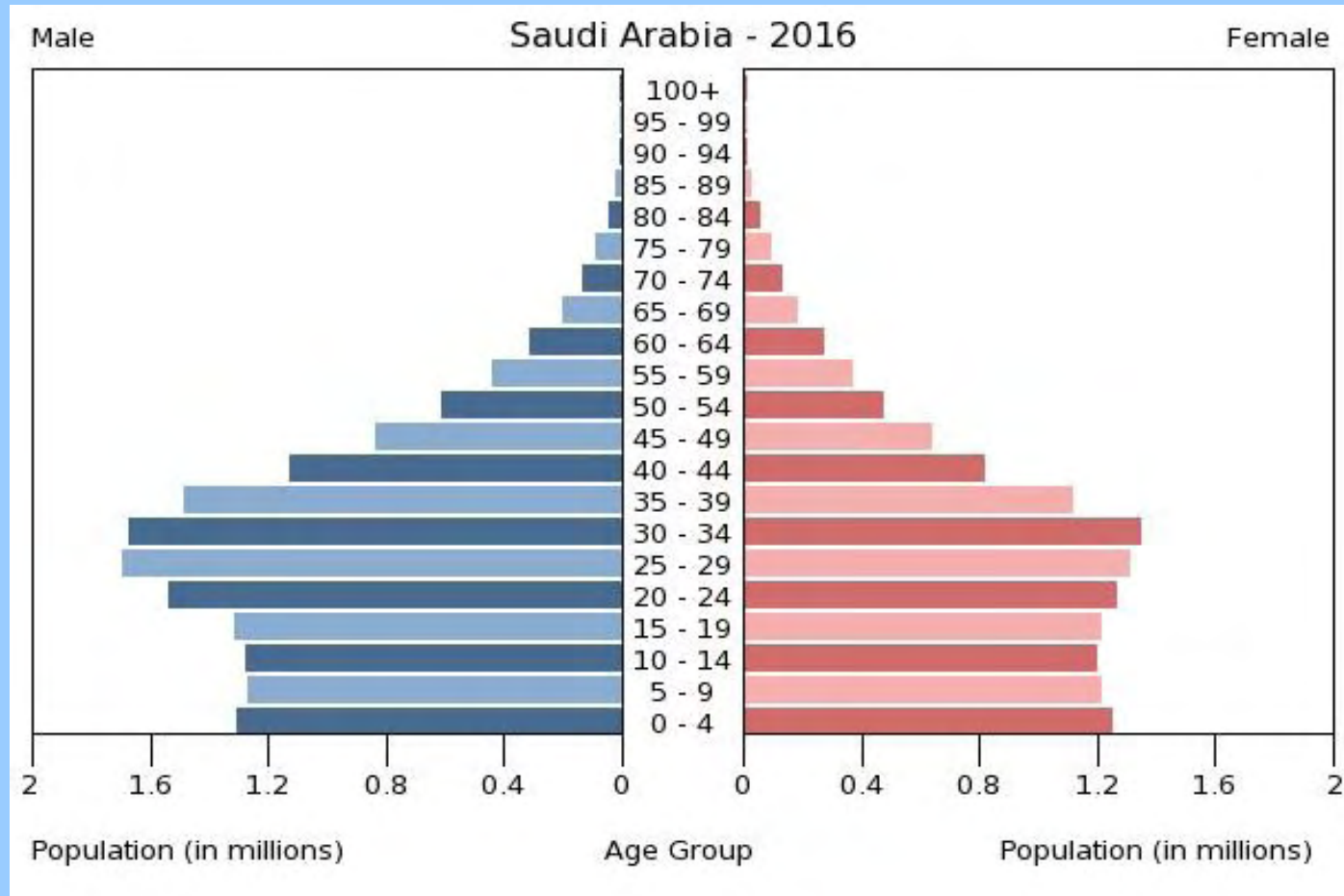
World Health Organization 2013.



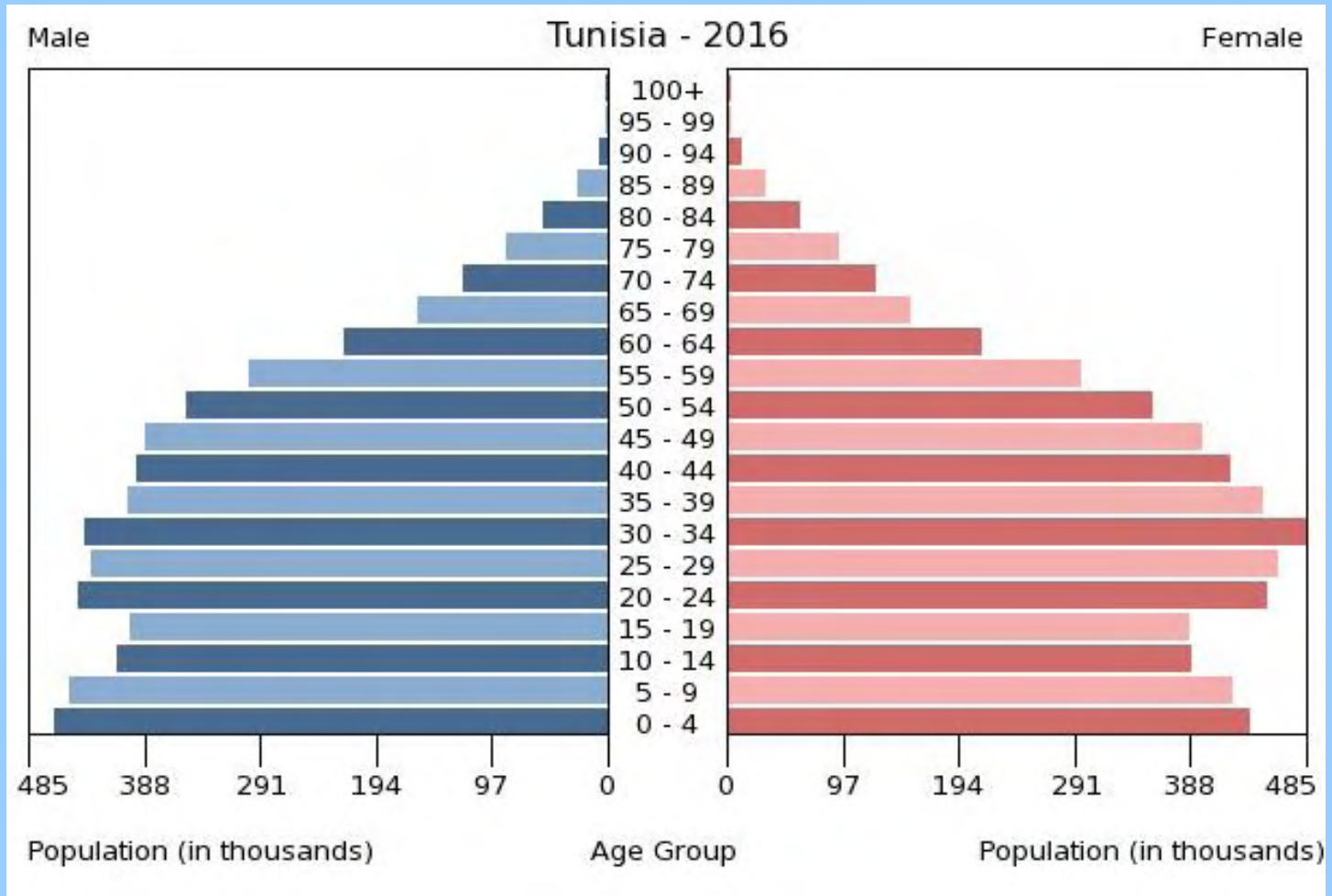
# Pyramid of Age - Egypt



# Pyramid of Age – Saudi Arabia

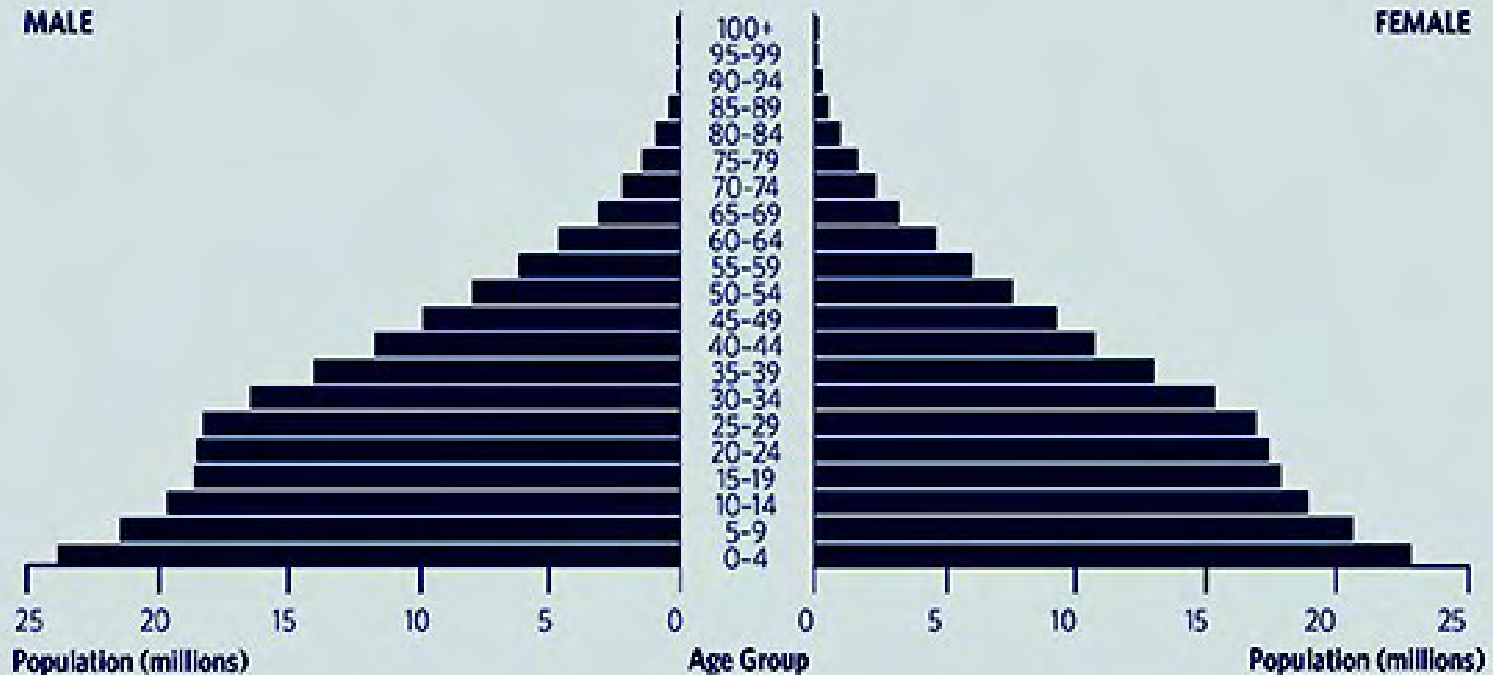


# Pyramid of Age – Tunisia



# Pyramid of Age – Middle-East

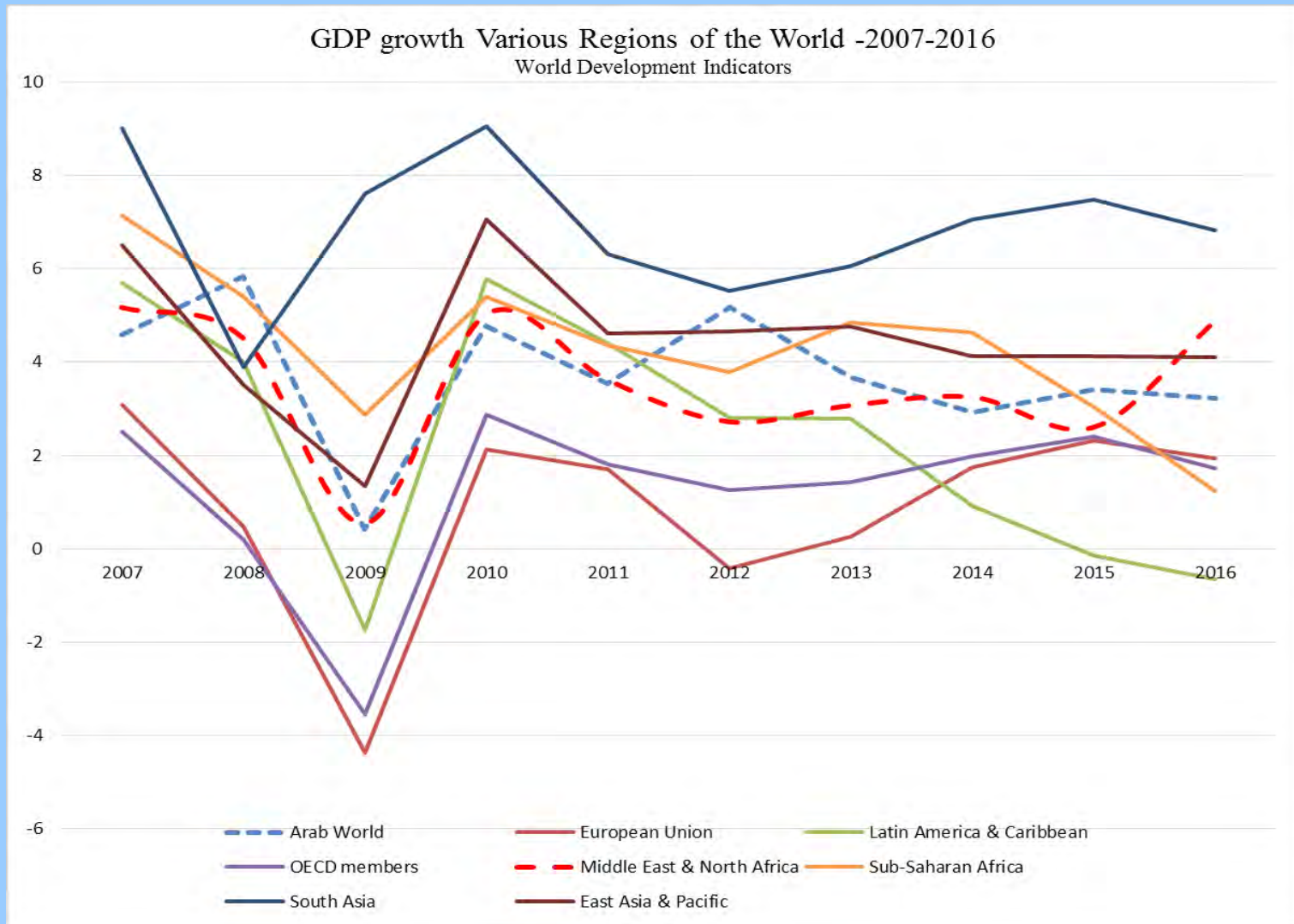
FIGURE 1. Youth Bulge Among Arab League Member States, 2016



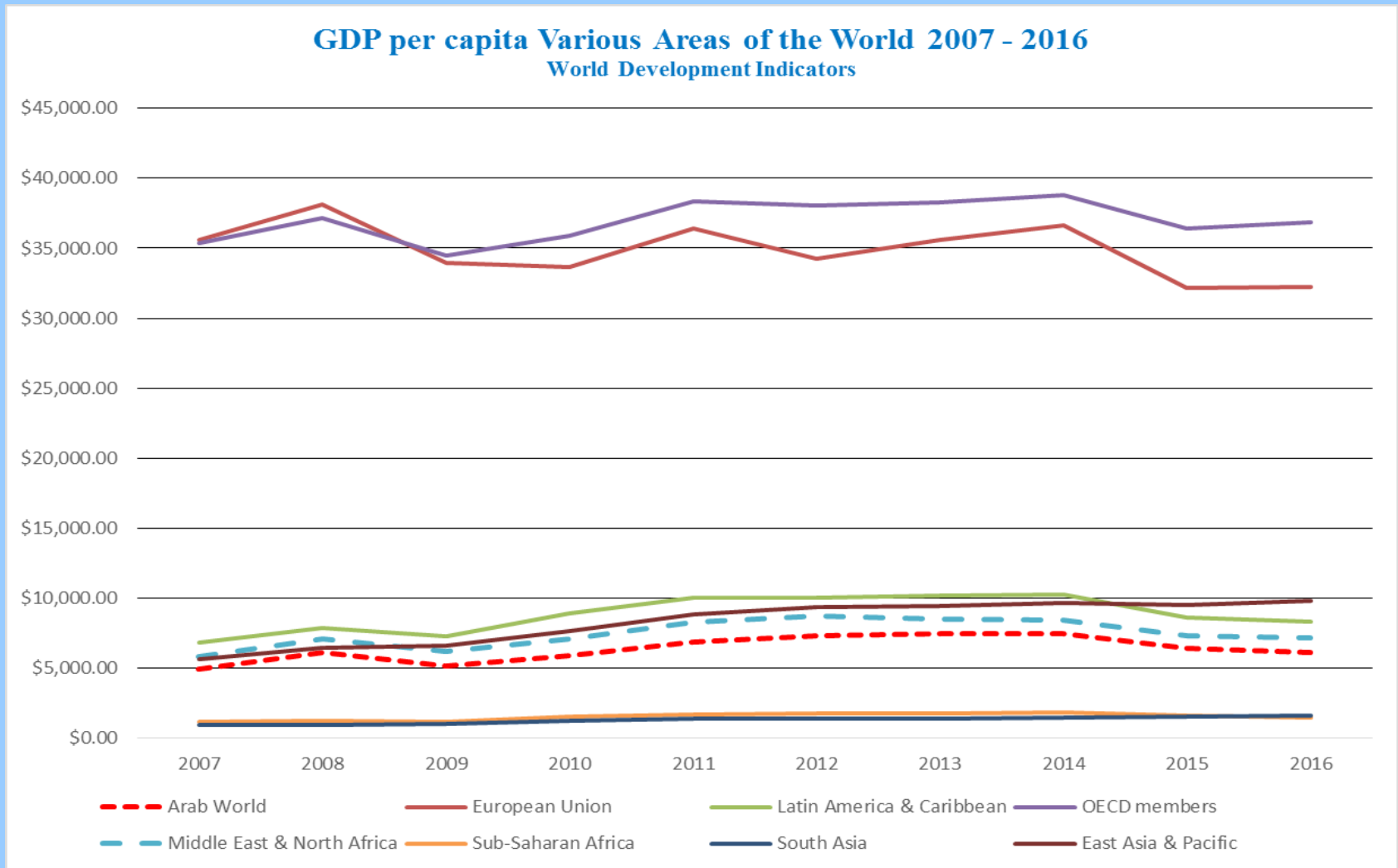
# GDP Annual Growth by Regions of the World

GDP Annual Growth by Regions of the World										
Country Name										
Arab World										
European Union										

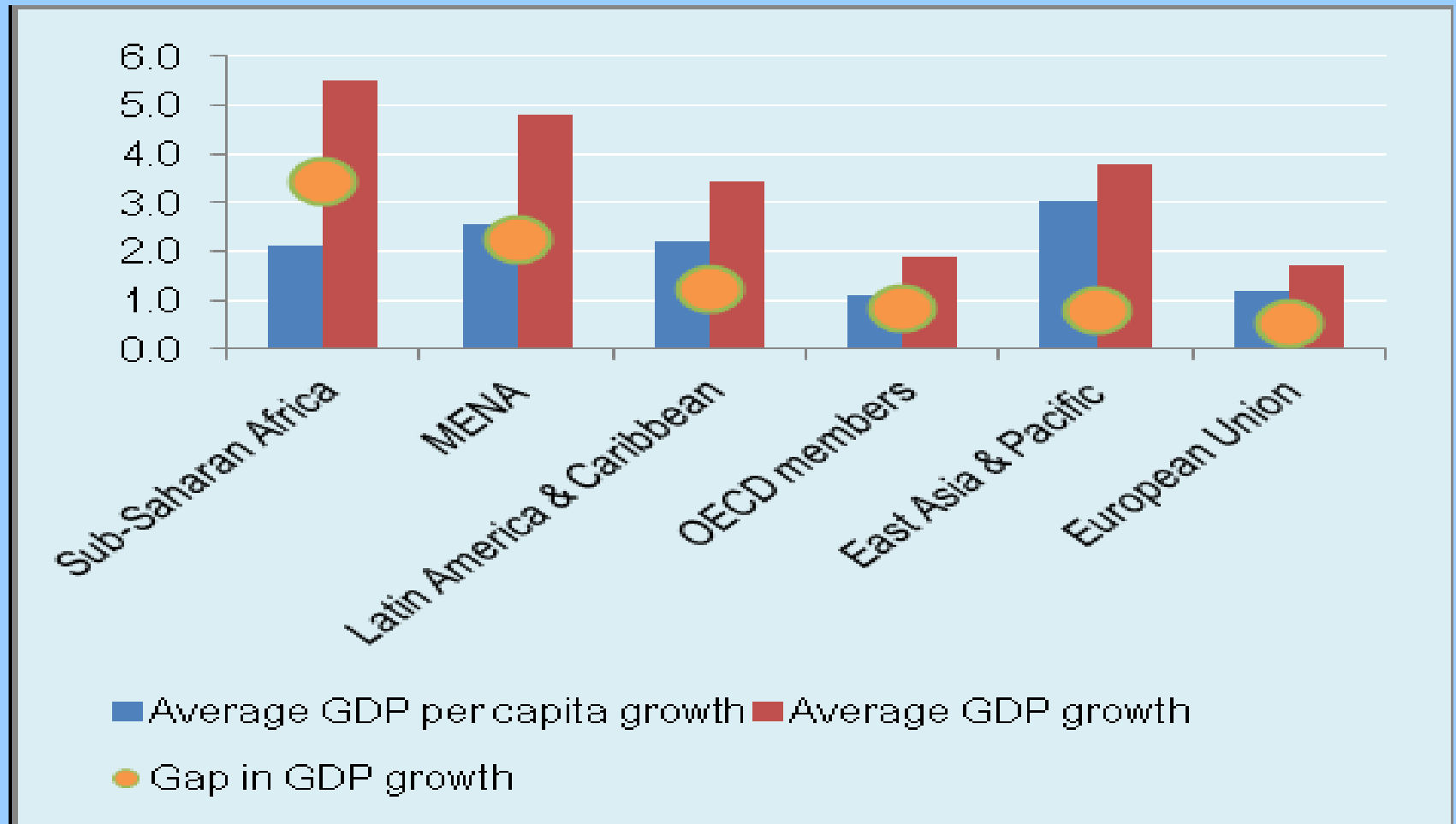
# GDP Annual Growth by Regions of the World



# GDP per capita in MENA and other Regions



# GDP and GDP per capita Growth 2000–10 by Region



Source: World Bank 2011



# GDP and GDP per Capita

- High GDP growth rates have not been reflected in GDP per capita growth, which indicates that economic growth has not kept pace with population growth.
- Economic growth during 2000–10 in the MENA region has averaged **4.8** percent, whereas average GDP per capita growth for 2000–09 (the latest 11 years for which data are available) has been only **2.5** percent. This gap between GDP and GDP per capita growth is one of the highest in the world, below only sub-Saharan Africa.
- Performance among countries differs, with **Tunisia, Morocco, and Lebanon registering the lowest gaps between GDP and GDP** per capita growth, and Iraq, the United Arab Emirates, and Yemen registering the widest gaps.

# Human Development Index

The Human Development Report introduces a new way of measuring development by combining indicators of **life expectancy, educational attainment and income into a composite human development index, the HDI.**

The breakthrough for the HDI was the creation of a **single statistic**, which was to serve as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.

# Human Development Index

HDI Rank (2015)	Country	2001												
169	Afghanistan	0.341												
75	Albania	0.67												
83	Algeria	0.653												
47	Bahrain	0.796												
30	Brunei	0.82												
33	Cyprus	0.805												

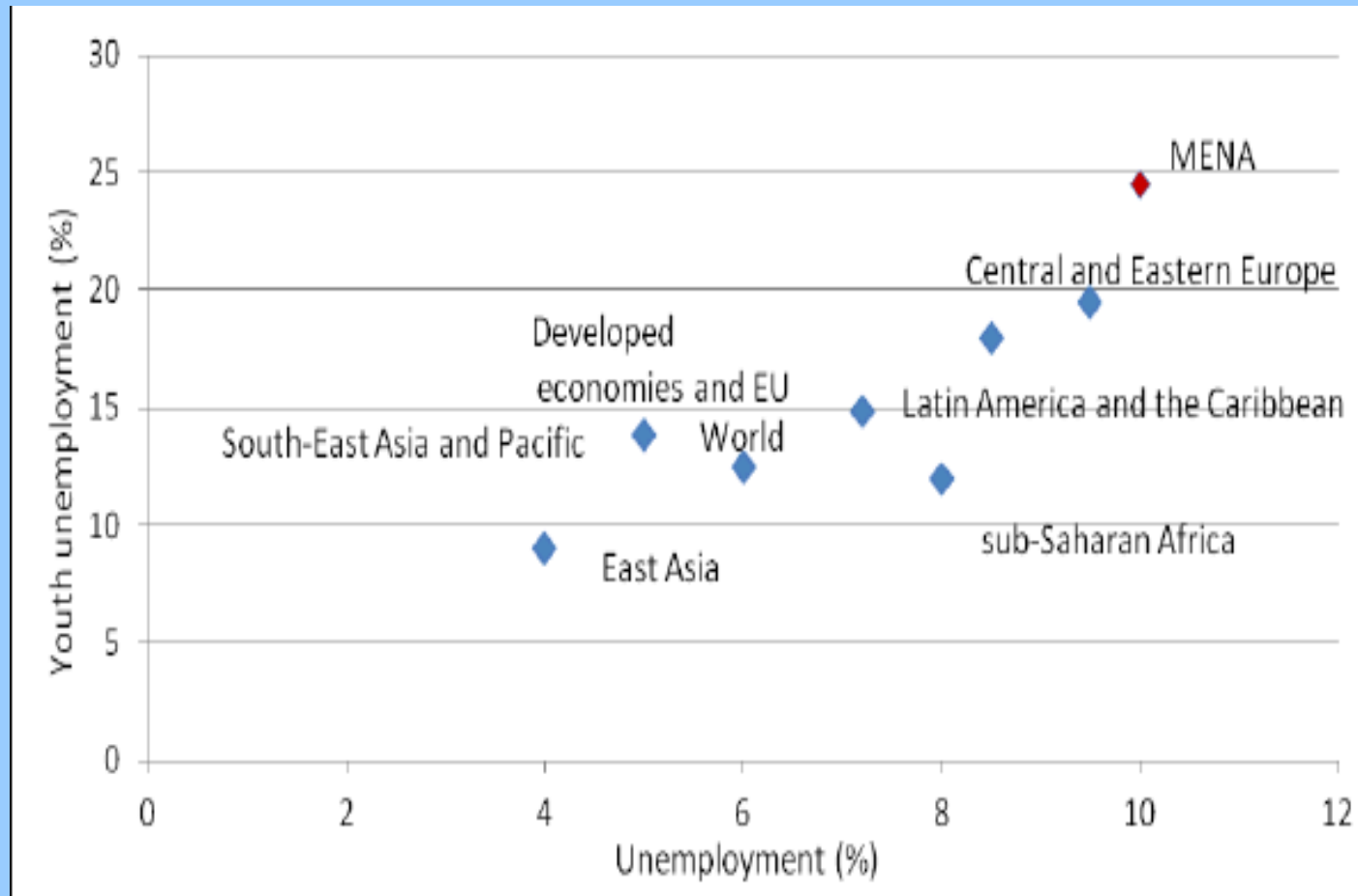
# Human Development Index by Regions

<b>Human</b>				
<b>Region or group</b>				
<i>Very High Human Development</i>				
<u>OECD</u>				
_____	▲			
_____				
_____	▲			
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# Human Development Index and its Components

		1990									
Mena Low	0.3										
Mena Mid	0.52										
Mena High	0.7										

# Youth Unemployment in the MENA Region: Determinants and Challenges



IMF 2010

# Youth Unemployment

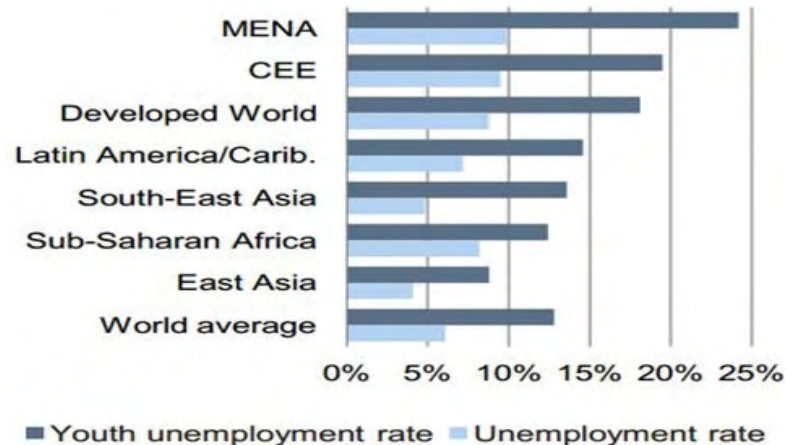


NAVAL  
POSTGRADUATE  
SCHOOL

## Arab Spring: Challenges Ahead I

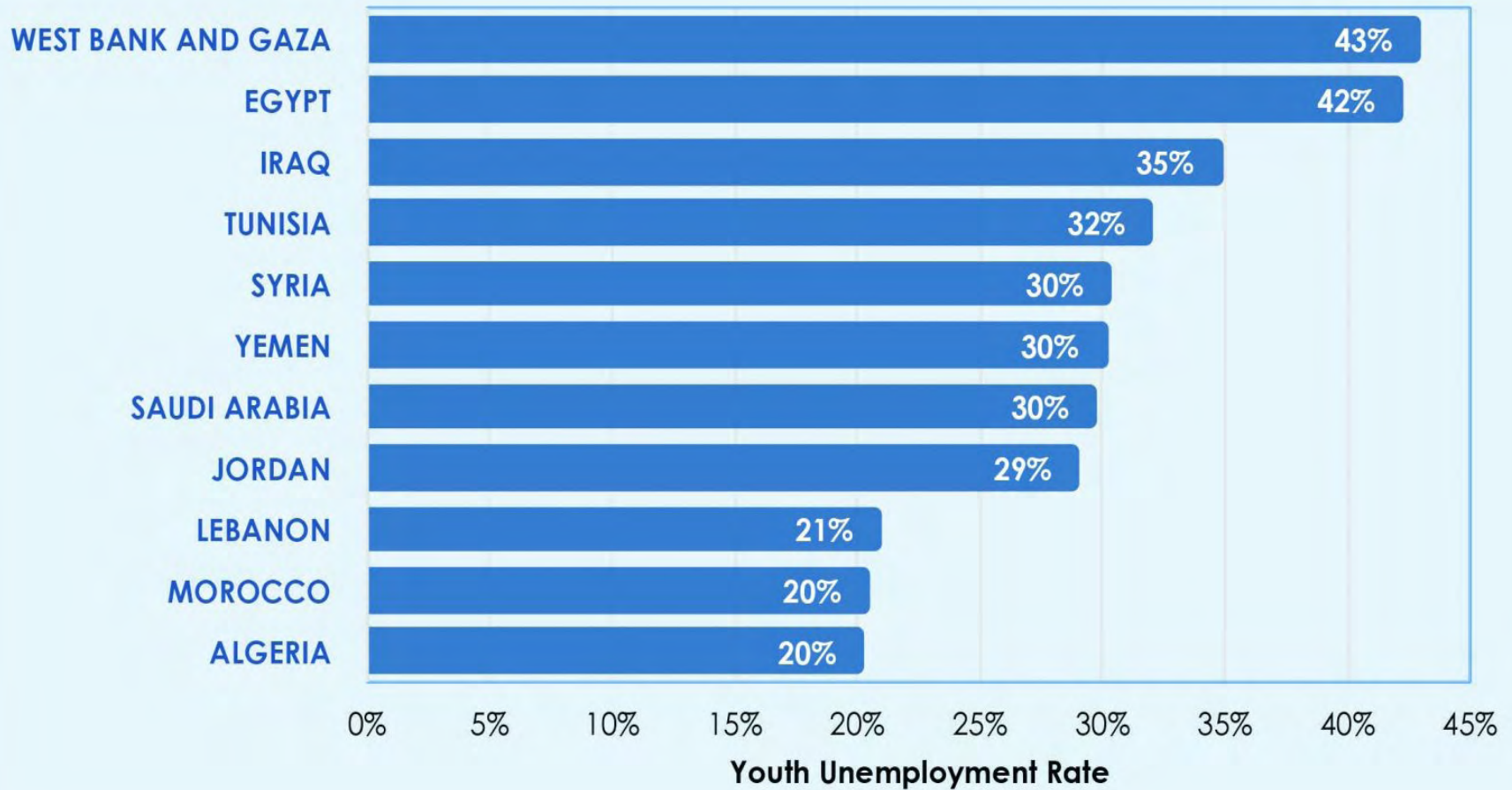
- Youth unemployment, skills mismatch
- **MENA region faces structural employment gap – especially among younger workers**
  - Regional unemployment rates around 10%
  - Youth unemployment closer to 30%

Total and youth unemployment by regions, 2010



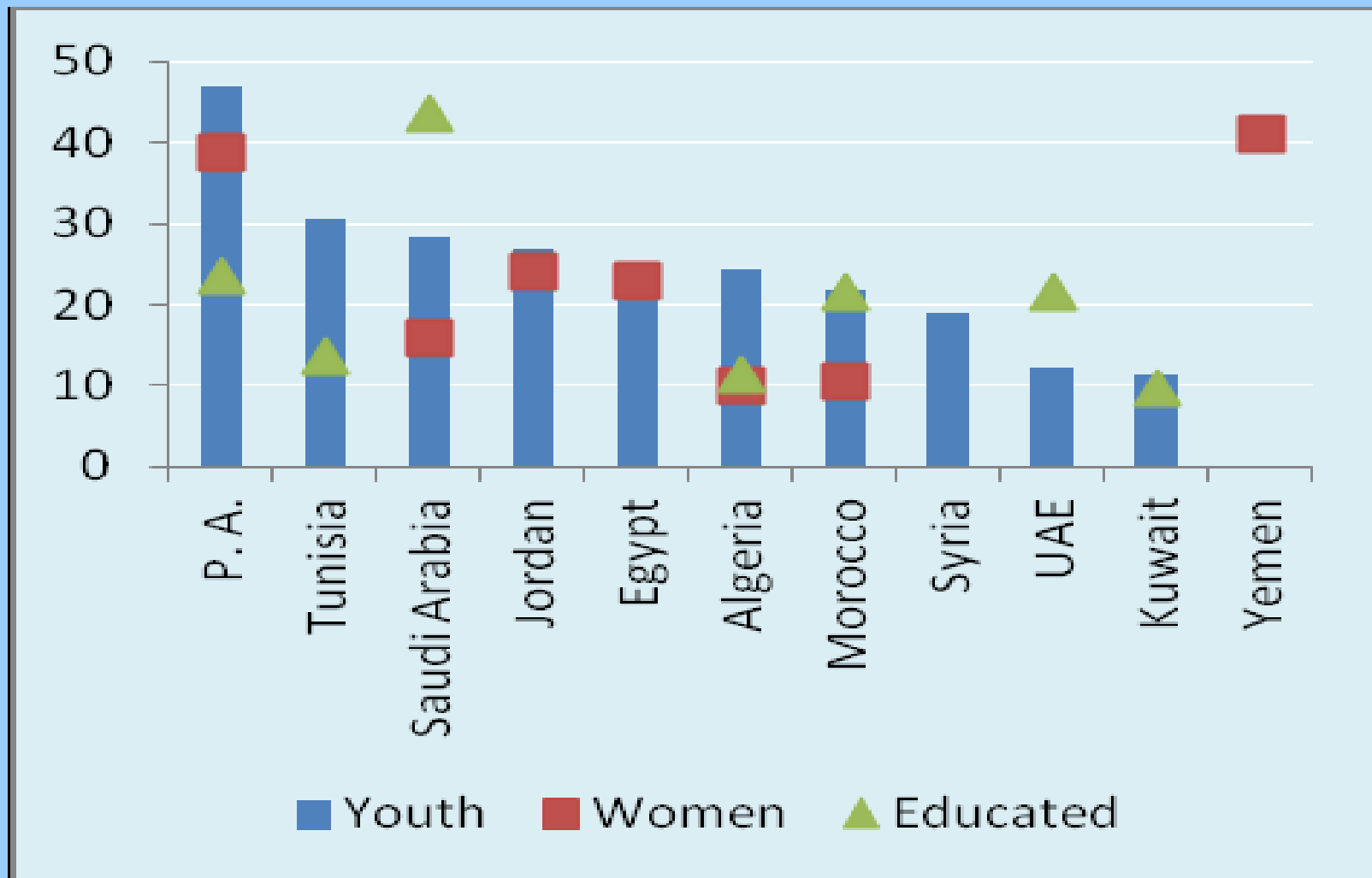
Sources: ILO, DB Research

# Youth Unemployment Middle-East





# Unemployment in % among youth, women, and the educated- 2010



Source: World Bank 2011

# Youth Labor Participation Rate

Youth Labor Participation Rate	Total(%)			Male(%)			Female(%)		
	2000	2010	2015	2000	2010	2015	2000	2010	2015
World	53.8	50.9	50.2	62.5	58.9	58.2	44.7	42.4	41.6
Developed Economies & EU	53.1	50.2	50.2	55.9	52.6	52.5	50.3	47.7	47.9
Central and South Eastern Europe (non EU & CIS)	42.4	41.7	40.8	48.9	47.7	47.0	35.7	35.5	34.3
East Asia	67.2	59.2	56.9	65.8	57.0	55.0	68.7	61.6	59.2
South-East Asia & the Pacific	55.8	51.3	50.6	63.5	59.1	57.9	48.0	43.3	42.9
South Asia	48.0	46.5	46.3	66.1	64.3	64.0	28.5	27.3	27.2
Latin America & the Caribbean	54.2	52.1	51.4	66.5	61.3	59.3	41.7	42.7	43.5
Middle East	36.9	36.3	34.7	52.6	50.3	48.1	20.2	21.5	20.5
North Africa	39.4	37.9	36.5	53.4	52.5	50.2	25.1	22.9	22.3
Sub-saharan Africa	57.8	57.5	57.4	64.1	62.7	62.1	51.4	52.2	52.7

Source: ILO, Economically Active Population Estimates and Projections, 5th Edition, revision 2009.

# Youth Unemployment in the MENA Region: Determinants and Challenges

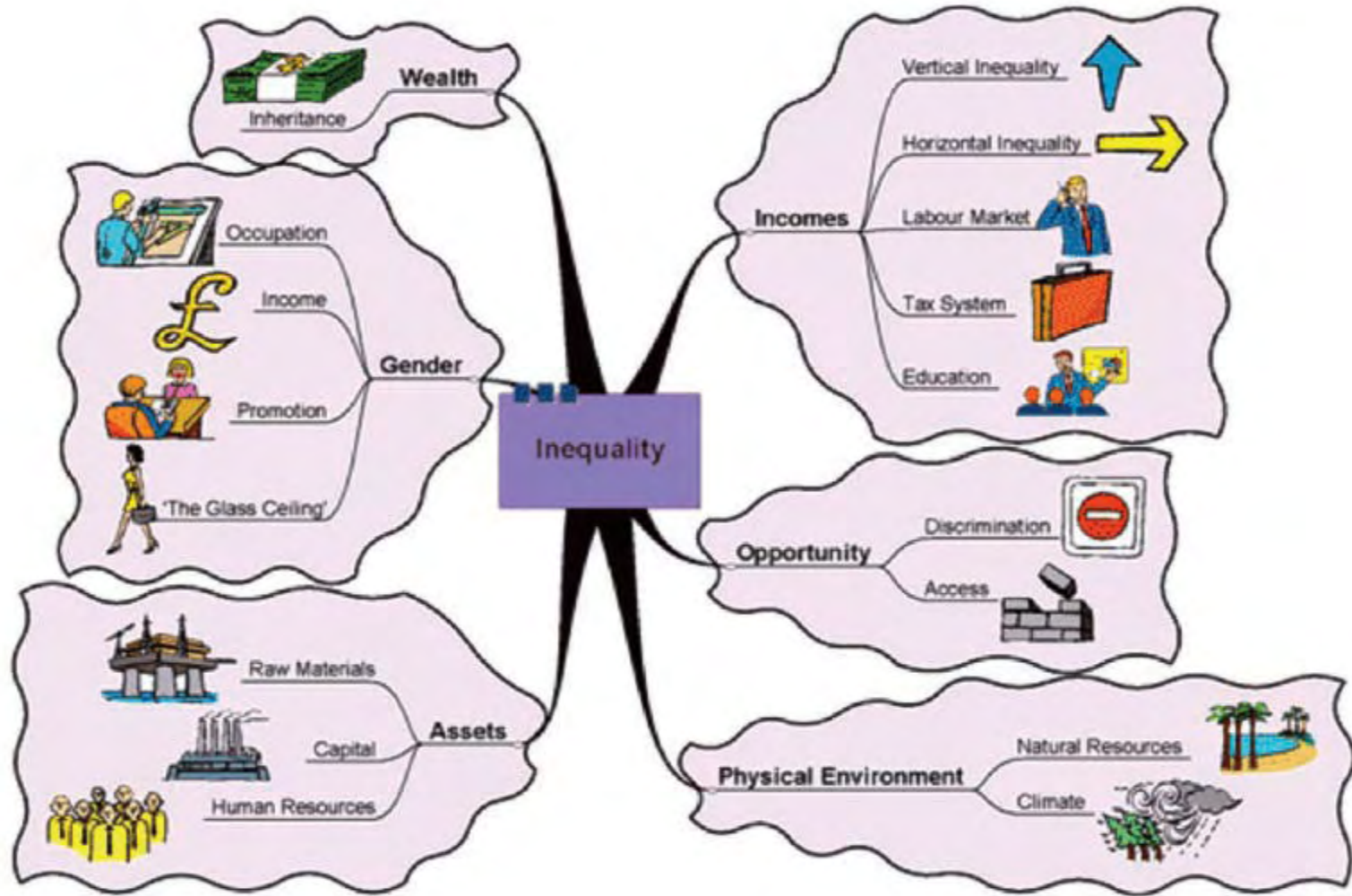
The ILO's *Global Employment Trends for Youth 2013* (ILO, 2013) identified the Middle East as having the highest youth unemployment rate of all regions, at 28.3% in 2012 and expected to rise to 30.0% in 2018.

In North Africa the corresponding rates were 23.7 and 24% respectively, to be contrasted with a global youth unemployment rate of 12.4% in 2012, projected to rise to 12.8% by 2018.

# Inequality

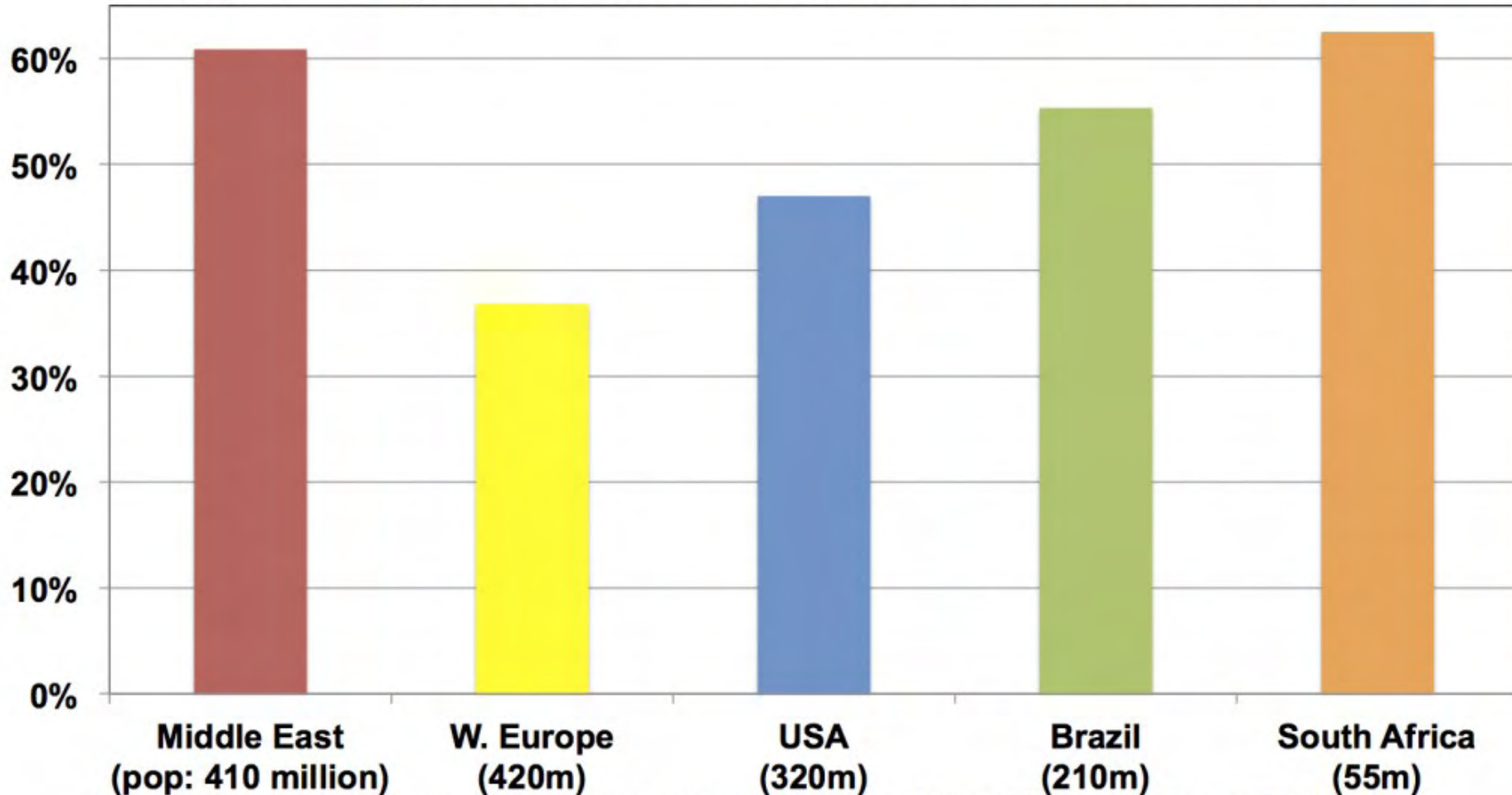
**Equal Opportunities or Equal Outcome?**

# Dimension of Inequality



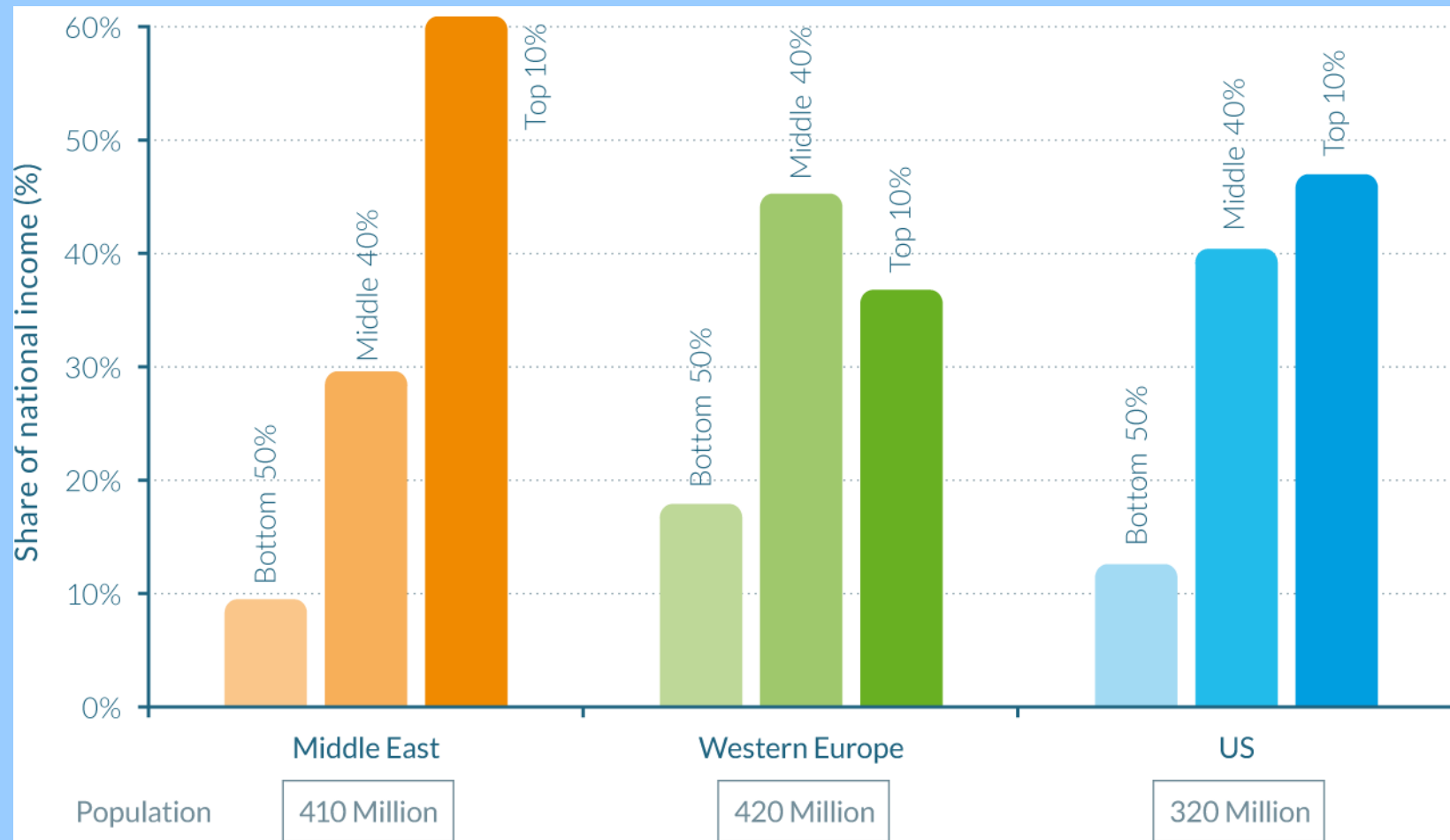
# Inequality in the World

**Figure 5b. Top 10% income share: Middle East vs other countries**



Distribution of national income (before taxes and transfers, except pensions and unempl. insurance) among adults. Corrected estimates combining survey, fiscal, wealth and national accounts data. Equal-split series (income of married couples divided by two). Latest years available (2012-2016). Source: WID.world.

# Inequality in the World and in Middle - East



Source: Alvaredo, Assouad and Piketty (2017). See [wir2018.wid.world/methodology.html](http://wir2018.wid.world/methodology.html) for data series and notes.

In 2012-2016 (latest year available), the Top 10% income share in the Middle East was 61%.

# Inequality in the Middle-East

- According to the benchmark series, the Middle East appears to be the **most unequal region in the world**, with a top decile income share as large as 61% of national income, as compared to 36% in Western Europe, 47% in the USA and 55% in Brazil.
- This is due both to enormous inequality **between countries** (particularly between oil-rich and population-rich countries) and to large inequality **within countries** (which we probably under-estimate, given the limited access to proper fiscal data).



# Inequality in the Middle-East

- According to our benchmark series, the **Middle East appears to be the most unequal region in the world**, with a top decile income share as high as 61%, as compared to 36% in Western Europe, 47% in the USA, and 55% in Brazil. This is due both to enormous inequality between countries (particularly between oil-rich and population-rich countries) and to large inequality within countries.
- The enormous level of income inequality in the Middle East region naturally points toward the need to **develop mechanisms of regional re-distribution and investment that open opportunities**.
- Today, oil-rich countries regularly make loans to poorer countries (e.g., Saudi Arabia to Egypt). However, such mechanisms are usually of limited magnitude, and tend to be highly unpredictable. Given the enormous concentration of Gross Domestic Product and national income in the region, mechanisms of regional investment funds similar to those developed in the European Union (with permanent transfers between the richest and the poorest countries of the order of several percentage points of GDP) could make a difference.

# Inequality-Adjusted Human Development Index

Inequality-adjusted Human Development Index - 2011								
Regions	Inequality-adjusted HDI		Inequality-adjusted life expectancy Index		Inequality-adjusted education Index		Inequality-adjusted income Index	
	Value	Overall loss (%)	Value	Loss (%)	Value	Loss (%)	Value	Loss (%)
Sub-Saharan Africa	0.303	34.500	0.331	39.012	0.276	35.555	0.306	28.400
South Asia	0.393	28.407	0.529	26.941	0.266	40.857	0.430	15.079
<b>MENA Countries</b>	<b>0.472</b>	<b>26.400</b>	<b>0.654</b>	<b>17.979</b>	<b>0.307</b>	<b>40.800</b>	<b>0.524</b>	<b>17.800</b>
East Asia and the Pacific	0.528	21.300	0.709	14.261	0.477	21.900	0.435	26.800
Europe and Central Asia	0.655	12.736	0.715	11.705	0.681	10.704	0.578	15.720
Latin America and the Caribbean	0.540	26.101	0.743	13.425	0.528	23.206	0.401	39.294
Inequality-adjusted HDI (IHDI): Human Development Index (HDI) value adjusted for inequalities in the three basic dimensions of human development, i.e., a long and healthy life, knowledge and a decent standard of living.								
Source: UNDP 2011								

# Gender Inequality

Regions	Gender Inequality Index							

# Gender Inequality: Definitions

Maternal mortality r

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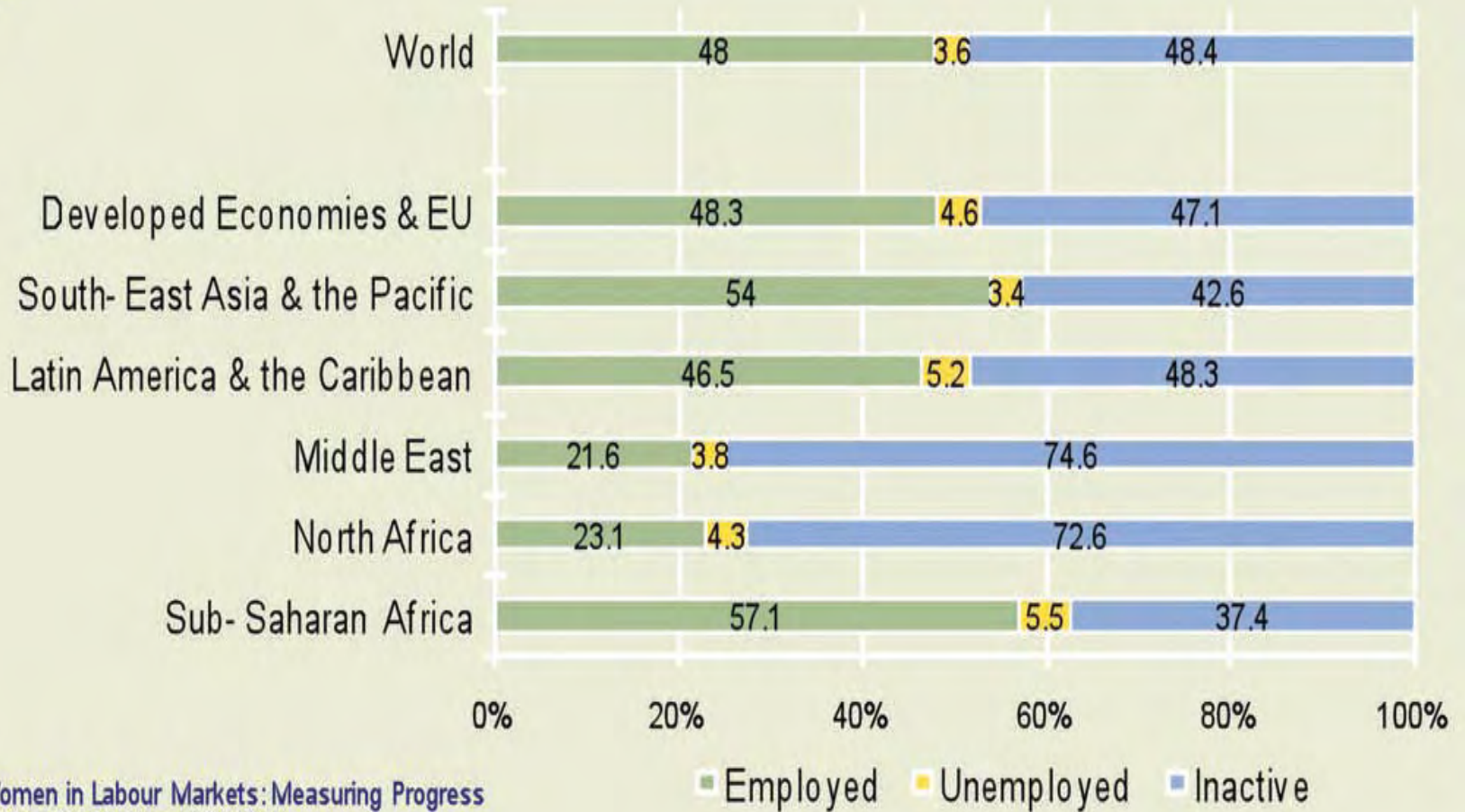
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# Female Participation in the Workforce

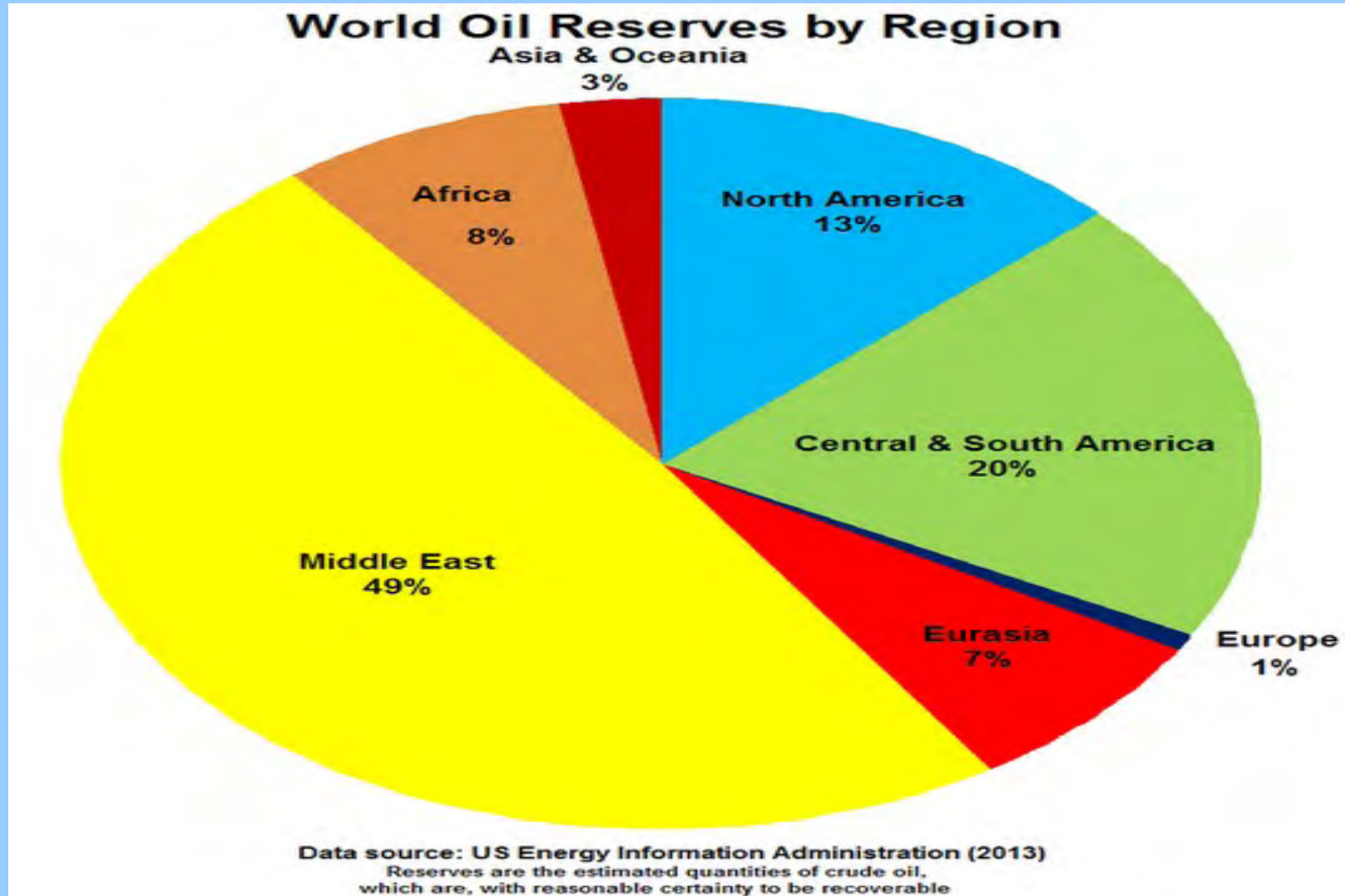
## Female



Source: Women in Labour Markets: Measuring Progress and Identifying Challenges, ILO, 2010

MENA countries represent a somewhat extreme case in international comparisons of *de jure* obstacles to female employment and entrepreneurship and have low female labor participation and low female entrepreneurship and ownership rates.

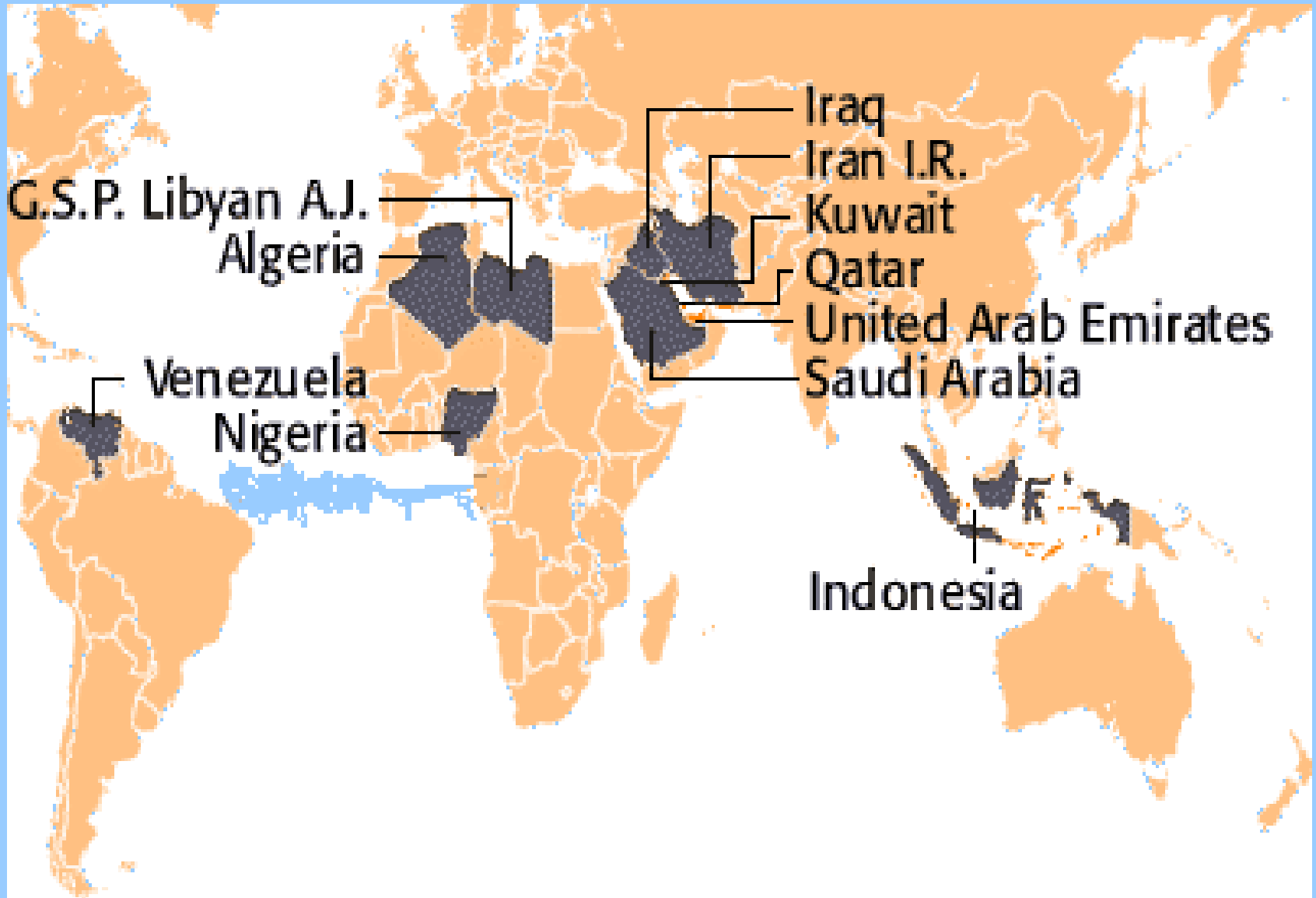
# World Proven Crude Oil Reserves by Region, 2013



# Middle East Countries can be divided into

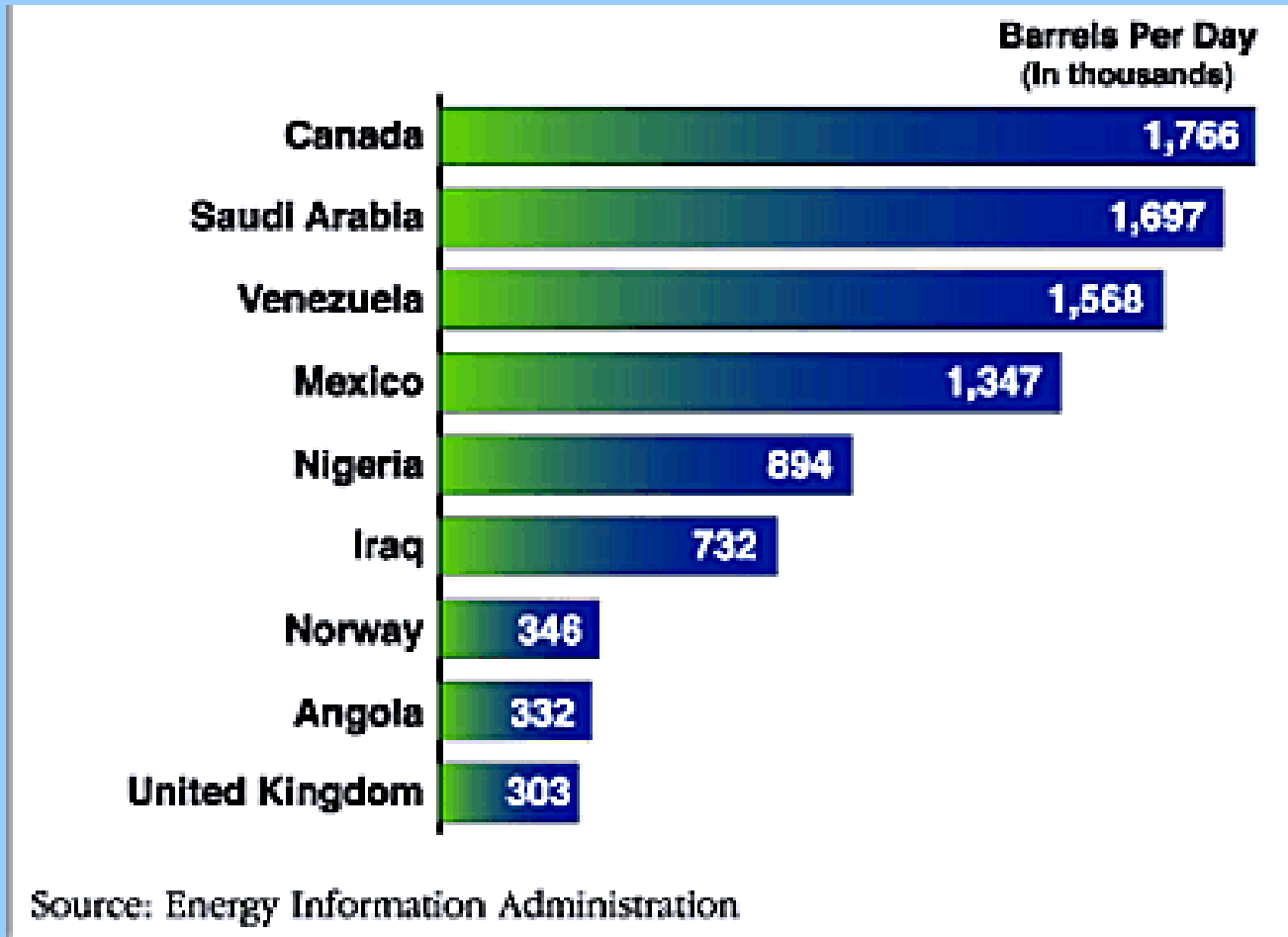
- Large petroleum suppliers
  - Rich, relatively sparsely populated nations with conservative regimes (e.g., Saudi Arabia)
- Little or no petroleum
  - Poor, heavily populated nations with socialist governments (e.g., Jordan, Syria)

# Organization of Petroleum Exporting Countries (OPEC)





# Leading U.S. Oil Suppliers

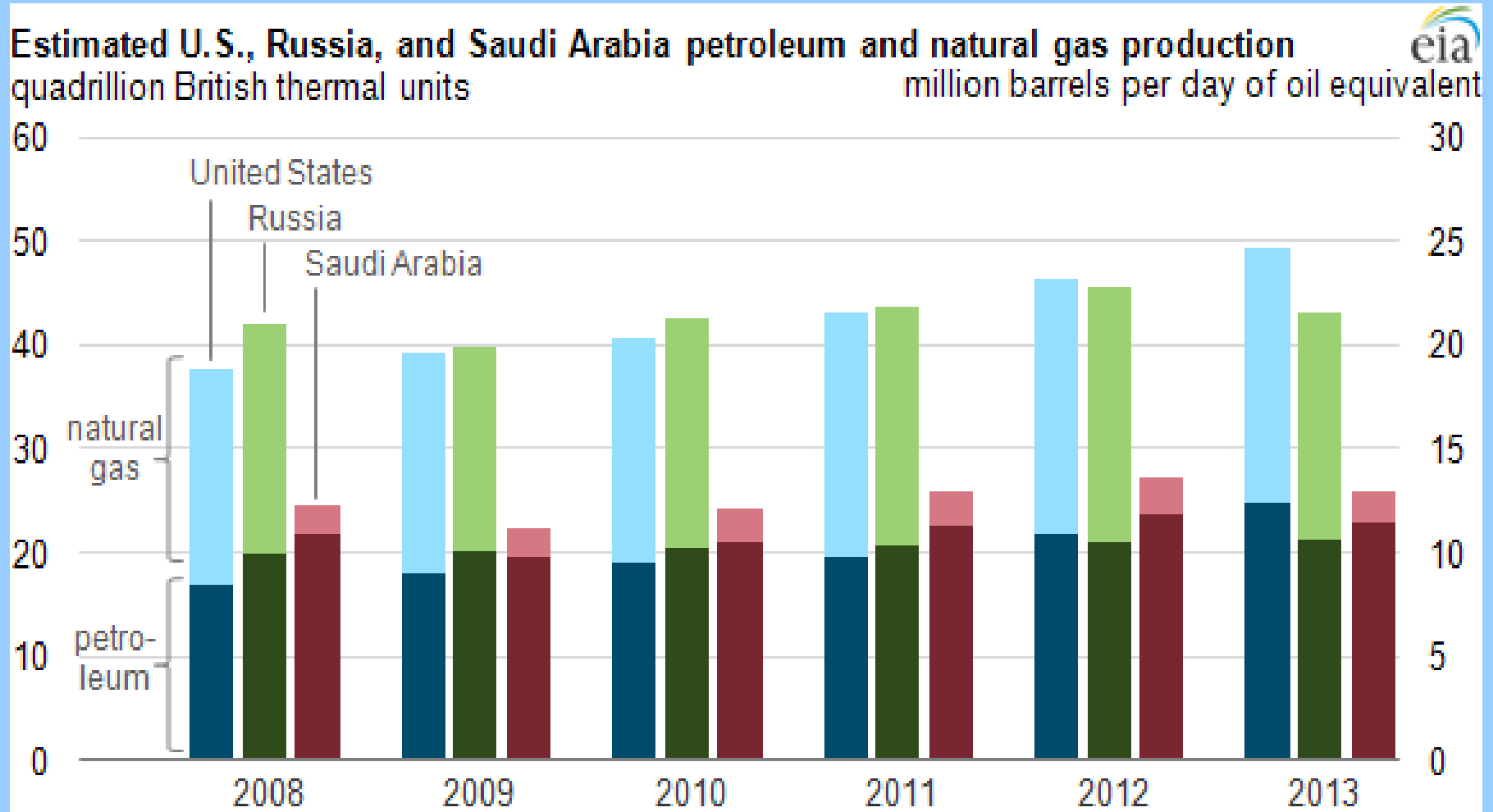


**The U. S. imports 30% of its oil needs from the Middle East.**

# The US Energy Revolution

- Between 2007 and 2012, **U.S. shale gas production rose by over 50 percent each year**, and its share of total U.S. gas production jumped from five percent to 39 percent. Terminals once intended to bring foreign liquefied natural gas (LNG) to U.S. consumers are being reconfigured to export U.S. LNG abroad. Between 2007 and 2012, fracking also generated an 18-fold increase in U.S. production of what is known as light tight oil, high-quality petroleum found in shale or sandstone that can be released by fracking. This boom has succeeded in reversing the long decline in U.S. crude oil production, which grew by 50 percent between 2008 and 2013. Thanks to these developments, the United States is now poised to become an energy superpower. In 2013, it surpassed Russia as the world's leading energy producer, and by 2015, according to projections by the International Energy Agency, **it will overtake Saudi Arabia as the top producer of crude oil.**
- The **American energy revolution does not just have commercial implications; it also has wide-reaching geopolitical consequences.** Global energy trade maps are already being redrawn as U.S. imports continue to decline and exporters find new markets. Most West African oil, for example, now flows to Asia rather than to the United States. And as U.S. production continues to increase, it will put downward pressure on global oil and gas prices, thereby **diminishing the geopolitical leverage that some energy suppliers have wielded for decades.** Most energy-producing states that lack diversified economies, such as Russia and the Gulf monarchies, will lose out, whereas energy consumers, such as China, India, and other Asian states, stand to gain.

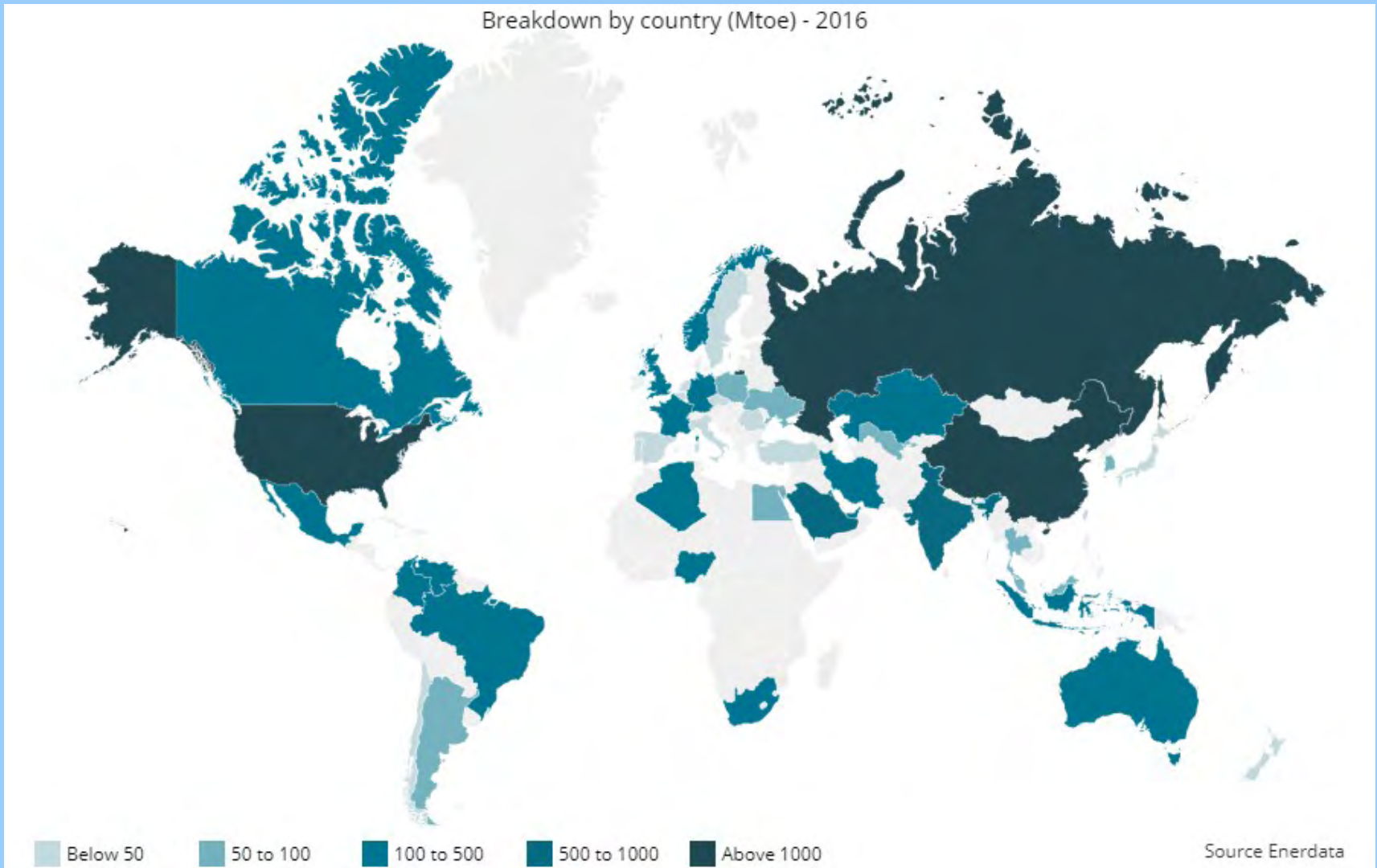
# Oil and Natural Gas



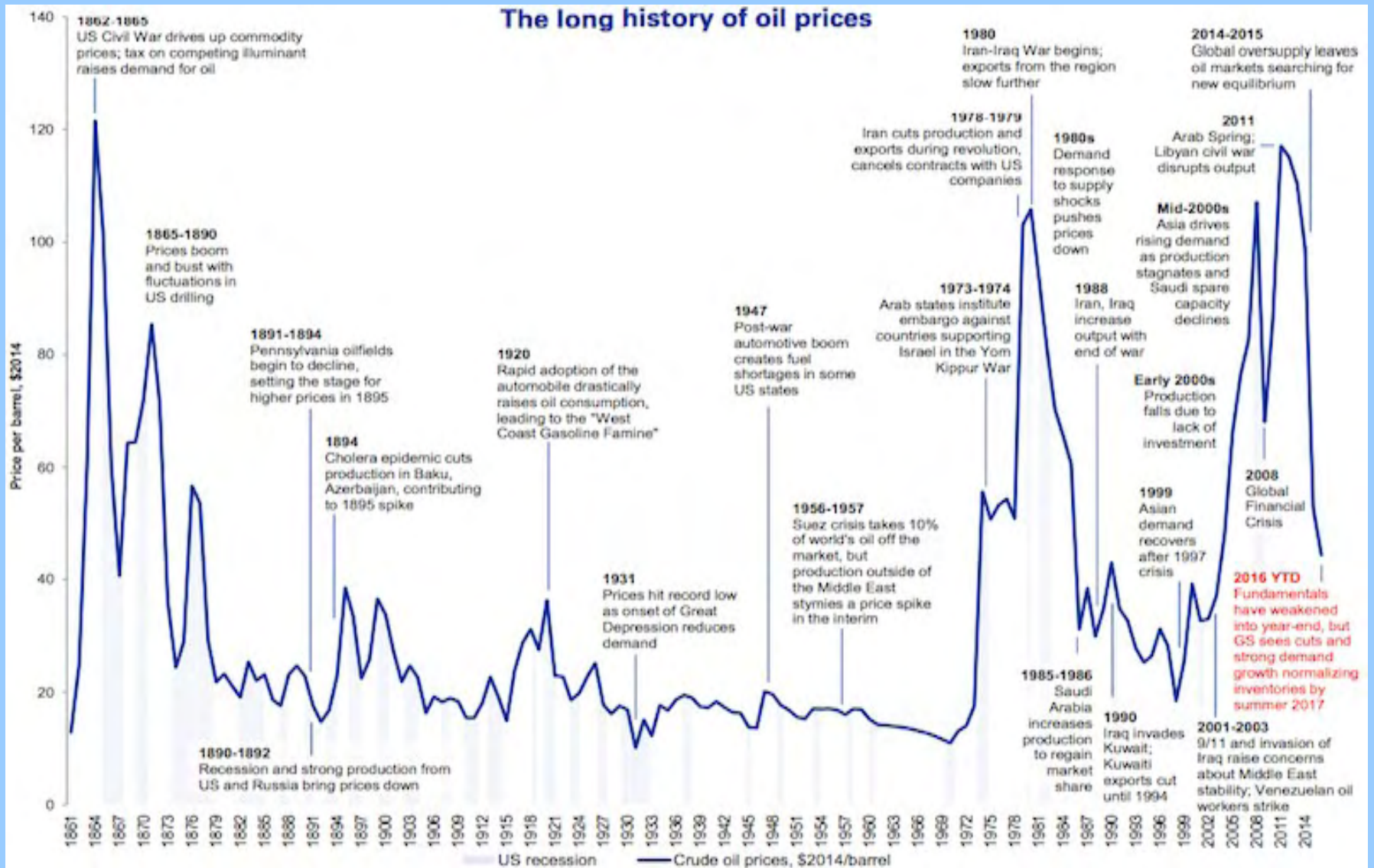
Source: US Energy Information Administration (EIA)

# Total Energy Production

Breakdown by country (Mtoe) - 2016

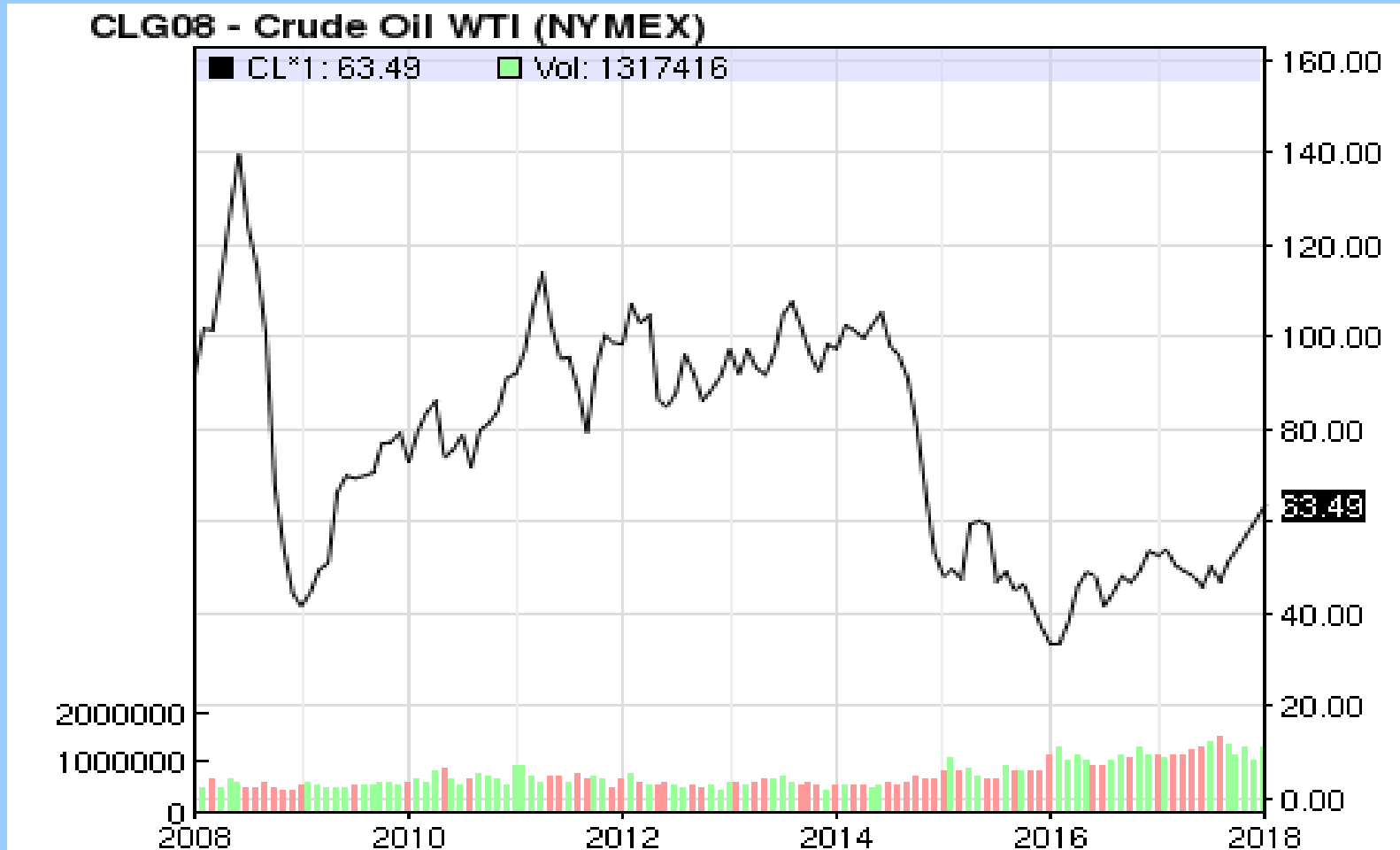


# Oil Prices



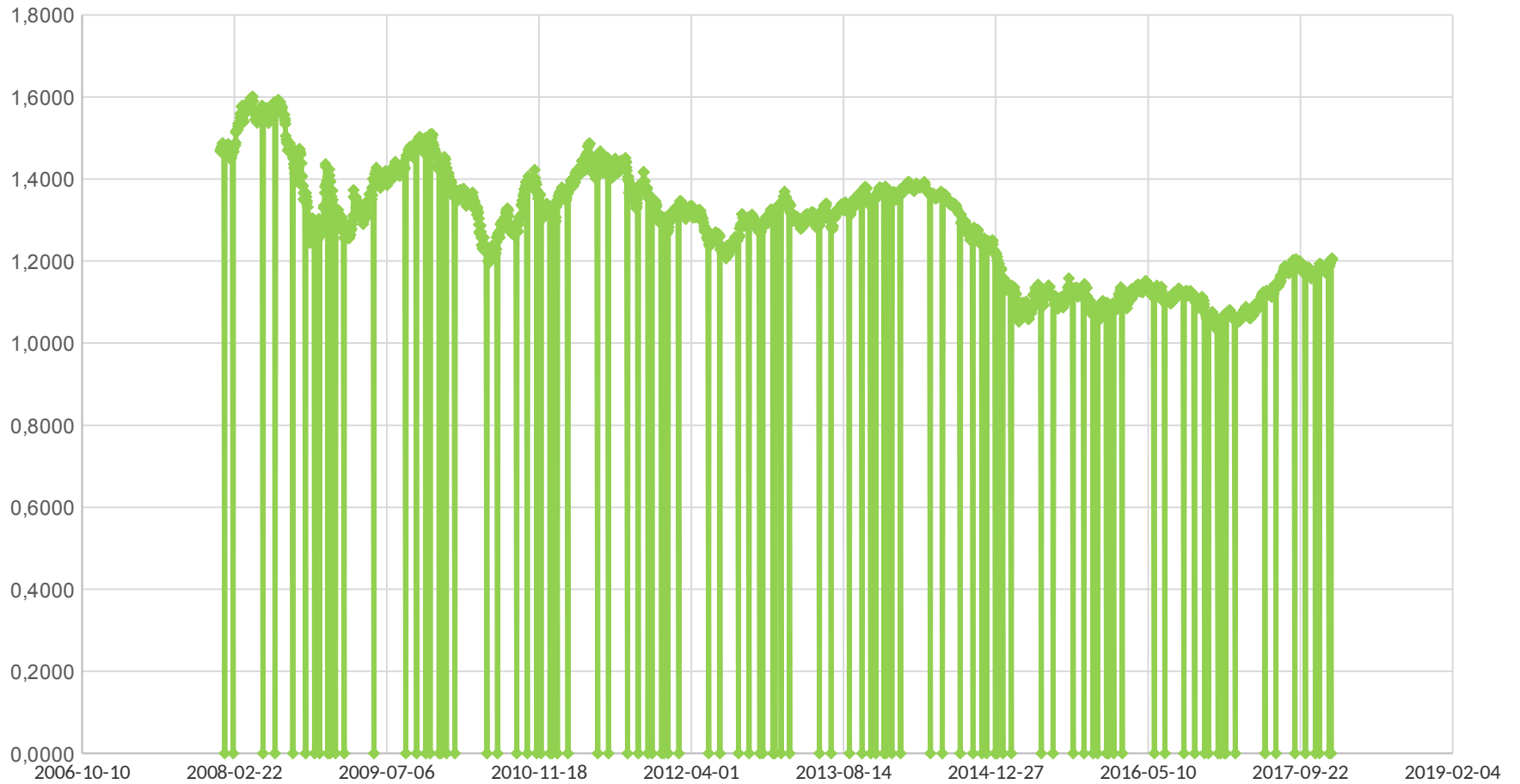
# Crude Oil WTI (NYMEX) Price

End of day Commodity Futures Price Quotes for Crude Oil WTI (NYMEX)



# Exchange Rate US\$/Euro

US\$/Euro: 2006-2018

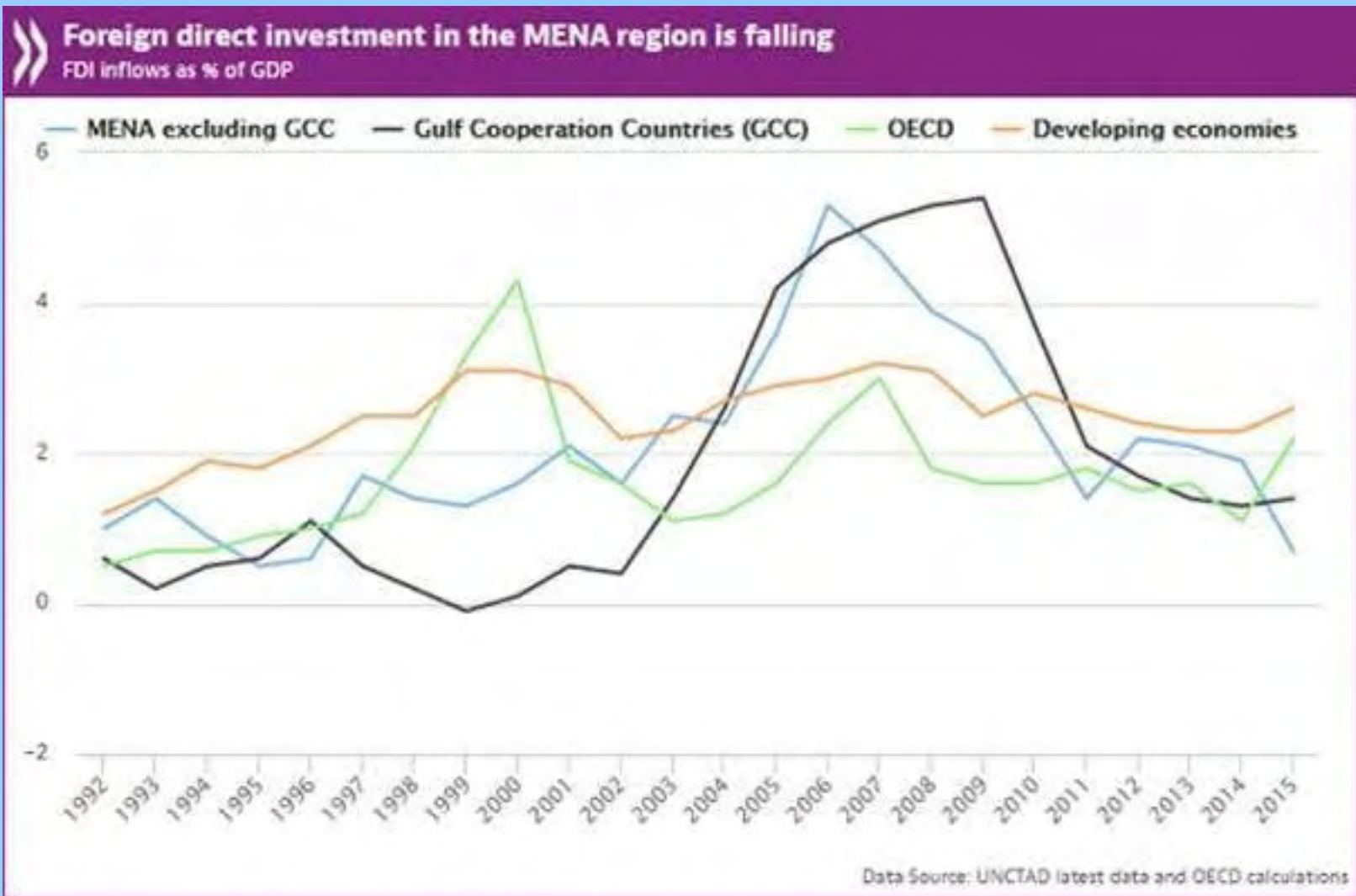


# Foreign Direct Investments in the World

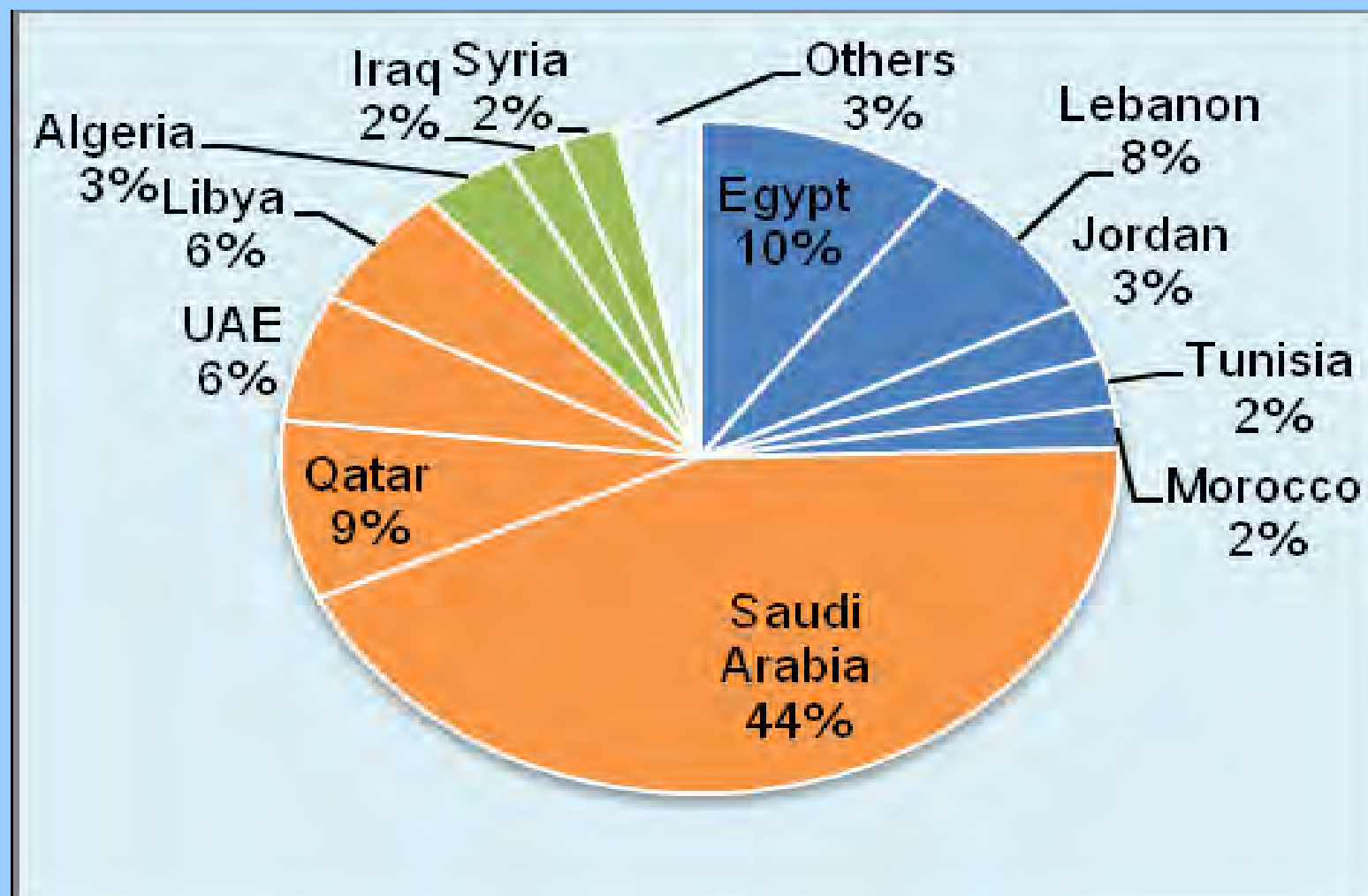
<i>Country Name</i>	20									
Saudi Arabia	7									
Turkey	2									
Algeria	1									
Arab World	4									
Euro area	4									



# Foreign Direct Investments in the World

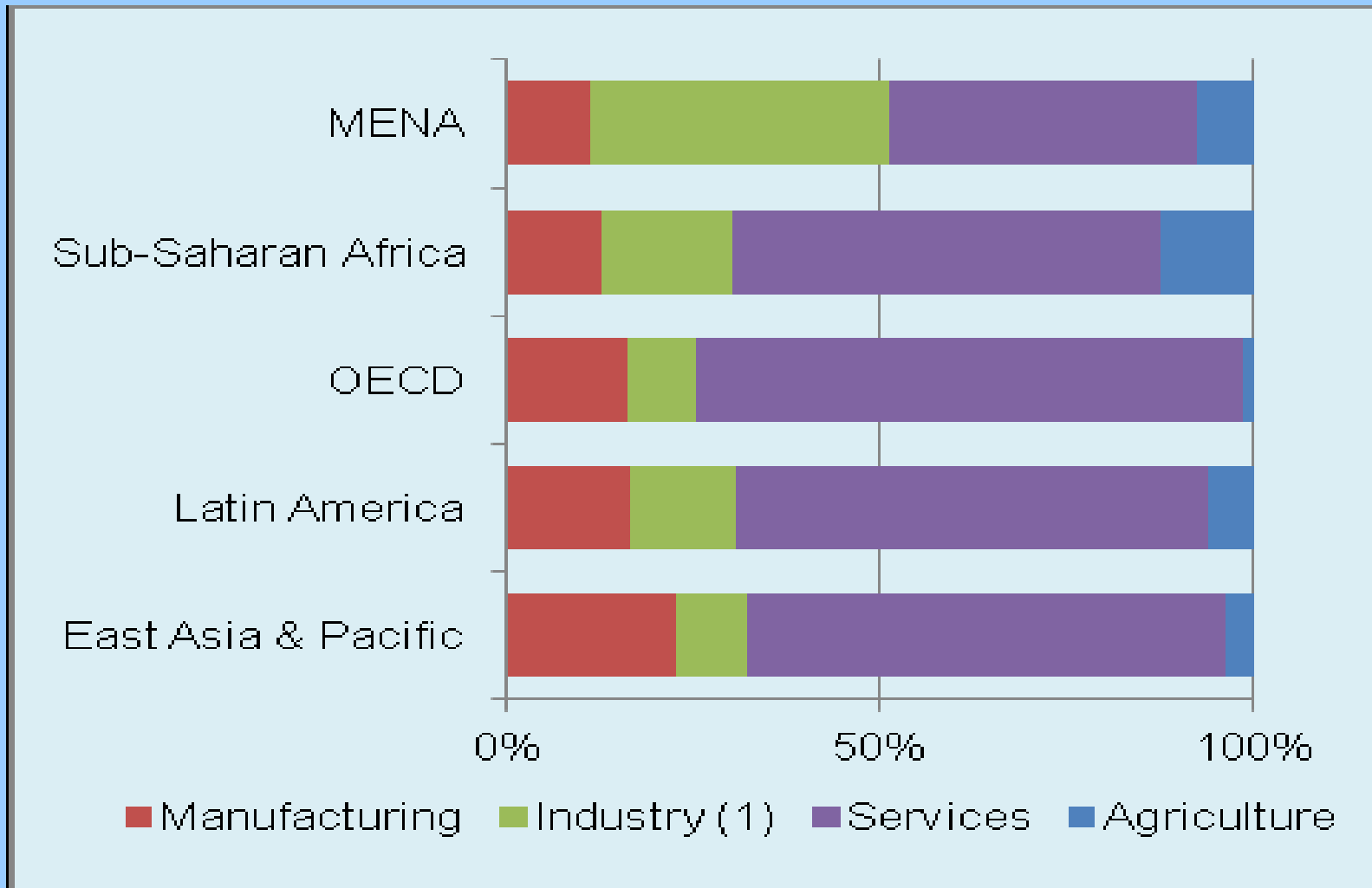


## FDI Inflows to the MENA Region, 2010



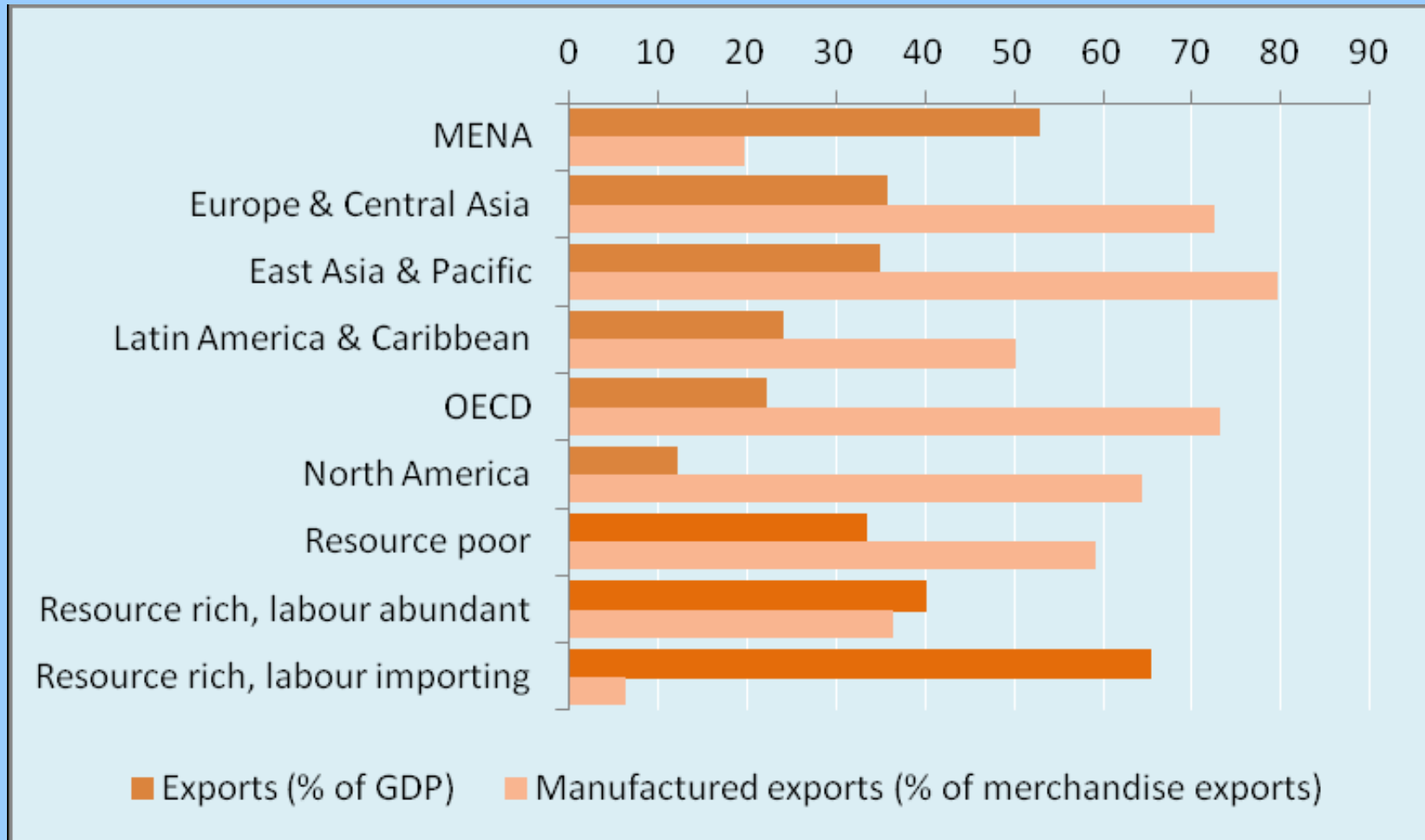
Source: UNCTAD 2011.

## Value Added in Selected Regions



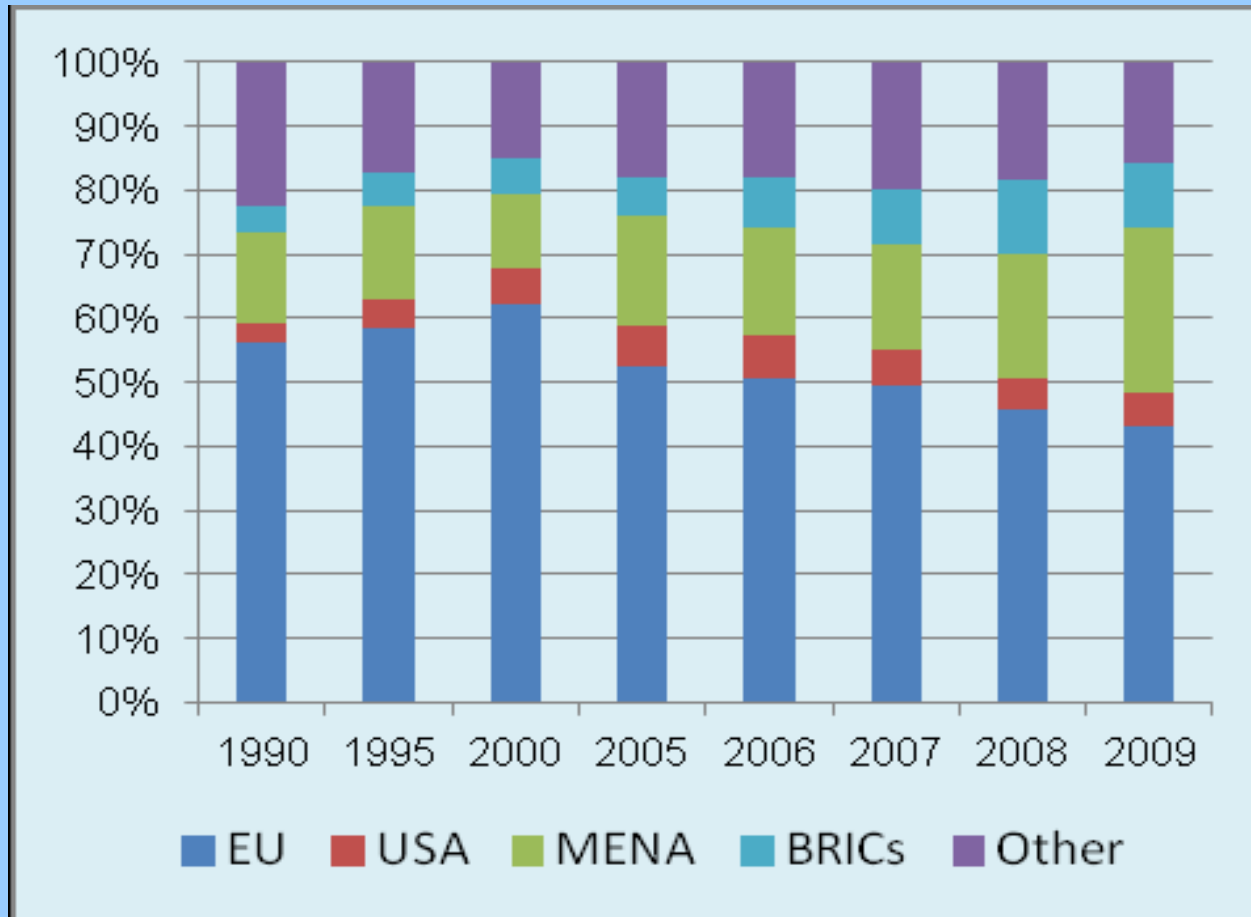
Source: World Bank 2010 and Klapper and Love 2010

## Exports as a share of GDP are high in MENA, but manufactured exports are comparatively low



Source: World Bank 2011

# Resource-poor Countries' main Export Market is the EU



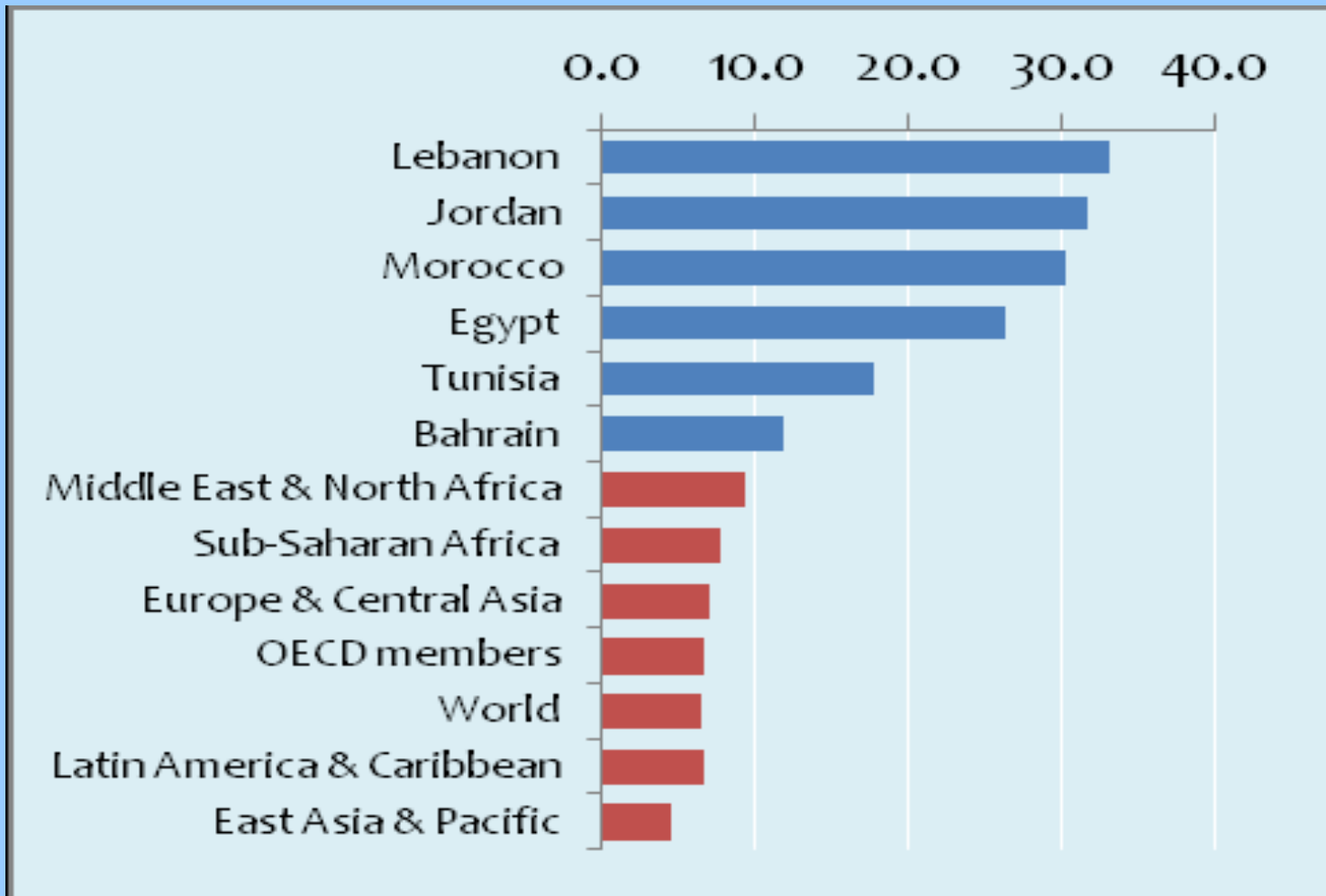
Source: IMF 2011

# Mena Trade

- In the countries of the southern shores of the Mediterranean and the Gulf (MENA area), **the GDP is grown over the last two decades by 4.4% per year and the population of almost 50%**. In the next five years an average growth of 3% is estimated;
- 20% of world maritime traffic passes through the Mediterranean, 25% of the world's container line services and 30% of oil traffic. A growing centrality of the Mare Nostrum strengthened by the doubling of the Suez Canal; Suez has recorded double-digit growth rates for 5 months. In the first 9 months of 2017, 668 million tons of goods passed (+ 9.8%) and almost 13 thousand ships;
- New actors face the Mediterranean: **Chinese trade has grown from 2001 to today of 841%** while the German one of 126%. Germany has launched its Marshall Plan for Africa; within the Chinese Silk Road initiative (OBOR), Beijing has started port and airport projects in the southern countries Mediterranean and Gulf (MENA) for about 27 billion dollars;
- **Italy** maintains a relevant position in the commercial relations with MENA countries: 70 billion import-export estimated to grow to 80 billion in 2018. With respect to 2001, trade grew by 54.8%; MENA countries are important outlet markets for Italian companies with a value of over 41.4 billion exports equal to 10% of exports of our country (more than Italy exports to the United States); The stock of Italian Foreign Direct Investment (FDI) towards the MENA Area has exceeded 46 billion dollars; Italian investments in the Emirates are important United Arab Emirates (9 billion) and Egypt (8 billion); The Mezzogiorno has an exchange with the MENA countries of almost 14 billion euro and represents about 20% of the total Italy to this area. The share of Southern Italy exports to the MENA area is higher than the Italian average and equal to 15% (Italy 10%) thus confirming the geographical vocation of a South Italy in the heart of the Mediterranean.

# Trade and FDI

- A growing literature has begun considering **trade and FDI** not as two separate and distinct functions, since the two are more inter-related than autonomous. Over the past decade, global FDI has become increasingly associated with the creation of integrated international production networks of firms, whereby companies spread their activities regionally or globally across various production sites. While FDI is often thought of as a substitute for trade, the reality is that FDI can both substitute and complement trade.
- Referring to MENA countries and EU partnership, in spite of the EU-MED Agreements, **the share of FDI received by MENA countries is very small** both in absolute terms and relative to the size of their economies.
- Two explanations are possible: one is related to the nature of the MENA region as being a newcomer to the international market of capital flows; the other is related to the substitution issue between FDI and trade. Some research suggests that **the weak FDI record of the region can largely be explained by the lack of economic reforms rather than to the presence of a substitution relationship between FDI and trade.**
- What about **trade**? Trade in goods between the EU and Mediterranean area has increased over the last 10 years but MENA countries score one of the lowest ratios of export to GDP among all regions of the world, but Sub-Saharan Africa, and imports from Europe grew more strongly than exports. The Euro-Med Agreements have not increased the trade shares of the Southern Mediterranean partner countries in EU markets because of many reasons, which include **restrictions on trade in agriculture, services and labor, the lack of harmonization of standards, and the stringent rules of origin for some manufactured goods that have high export potential, such as textiles and clothing.**



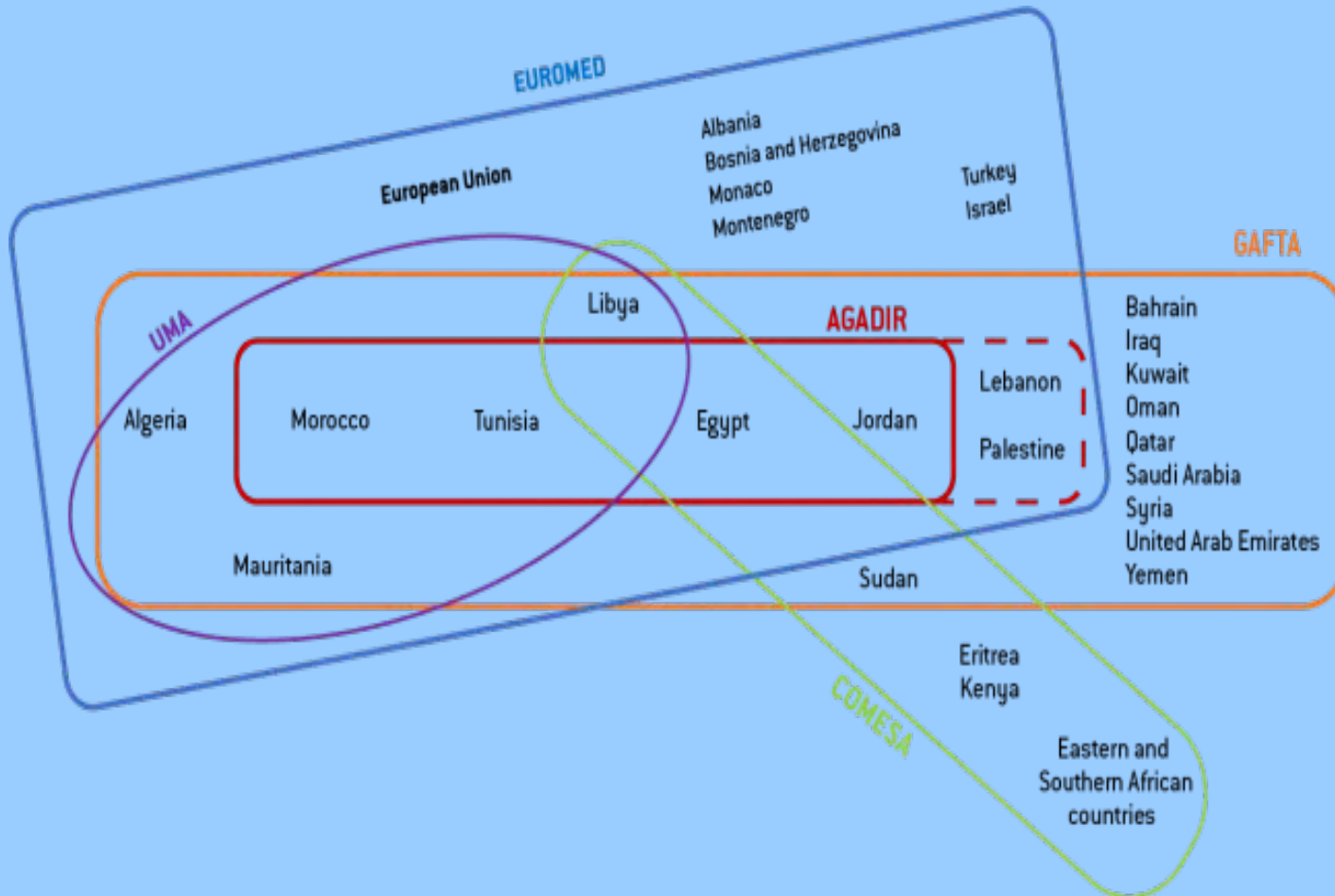
Sources: IMF 2011d and World Bank 2011



# Trade integration in Mena and North Africa: low and incomplete

- The **EU is by far the most significant trading partner of MED countries**. The EU attracts more than half of Algerian, Libyan, Moroccan and Tunisian exports, and also accounts for a large share of Egypt's exports. Energy trade is arguably the most important economic link between the two regions.
- **Imports are slightly less concentrated**. In the last years, while Morocco, Algeria and Tunisia reduced their high dependence on EU products (around 50%), Libya and Egypt significantly increased imports from European countries.
- Simultaneously, the economic rise of **China and India** has been a mixed blessing for the countries in North Africa. On the one hand, higher demand from these countries has partially offset the reduced European demand coming from the crisis. On the other hand, domestic producers and exporters have seen an increase in competitions from China and India, especially in the textile and electronics industries.

# North African countries' membership in various Regional Economic Communities



# North African countries' membership in various Regional Economic Communities

- Analysts (e.g. Hoekman, 2016, and **Wolf et al, 2017**) agree that the **proliferation of (often overlapping) trade arrangements** has actually led to negative results due to an accumulation of rules that are largely inconsistent in application and scope. In particular, the diverse rule of origin systems is considered a major impediment to creation of integrated supply chains in the region.
- Initiatives aimed at regional integration such as the **GAFTA (Greater-Arab Free Trade Area) and the AMU (Arab Maghreb Union) have not met expectations mainly due to lack of implementation and the persistence of non-tariff measures.**
- Nevertheless, the EU has regarded the **Agadir Agreement** as the most promising way of enhancing South-South integration. Despite the rather limited effect of the process, the EU has supported the setting up of Agadir Technical Unit. According to Behr (2010), part of the EU's enthusiasm for the Agadir Process over GAFTA stems from the fact that Agadir links closely the southern Mediterranean countries to the EU. Thus, the Agadir countries adhere to the Pan-Euro Med Rules of Origins and apply the so-called Euro Med certificates to their exports. In light of this, a few positive developments are worth noticing: last year Palestine and Lebanon joined the Agadir Agreement and recently Egypt officially declared its intentions to revive the agreement, given the tension between Egypt and some Gulf states.
- Contrary to the intention of free trade agreement of **homogenizing standards and increasing cooperation**, agreements in the region have not had the desired effect. Improving that requires expanding the scope of existing agreements to include more countries.

# Mena Countries' Regional Trade

- There are a number of reasons that point to the lack of regional trade:
  - First, the **region's modest income and size** compared to neighboring Europe makes it gravitate towards it. Close links with Europe are also related to **past economic, political and cultural ties** that limit the development of stronger regional links.
  - Second, the **lack of complementarity in production structures of countries in the regions**. However, Chaponnière and Lautier (2014) point out the success of the Association of Southeast Asian Nations (ASEAN) model is based on intra-industry regional trade rather than inter-industry. Ben Ali (2016) also agree on how the region can benefit from developing intra-industry trade and upgrade their respective export quality.
  - Third, beyond these structural constraints, there are various infrastructure-related and policy-induced impediments to intra-regional trade. Shepherd (2011) reports **the perverse effect of North African countries having lower costs when they trade with Europe than when they trade between them**. Trade costs between Maghreb ranged from 335% of production value in 1995 to 278% in 2014, about twice as high as trade costs with European states. This is due to the relatively few active transport corridors across the region and the existence of fragmented logistics services markets. The World Bank (2013) reports that improving logistic performance would reduce average bilateral trade costs by a factor of ten compared to an equivalent percentage reduction in average tariffs.
  - Fourth, **non-tariff measures**, like complicated customs clearance and overburdened administrative processes, still represent a relevant hurdle, as reported by the International Trade Centre (2015). Another impeding factor to intraregional trade relates to restrictive rules of origin. **According to the OCP Policy Center (2016)**, diagonal accumulation only exists across a subset of countries and generally differs across some Euro-Med countries (e.g., the ROOs for Egypt are not the same as those for Tunisia and Morocco), which further restricts effective market access to the EU.
  - Last, **political instability throughout North Africa and the region** has not helped the cause of economic growth and integration. Firstly, Algeria and Libya have very unpredictable environments for foreign operators, a clear disincentive to mutual trade and investment. Secondly, there is latent hostility, on account of the Western Sahara, between Algeria and Morocco which led to the closure of the Algerian-Morocco border since 1997. In practice, this

# 10. “*Intermediate*” Variables: Factors that Affect Economic Performance

# Total Factor Productivity (TFP)

- *“TFP measures the residual growth that cannot be explained by the rate of change in the services of labor, capital and intermediate outputs, and is often interpreted as the **contribution to economic growth made by factors such as technical and organizational innovation.**“*

OECD. 2008. Compendium of Productivity Indicators, OECD Paris.

- TFP (or Multi Factor Productivity for the OECD) accounts for **innovation and entrepreneurship.**

# Total Factor Productivity

- TFP was formally introduced by Robert Solow (1957) as a residual component of GDP that is not explained by the variations of inputs.
- The starting point for this method is an aggregate production function, which expresses the relationship between inputs and product aggregate. Among the different specifications, the most widespread production function is the homogeneous of first grade Cobb-Douglas:

$$Y = A K^\alpha L^{(1-\alpha)}$$

- Where Y is the aggregate product (output),
- A is the Total Factor Productivity or Solow residual and the efficiency factor,
- K the physical capital stock,
- L the number of workers and
- $\alpha$  the relative share of physical capital to production.

# Total Factor Productivity (TFP)

- TFP growth = Growth in output quantity – Growth in input quantity
- TFP growth is typically measured using indexing methods, but can also be measured/projected using econometrics
- Indexing methods compute measures of comprehensive output quantities (Y) and input quantities (X)
- Change in TFP ( $\Delta\text{TFP}$ ) is then computed as  
$$\Delta\text{TFP} = \Delta Y - \Delta X$$

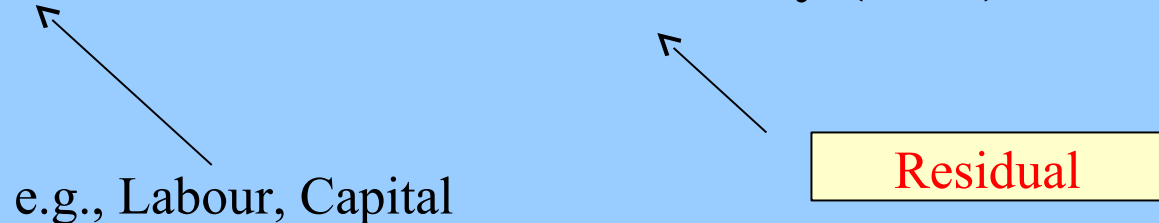


# Total Factor Productivity

- Gross Domestic Production (GDP) and GDP per capita – basically Income per person – is a key indicator of economic wellbeing
- GDP per capita increases by growth of inputs (e.g., more capital or labour) or higher Total Factor Productivity (TFP)

**GDP = Inputs + Total Factor Productivity (TFP)**

e.g., Labour, Capital



Residual

# How to Measure Total Factor Productivity

- Productivity is a measure of the transformation of inputs into outputs
- Total factor productivity measures the transformation of all inputs into comprehensive output
- Partial factor productivity measures the transformation of a subset of inputs into comprehensive output
- Productivity can be measured as a level or rate of change

# Total Factor Productivity (TFP)

- Factor Productivity

The amount of output relative to amount of a specific input (e.g., units per labor hour).

- Example:

- Year 1 : 10 units of output per labor hour (10 hours of work); same capital
- Year 2 : 12 units of output per 11 hours of work; same capital
- Year 3 : 14 units of output per labor hour (11 hours of work); same capital

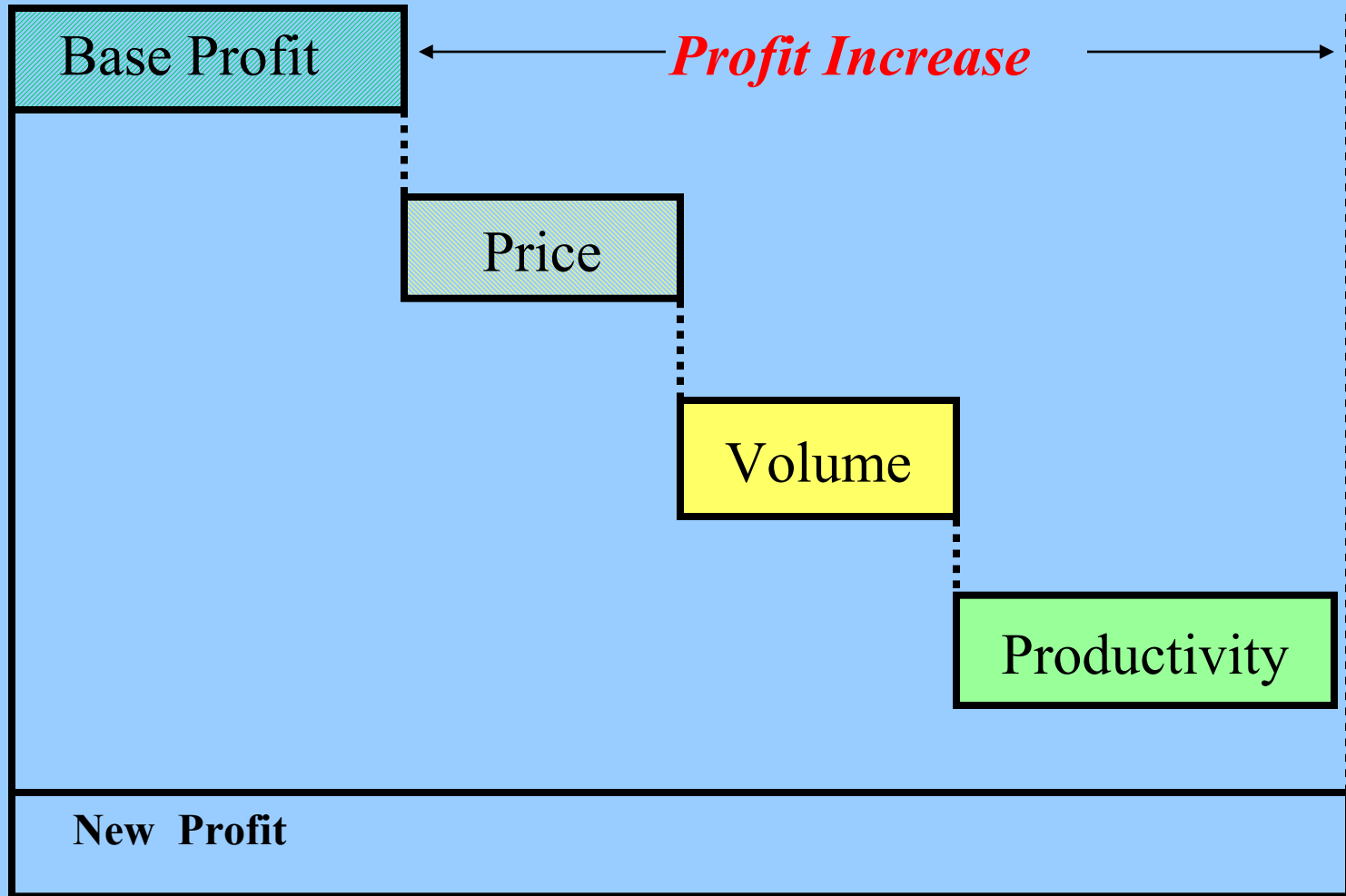
In Year 2 labor productivity increased by 0.09% (from 10/10 to 12/11).

- Total Factor Productivity (TFP)

A combined measurement of the amount of output (of a product) relative to the sum of all resource inputs (the factors). It measures the overall performance of an operation.

- In Year 3 the increased output is due to the increase of TFP (increased from 12/11 to 14/11)

# Total Factor Productivity

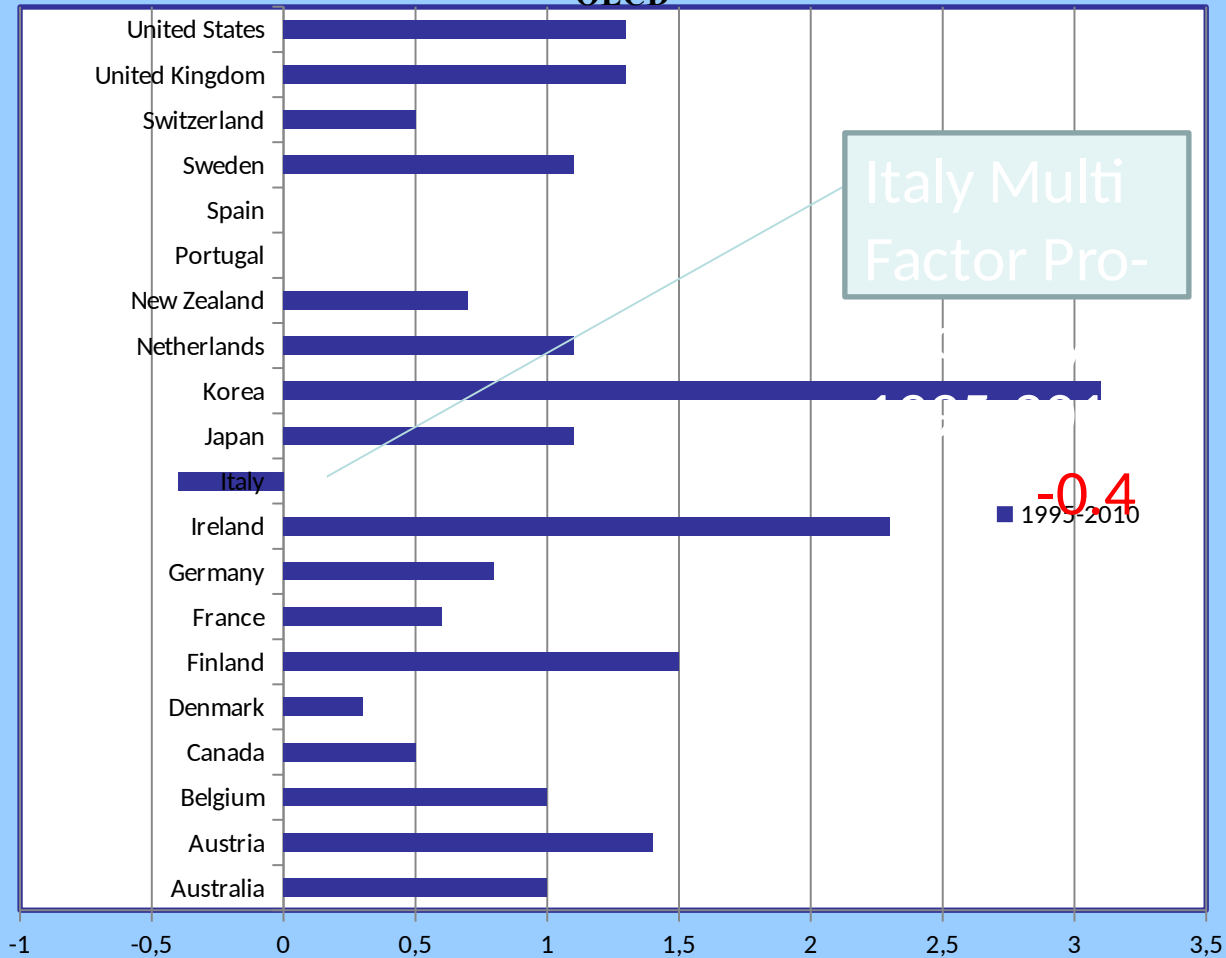


# Productivity “Facts”

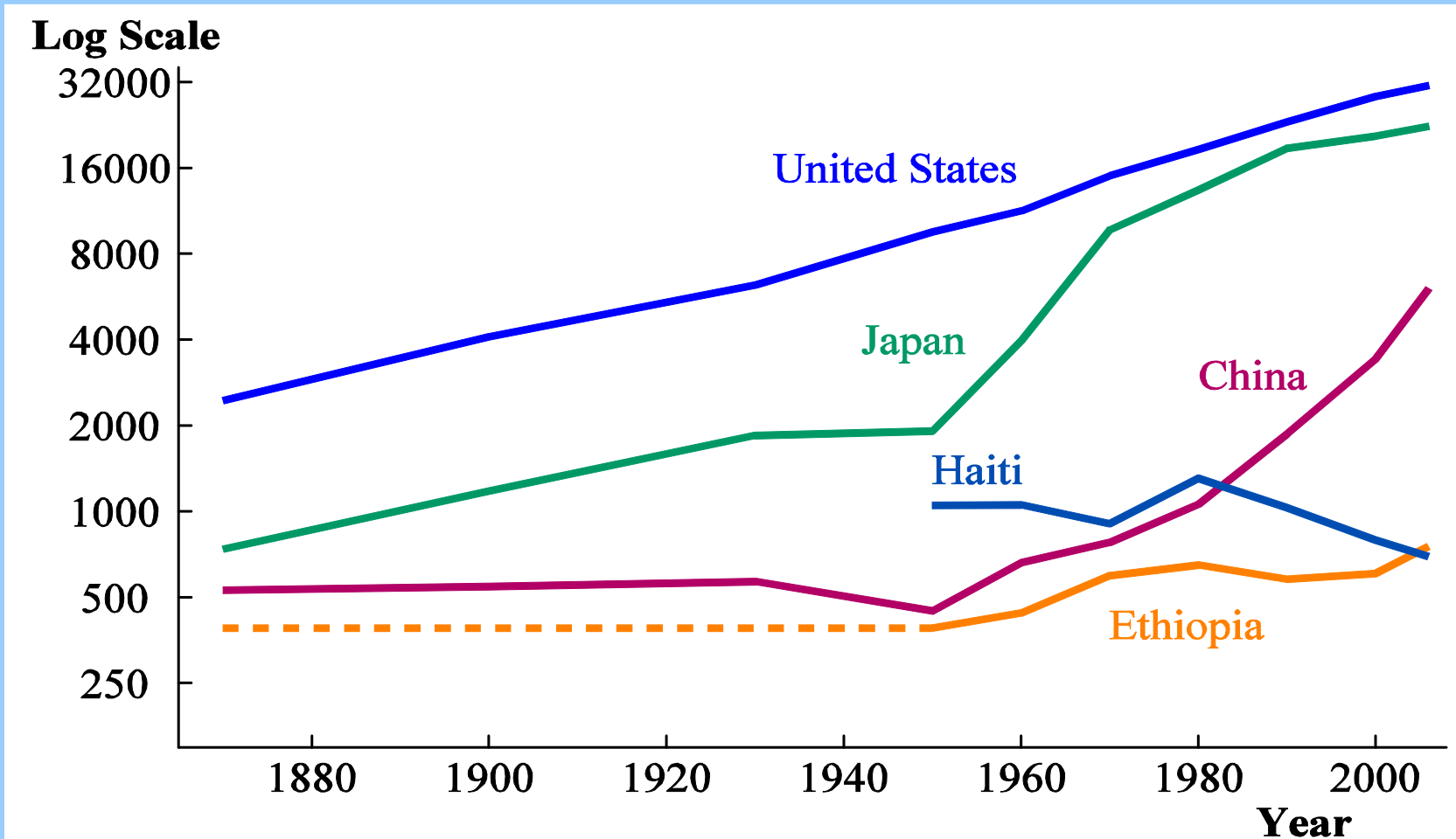
- **Macro:** Productivity varies across nations and over time
  - Robert Solow: TFP growth at least as important as growth of inputs in explaining economic growth
  - Cross country: GDP/capita differences largely due to TFP differences
  - US Productivity slowdown 1973-1995 and broad-based “productivity miracle” post 1995
- **Micro:** Productivity varies hugely across firms

# Total Factor Productivity

Multi Factor Productivity 1995-2010  
OECD



# Catch up Growth



Source: Maddison (2008) Data is smoothed by decade

# Productivity matters for Policy

- Increasing productivity (TFP) means that the economic pie is bigger so more room for:
  - *Consumption increases*
  - *Tax cuts*
  - *Increases in public goods (e.g., Environmental quality)*
- Harder to achieve if productivity stagnant
- But what can be done to increase productivity?



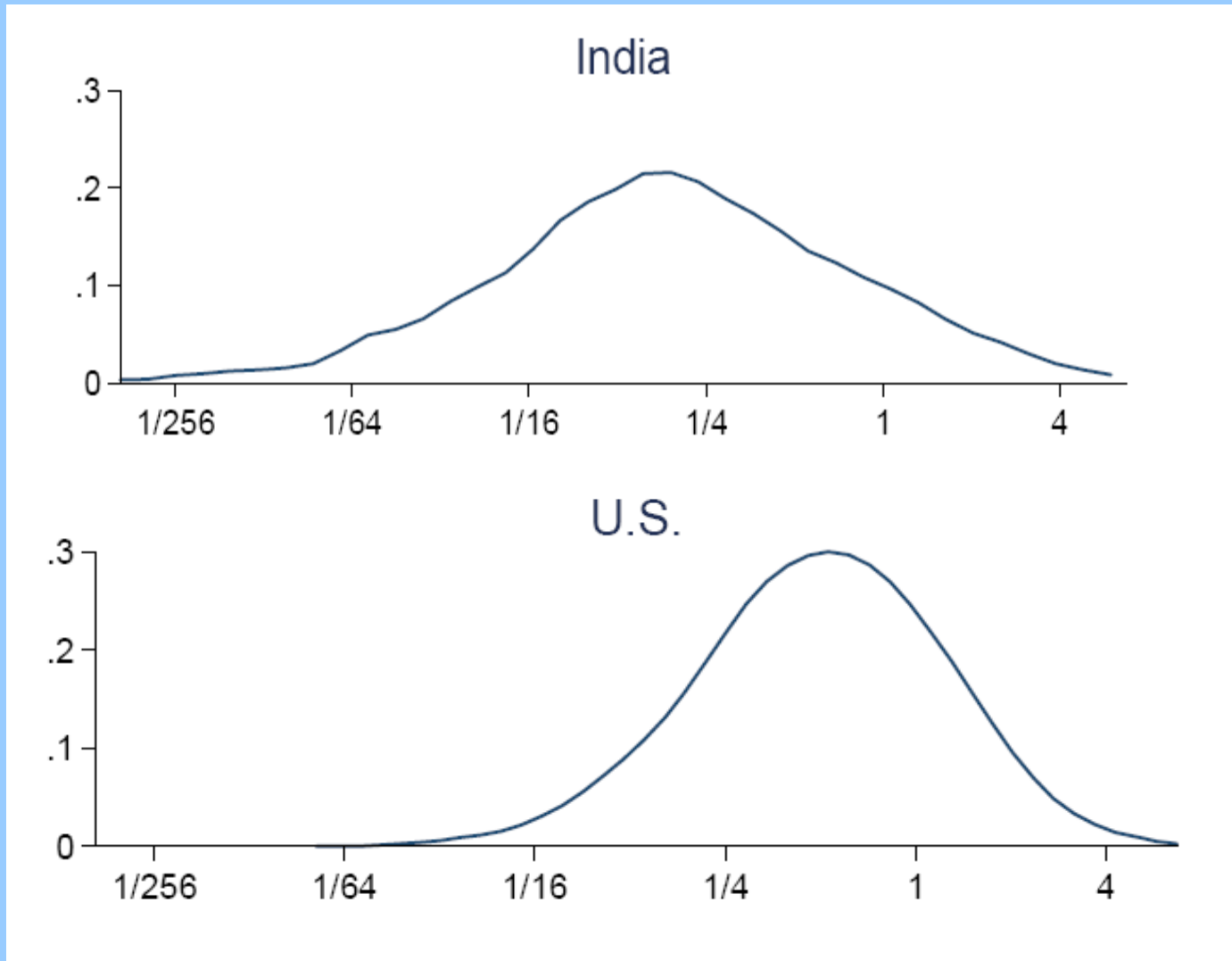
# Factors increasing Productivity

- Proximate factors:
  - Human Capital
  - “Hard” technology (e.g., Research & Development)
  - Skills (e.g., college education)
  - Management (technology & skill)
- Some deeper factors “driving” the above
  - Competition
  - Globalization
  - Regulations & government policies
  - Culture

## Productivity Differences across Firms within Countries is huge

- US Census data on population of plants
  - Plant at 90<sup>th</sup> percentile productivity 2x plant at the 10<sup>th</sup> percentile (Syverson, 2004)
- Not just mis-measured prices: in detailed industries (e.g., boxes, bread, block ice, concrete, plywood, etc.)
- These firm-level productivity differences could account for large part of cross country differences.

# Distribution of plant TFP differences: US-Indian productivity gap related to US having far fewer low productivity plants



Source: Hsieh and Klenow (2008)

# How TFP increases

- **Within Firms (Traditional view)**
  - The same firms become more productive (e.g., new technology spreads quickly to all firms, like Internet)
- **Between Firms (“Schumpeterian” view)**
  - Low TFP firms exit and resources are reallocated to high TFP firms
    - High TFP firms expand (e.g., more jobs) & low TFP firms contract (e.g., less jobs)
    - Exit/Entry

## Example of How Total Factor Productivity increases – Firm A twice as productive as firm B

	Period 1		
	<b>A</b>	<b>B</b>	<b>Total</b>
Productivity -output/jobs	2	1	
Jobs	10	10	20
Output	20	10	30
Aggregate productivity			1.5 (=30/20)

Aggregate (weighted) productivity is 1.5

## How Total Factor Productivity increases: both firms increase TFP by 0.5

	Period 1			Period 2		
	A	B	Total	A	B	Total
Productivity	2	1		2.5	1.5	
Jobs	10	10	20	10	10	20
Output	20	10	30	25	15	40
Aggregate productivity			1.5 (=30/20)			2 (=40/20)

Aggregate productivity increases from 1.5 to 2 (one third)

## How Total Factor Productivity increases: both firms increase TFP by 0.5

	Period 1			Period 2		
	A	B	Total	A	B	Total
Productivity	2	1		2.5	1.5	
Jobs	10	10	20	10	10	20
Output	20	10	30	25	15	40
Aggregate Productivity			1.5 (=30/20)			2 (=40/20)

Aggregate productivity increases from 1.5 to 2 (one third)

# How Total Factor Productivity increases - reallocate all jobs & output to firm A

	Period 1			Period 2		
	A	B	Total	A	B	Total
Productivity	2	1		2	1	
Jobs	10	10	20	20	0	20
Output	20	10	30	40	0	40
Aggregate Productivity			1.5 (=30/20)			2 (=40/20)

Aggregate productivity increases from 1.5 to 2 (one third)!



# How Total Factor Productivity increases - reallocate all jobs & output to firm A

	Period 1			Period 2		
	A	B	Total	A	B	Total
Productivity	2	1		2	1	
Jobs	10	10	20	20	0	20
Output	20	10	30	40	0	40
Aggregate Productivity			1.5 (=30/20)			2 (=40/20)

Aggregate productivity increases from 1.5 to 2 (one third) just by reallocation and with productivity remaining the same (at level 2)!

# Some Empirical Evidence on Reallocation

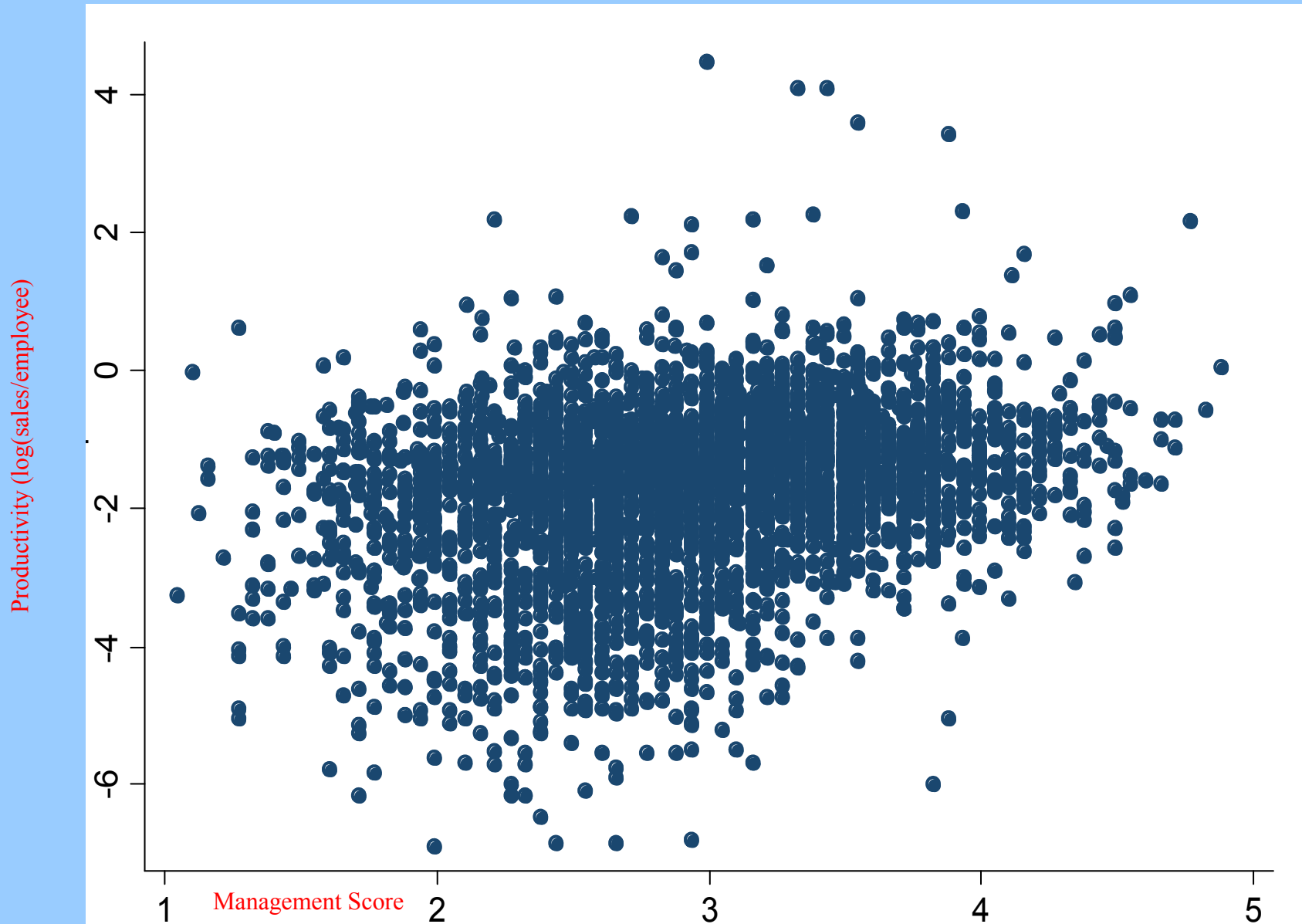
- Reallocation appears to be an important factor:
  - In aggregate US productivity growth: ~half of aggregate TFP growth in a 5 year period in typical industry due to reallocation
  - For certain sectors: In retail trade, almost *all* of labour productivity growth is due to exit/entry of stores (Foster et al. 2006).
  - Reallocation improves TFP as the inputs , e.g., labour as used in a more efficient environment, e.g. organization, management, institutions more conducive to efficiency.

Why Care about Management and Productivity?

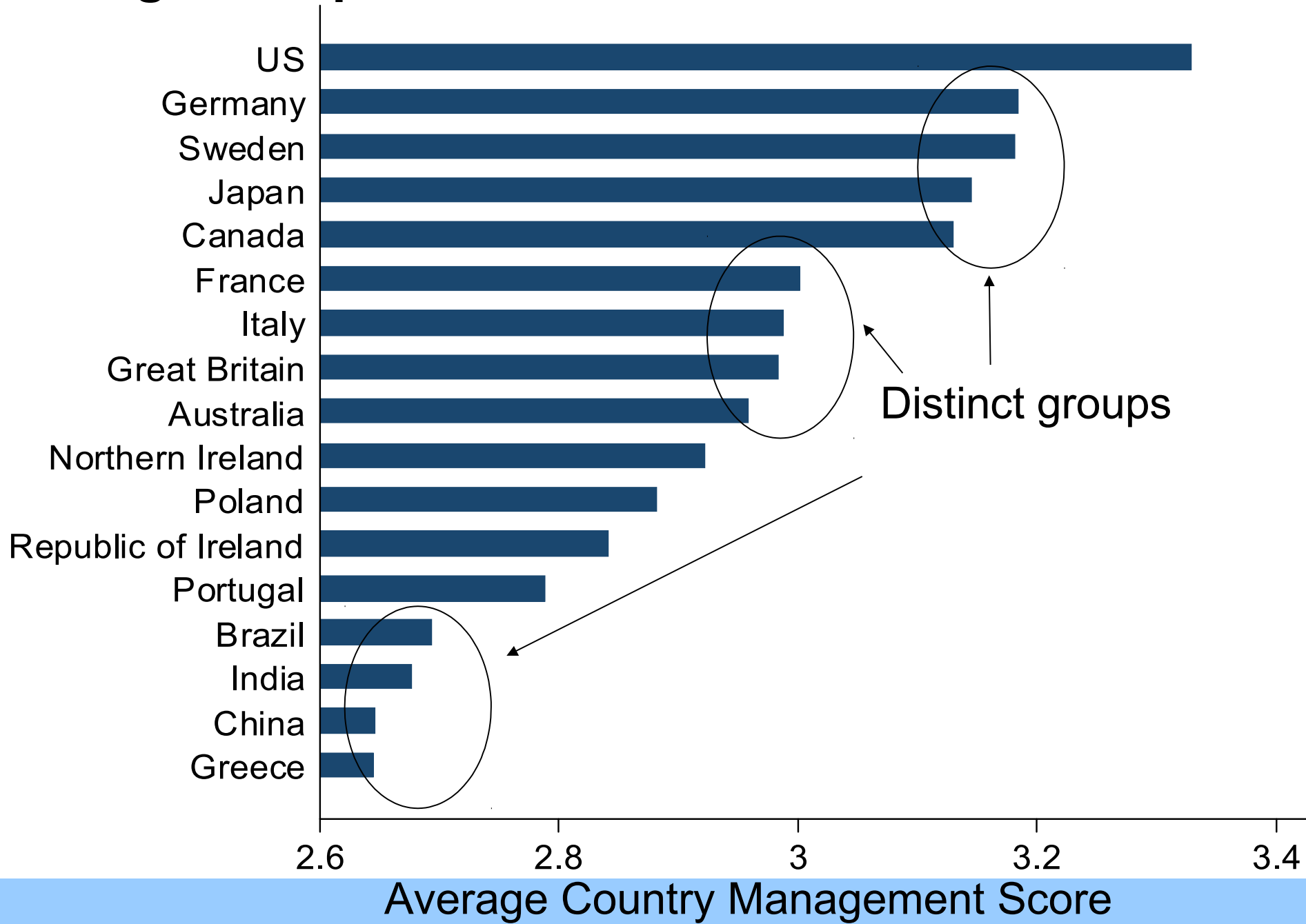
Measuring Management

**Differences in Management Practices Causes  
Differences in Performance**

# Management Practices and Performance



# Management practices across countries



# Total Factor Productivity in the World

1					
Country					
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Other A.D. ...					

# Total Factor Productivity in MENA Countries

Total Facto					
Country					
Middle East and N					
Algeri					
Bahrain					





# Total Factor Productivity in MENA Countries

- While the Middle East is known for its wealth of natural resources and financial resources, employment growth is the main source of the recent accumulation of wealth in the region. **The key challenge for Middle East economies in the future will be to create productive jobs for millions of young people who will be entering the labor markets every year.** For strong, sustainable economic growth, countries in the region need to improve the productivity of jobs. To accomplish this, **they must diversify their economies, improve governance, and enhance investment in ICT, human capital, and educational systems.**
- Overall the projection for labor productivity growth in 2017 in emerging markets shows a strengthening trend, in all regions except in Middle East and North Africa, though it remains well below its long-term trend.

# Total Factor Productivity in MENA Countries

- Productivity growth in the Middle East and North Africa **slowed** as output growth in the region declined in 2013, partly as a result of weakening oil prices and partly due to political and social unrest in much of the region, while employment growth remained stable.
  - 2014 The Conference Board
- A number of **structural economic indicators can help explain the reasons for which, in many countries of the South Mediterranean, TFP is relatively lower than in other emerging economies, and in particular those located in Asia and Europe.** While South Mediterranean countries have implemented substantial economic and institutional reform, based on the Global Competitiveness Index or on the World Bank's structural indicators, this has not been enough to bridge the gap separating the institutional framework of South Mediterranean countries from those of other economic regions.
- There is a positive **correlation linking TFP growth and the Global Competitiveness Index (GCI) in 21 emerging economies in the South Mediterranean, Asia, and Europe.** The lowest GCI levels in the sample are concentrated in countries of the South Mediterranean Rim. Algeria, Egypt, Libya, and Morocco all have a GCI no higher than 4, and rank between 70th (Egypt) and 88th (Libya) in the overall ranking of the 134 countries considered by the GCI. Israel, Tunisia, and Jordan, on the other hand, show an index of between 4 and 5, ranking between 27th (Israel) and 50th (Jordan).

# Total Factor Productivity in MENA Countries

- A business-friendly regulatory framework and an efficient judicial system are necessary conditions to encourage private investment. Among other factors, the ease of establishing a business plays a key role in deciding the destination of foreign direct investments.
- A wide range of strategies have been pursued to improve the business climate, embracing measures aimed at sector-specific issues as well as actions geared to strengthening institutions which offer support to all business sectors.
- Many sectors have seen privatizations. In Morocco, considerable efforts have been made to liberalize the aviation and gas exploration sectors. The banking sector has also undergone significant reform geared to increasing liberalization in the industry. In Algeria, for instance, 13 foreign banks have established a local presence since the liberalization process began. Egypt is one of the South Mediterranean countries to have implemented the most exhaustive reform of trade regulations, introducing for instance laws on bankruptcy (voluntary liquidation is now possible), or on the resolution of business disputes (via a dedicated court).
- In general, however, despite the progress made by single countries, the South Mediterranean Rim on the whole still ranks behind other emerging regions.

# Human Capital

The focus on human capital as a driver of economic growth for developing countries has led to undue attention on **school attainment**.

Developing countries have made considerable progress in closing the gap with developed countries in terms of school attainment, but recent research has underscored the importance of **cognitive skills for economic growth**.

This result shifts attention to issues of school quality, and there developing countries have been much less successful in closing the gaps with developed countries. Without improving **school quality**, developing countries will find it difficult to improve their long run economic performance.

# Human Capital

- Empirical papers, such as Benhabib and Spiegel (1994), have argued that the relationship between human capital and income growth is best viewed in the context of the **positive effect that human capital has on TFP**, rather than its direct effect as an accumulable factor in the production function.
- Bilal and Klenow (2000) argue that microeconomic evidence on returns to schooling is inconsistent with the large and positive coefficients on human capital found in growth regressions by Barro (1991); this, too, suggests that human capital impacts income through the separate channel of TFP.
- Borensztein, De Gregorio and Lee (1998) regress GDP growth rates on both foreign direct investment (FDI) and a term that interacts FDI with human capital. They find that while the coefficient on FDI by itself is negative, the coefficient on the interactive term is positive and significant, suggesting that **human capital is essential to the process of technological diffusion through FDI**.

# Migrations from Mena Countries

- **Destinations** of international migrants from MENA countries
  - Of the 24 million international migrants from MENA countries, **just over half remain in the MENA region (53%)**. This is an increase from 1990, when just 46% of migrants from MENA remained in the region.
  - Following the MENA region, **Europe is the primary destination of migrants from MENA countries**, hosting about one third of all people migrating from MENA countries. **North America is host to another 6%**. Note that “Europe” in this case includes Turkey which is the destination of a substantial 7% of migrants from MENA.
  - **Jordan, France and Saudi Arabia** are the top destinations of migrants from the MENA region. The top ten countries of destination host 70% of all migrants from MENA (see data below)
  - The destinations of migrants from MENA countries vary by sub-region. For instance, 50% of migrants from North African countries go to Europe, while just 22% of migrants from the Mashreq do so and 17% from the GCC (If Turkey is removed from the definition of Europe, then only 8% of migrants from the Mashreq are in Europe)
- **Origins** of international migrants from MENA
  - The vast majority of international migrants from countries in MENA are originally from either the **Mashreq or North Africa (93%)**, with very few originating in the GCC.
  - Most migration to Europe is undertaken by North Africans, with North Africans accounting for 65% of all migrants from MENA in Europe; this increases to 82% if Turkey is excluded from the Europe region.
  - Over 60% of international migrants from MENA are originally from the **Syrian Arab Republic (21%; 5 million)**, the **Occupied Palestinian Territories (15%; 3.5 million)**, **Egypt (14% - 3.3 million)**, and **Morocco (12% - 2.9 million)**.
  - About 56% of migrants from MENA are **male**.

# Top 10 destinations of migrants from MENA Countries, 2015

- Jordan (3,034,642)
- France (2,859,621)
- Saudi Arabia (2,602,375)
- Lebanon (1,978,925)
- Turkey (1,604,494)
- United Arab Emirates (1,588,856)
- United States (910,536)
- Spain (778,655)
- Italy (725,741)
- Kuwait (629,409)
- Others (7,179,533)

International Office for Migration (IOM) Regional Office for the Middle East and North Africa. 2016. *Migration to, from and in the Middle East and North Africa. Data Snapshot* August.

# Human Capital

- Young people **under the age of 25 make up over 60% of the Middle East's population**. The wave of young people temporarily moving abroad to further their education is not a new phenomenon.
- Currently, there are more than 3 million Arabs in the US alone and many millions in Europe and other parts of the world and they have contributed a lot to the culture and developments of their host countries. Their home countries badly need their services and many of them want to return to their home countries but due to political instability and insecurity, it is very hard for them to do so. Countries like Iraq, Libya, Syria and Egypt are facing biggest brain drain these days.
- However, despite tough international visa restrictions, more and more young people intend to **migrate permanently**, i.e., young people across the region want to migrate and leave their countries in search of better opportunities.
- The loss of local and regional human capital means that the regions **brightest minds are being lost** to the international arena, i.e., growth potential, ideas, and possible discoveries made by these young Arabs who migrate from their homeland are lost by their respective countries.
- The revolutions have created a culture of entrepreneurialism, but **it is the employed, educated, and entrepreneurial who are most** likely to want to migrate abroad, according to the study.



# Human Capital

- *The truth is, young people are not searching for the American Dream and are most definitely not flying out on the wings of freedom; they're fleeing tyranny.*

*Yara al-Wazir*, Yara al-Wazir is a humanitarian activist. She is the founder of The Green Initiative ME and a developing partner of Sharek Stories.

- However, one of the biggest downsides is that young people would not go back in what they perceive to be **dead-end countries**.
- Ultimately, this means that when the region does decide to grow, if ever, it will have face extra challenges: filling the labor gap without relying on international labor, and the challenge of convincing their won people to come back to their own countries.
- **Diaspora** refers to a scattered population with a common origin. Diaspora also refer to the movement of the population from its original homeland. Many diasporas, e.g., Jews, Turkish, Italian.
- The **Arab Diaspora** like the diasporas of many other countries.

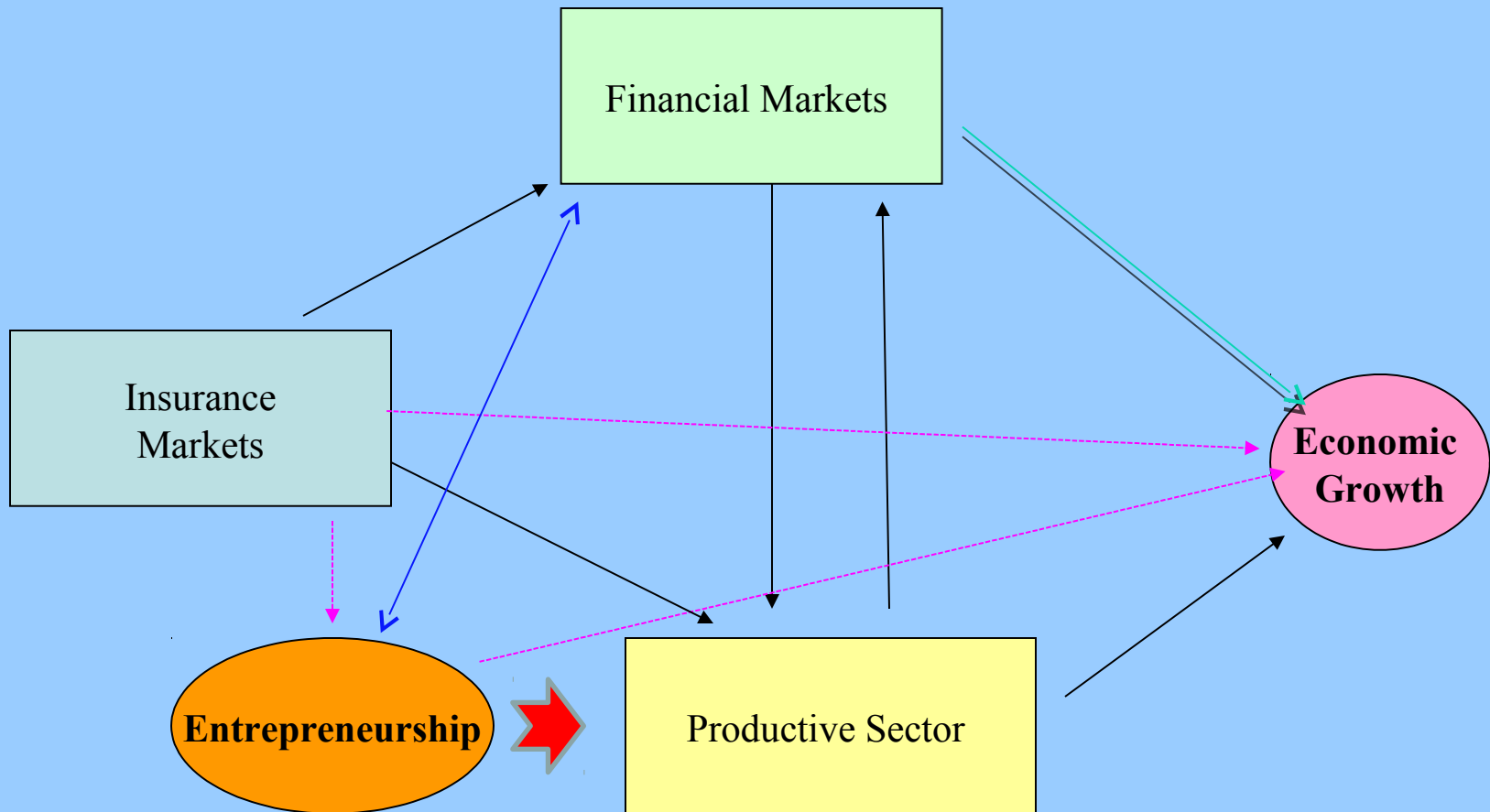
# Human Capital

Brain Drain in Italy: anecdotal evidence; empirical and statistical evidence; OECD e Ministero Interno <http://oriundi.net/site/oriundi.php?menu=noticiasdet&id=17058> 2010).

- Brain drain in Italy is significant and permanent, and there is a low propensity to come back (Monteleone and Torrasi, 2010).
- The highly skilled exchange rate, that is the ratio between inflows and outflows of highly educated people, is **-1.2% in Italy**, 2.8% in France; 2.2% in Germany; 0.,9% in Spain; 1.1% in UK; and almost 20% in US (Beltrame, L. 2007).
- Italy is not an exception in Europe, but only regarding flows towards other countries, i.e., the Italian exception is **the inability to attract highly skilled migrants**. Brain drain in Italy is not compensated by “brain inflows”.
  - Balduzzi Paolo. 2012. Brain Drain: Again or In Vain? Research Project
  - Since 2007 the situation is even worse: the steep decline of the number of young people (under 30) who become entrepreneurs slide from 278 thousands (2002) to 212 thousands (2011).
  - A young MBA in USA finds a job at a NGO with an entry salary **20-30% greater than that of a middle manager in Italy at the end of his/her carrier.!!!!**

# 11. Entrepreneurship and Finance

# Framework for Entrepreneurship and Insurance



# The Process of Development

- According to Schumpeter (1934), the **entrepreneur** is the innovator who **implements change and produces growth** by initiating new combinations, which can take several forms:
  - (1) the introduction of a new good or quality thereof,
  - (2) the introduction of a new method of production,
  - (3) the opening of a new market,
  - (4) the conquest of a new source of supply of new materials or parts,  
or
  - (5) carrying out the new organization of any industry.
  
- The basic contention is that small firms, start-ups - home of the independent entrepreneur and the independent inventor- constitute the primary source of the technical ideas and innovations that serve as the foundation for the unprecedented growth performance of the world's industrial economies.

# The Process of Development

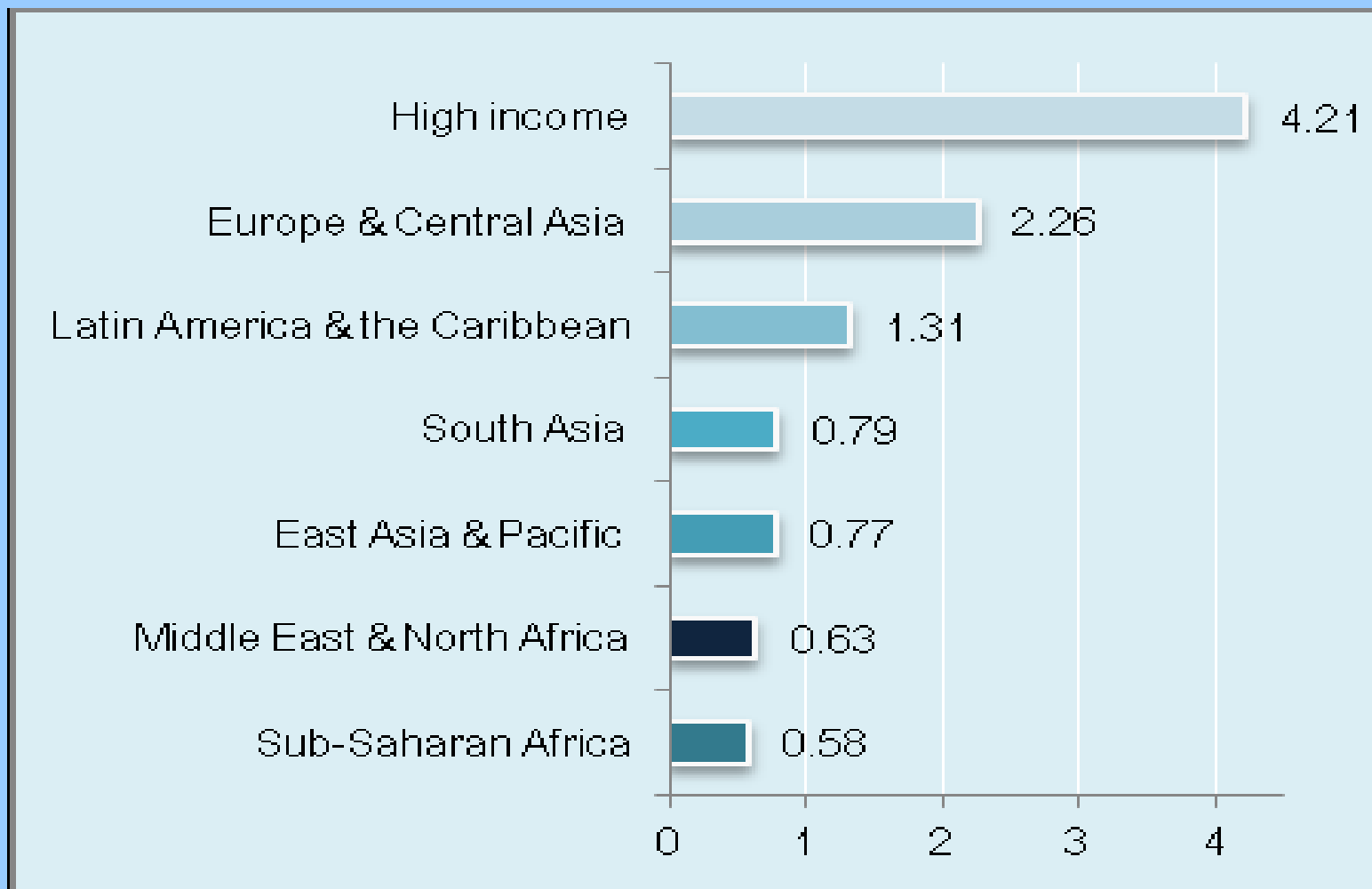
## Role of Financial Markets and financial services

- Allocation of credit according to efficiency criteria, rewarding the “creative destruction” of the Schumpeterian entrepreneur, and therefore facilitating opportunities and economic growth.
- For entrepreneurs and businessmen, access to finance and availability of financial services, including insurance, is crucial.
- Financial markets and services have to be available and provide an effective service to scrutinize projects: the greater the effectiveness, the more uncertainty will be reduced.

# The Finance - Growth Nexus

- It is well established that a **vibrant, dynamic, and well-functioning financial sector leads to a host of improved economic outcomes and economic growth**. There is a vast literature showing the benefits that accrue to countries in which financial development is greater. On the theoretical side, early work by McKinnon (1973) and Goldsmith (1969), among others, highlighted the key role in economic development that could be played by a banking system free of the types of controls on interest rates and quantities that were prevalent at the time. As the literature progressed, it began to recognize that the **financial system in general—not exclusively banks—performed four basic functions essential to economic development and growth: mobilization of savings, allocation of resources to productive uses, facilitating transactions and risk management, and exerting corporate control**.
- **In Middle East and North Africa (MENA) countries banking sector depth produces a lower growth impact than in the rest of the world, while in Europe and Central Asia the impact is greater**. This provides an additional explanatory factor underlying the well-documented sub-par growth performance of the MENA region. For example, during 1975–2005, its real per capita GDP grew by an average 0.4 percent per year, compared to 2.4 percent for Emerging and Developing Countries (EDCs) on average, 5 percent in developing Asia, 1.1 percent in Latin America and the Caribbean, and 2.3 percent in Central and Eastern Europe. Previous studies have examined MENA growth underperformance and have linked it to such factors as shortfalls in institutional quality and ease of doing business, excessive government consumption, and in the case of oil importers, to lack of trade openness as well as lack of access to credit as one factor driving growth differentials between MENA and other regions, along with a shortage of labor skills and of adequate supply of electricity. Other recent studies also suggest that **the underperformance of the MENA region, termed as quality gap in financial intermediation, could be related to strong state ownership, lack of competition, and lack of progress in financial reform, lack of regulatory/supervisory characteristics and related to differences in the ability to provide widespread access to financial services** (Barajas Adolfo, Ralph Chami, and Seyed Reza Yousefi.2013. The Finance and Growth Nexus Re-Examined: Do All Countries Benefit Equally? *IMF Working Paper WP/13/130*.)

## Firm Entry Density by Region 2004–2009 averages



Entry density rate is the number of newly registered corporations divided by the number of total registered corporations

Source: World Bank 2010, and Klapper and Love 2010

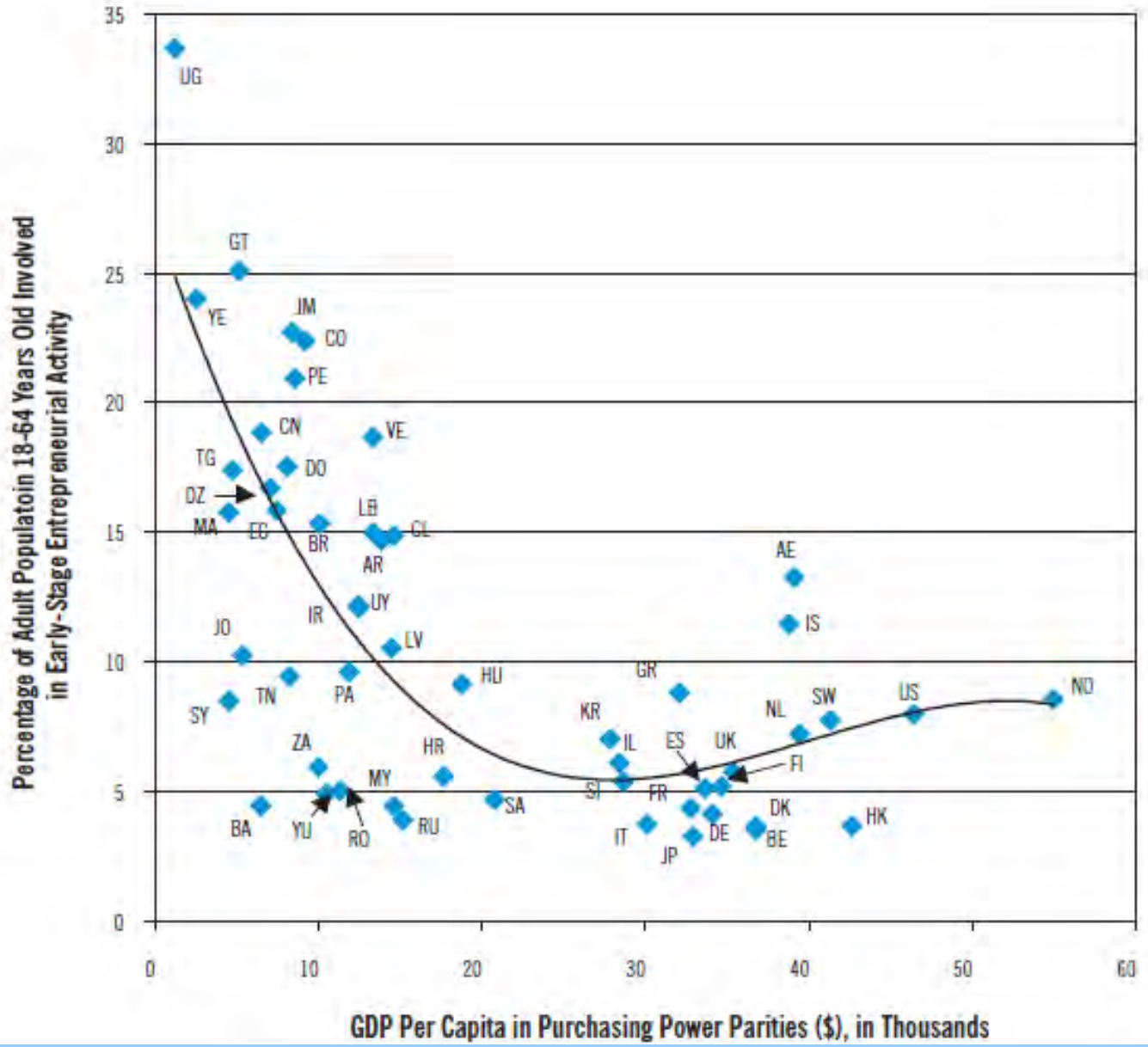


# New Business Entry Density

New B <sub>1</sub>			
Country			
Algeria			

Source: World Bank - Doing Business 2011-2017

# Total Early-Stage Entrepreneurial Activity in 2009



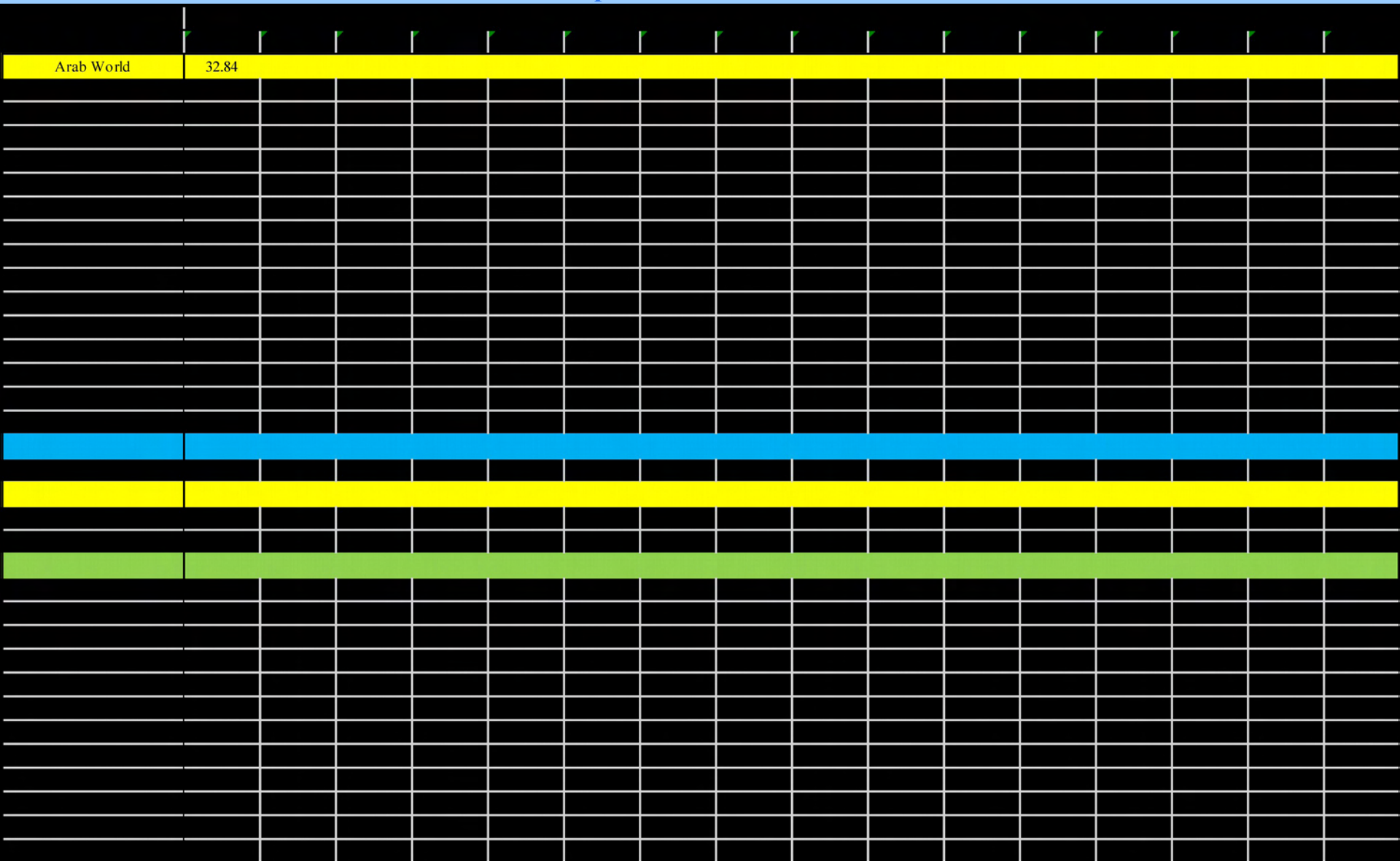
The chart indicates that for countries with **low levels of per capita** income, the national economy is characterized by the existence of **many very small businesses**. As per capita income increases, industrialization and economies of scale allow larger and established firms to satisfy the increasing demand of growing markets and increase their relative role in the economy.

An important factor for achieving growth is the presence of **macro-economic and political stability, which is reflected by the development of strong institutions, commonly accepted norms of behavior, transparent and respected legal and regulatory systems.**

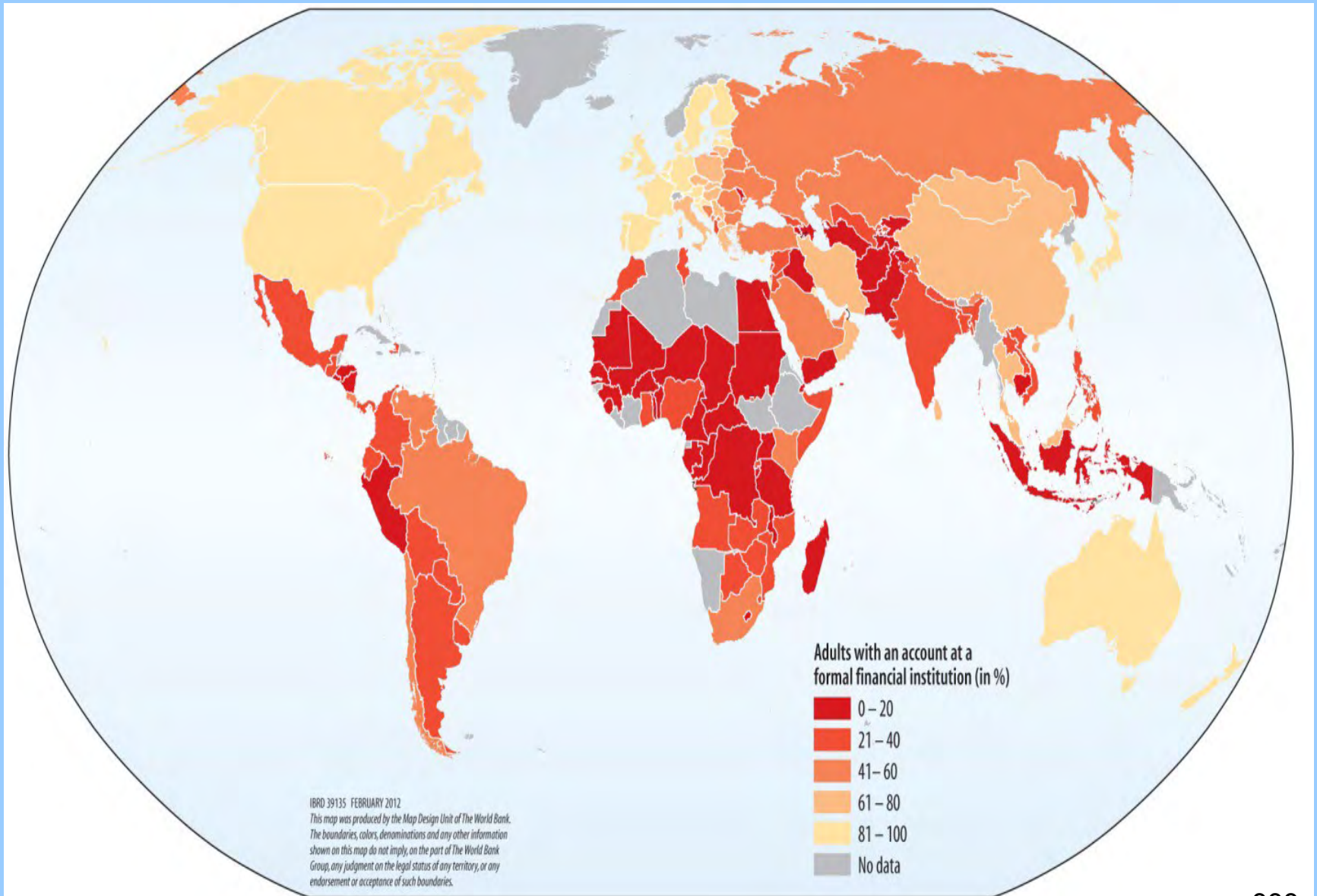
The increase in the role of large firms may be accompanied by a reduction in the number of new businesses, as a growing number of people find stable employment in large companies.

# Domestic Credit Provided to the Private Sector-

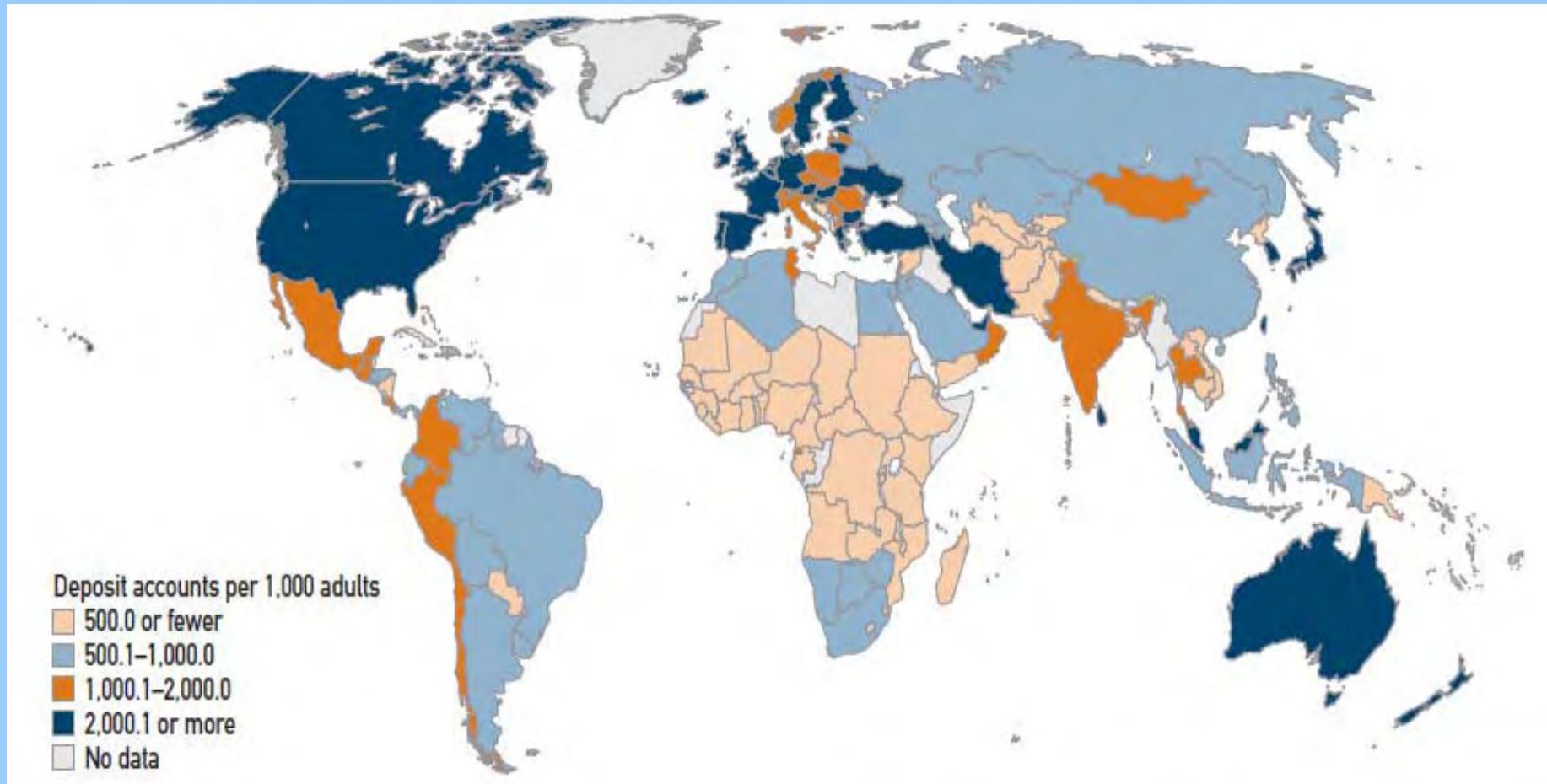
World Development Indicators – World Bank



# Account Penetration

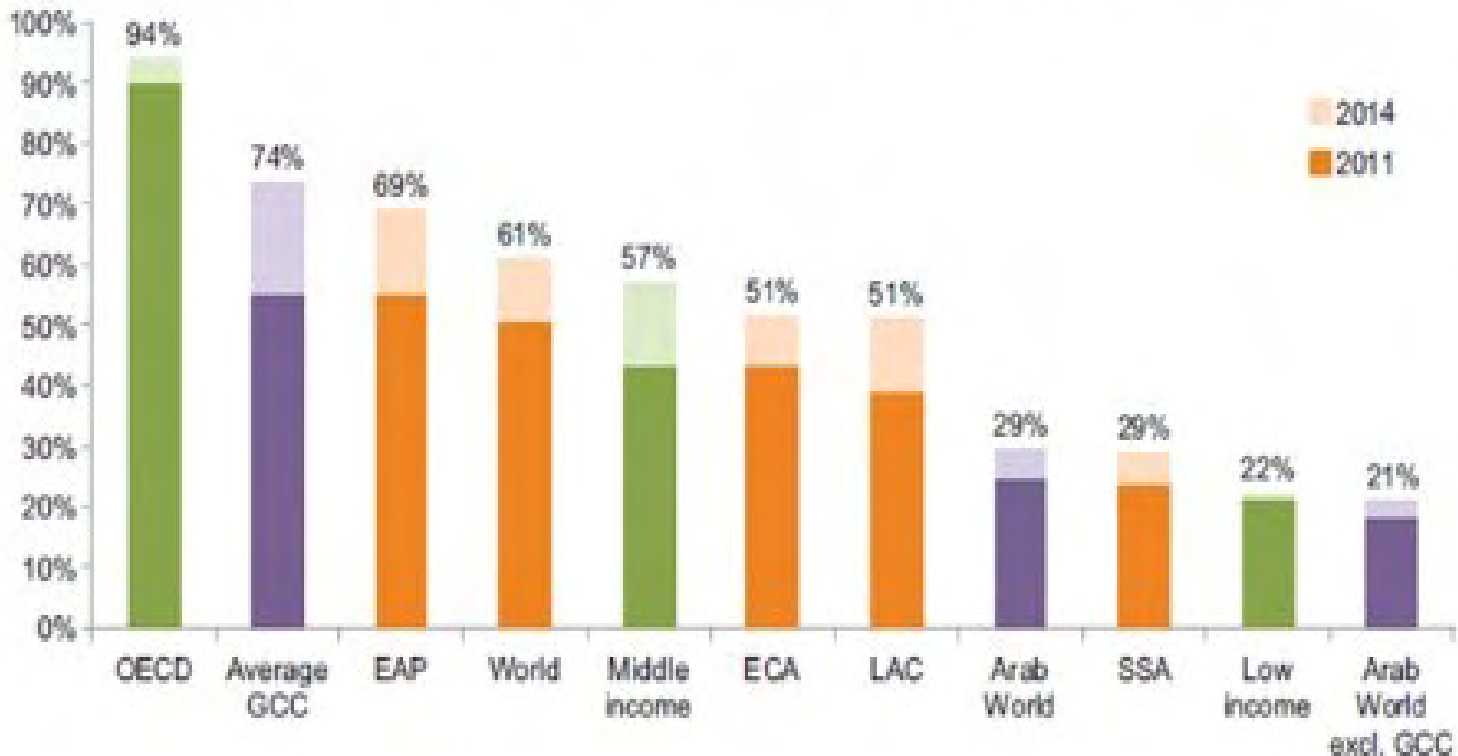


# Access to Financing: Number of deposit accounts in banks and regulated non-bank financial institutions per thousand adults



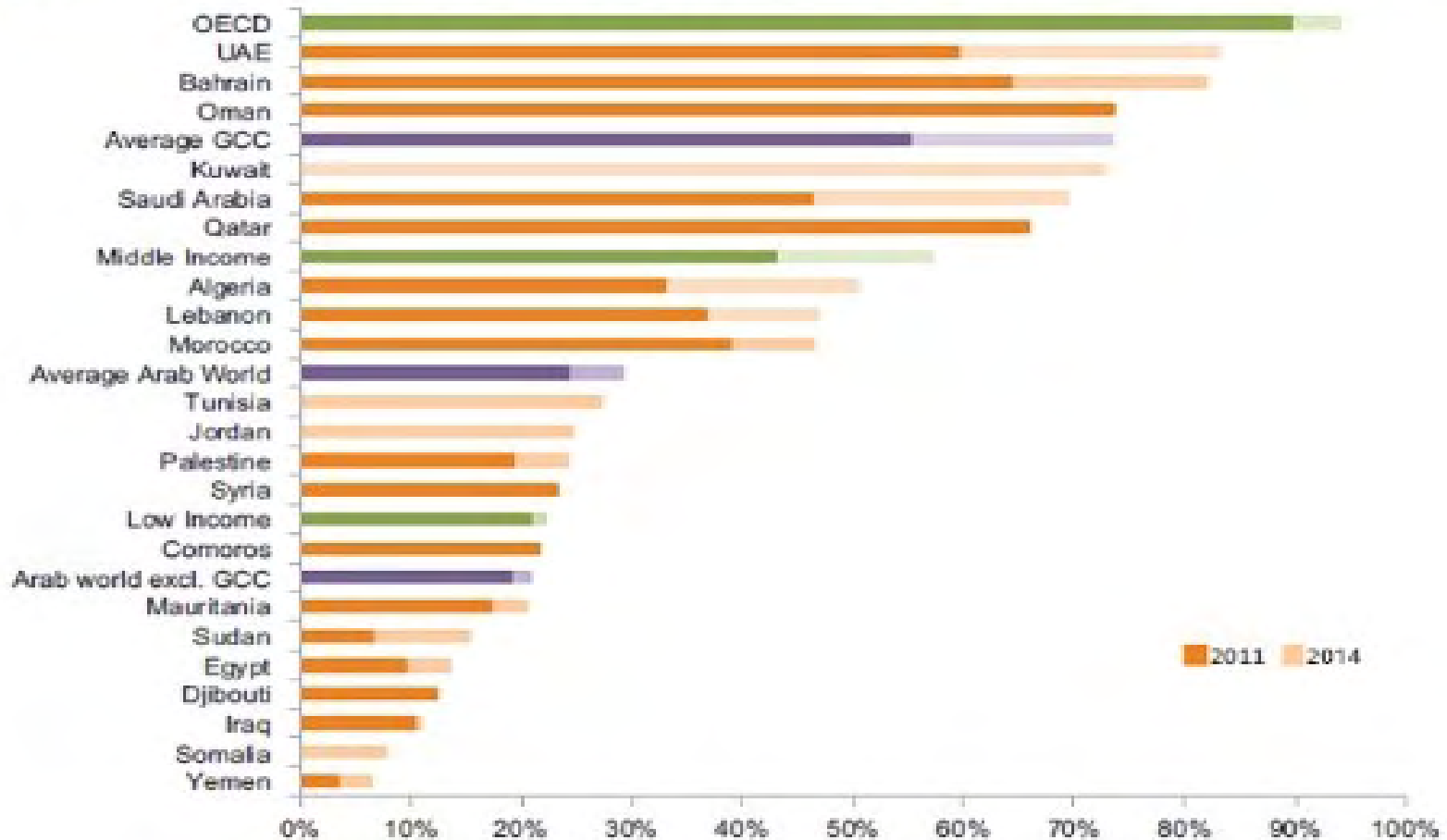
# Financial Access Middle - East

**FIGURE 1.** Account at a Formal Financial Institution (age 15+), By Region



# Financial Access Middle - East

**FIGURE 2. Account at a Formal Financial Institution (age 15+) in the Arab World**





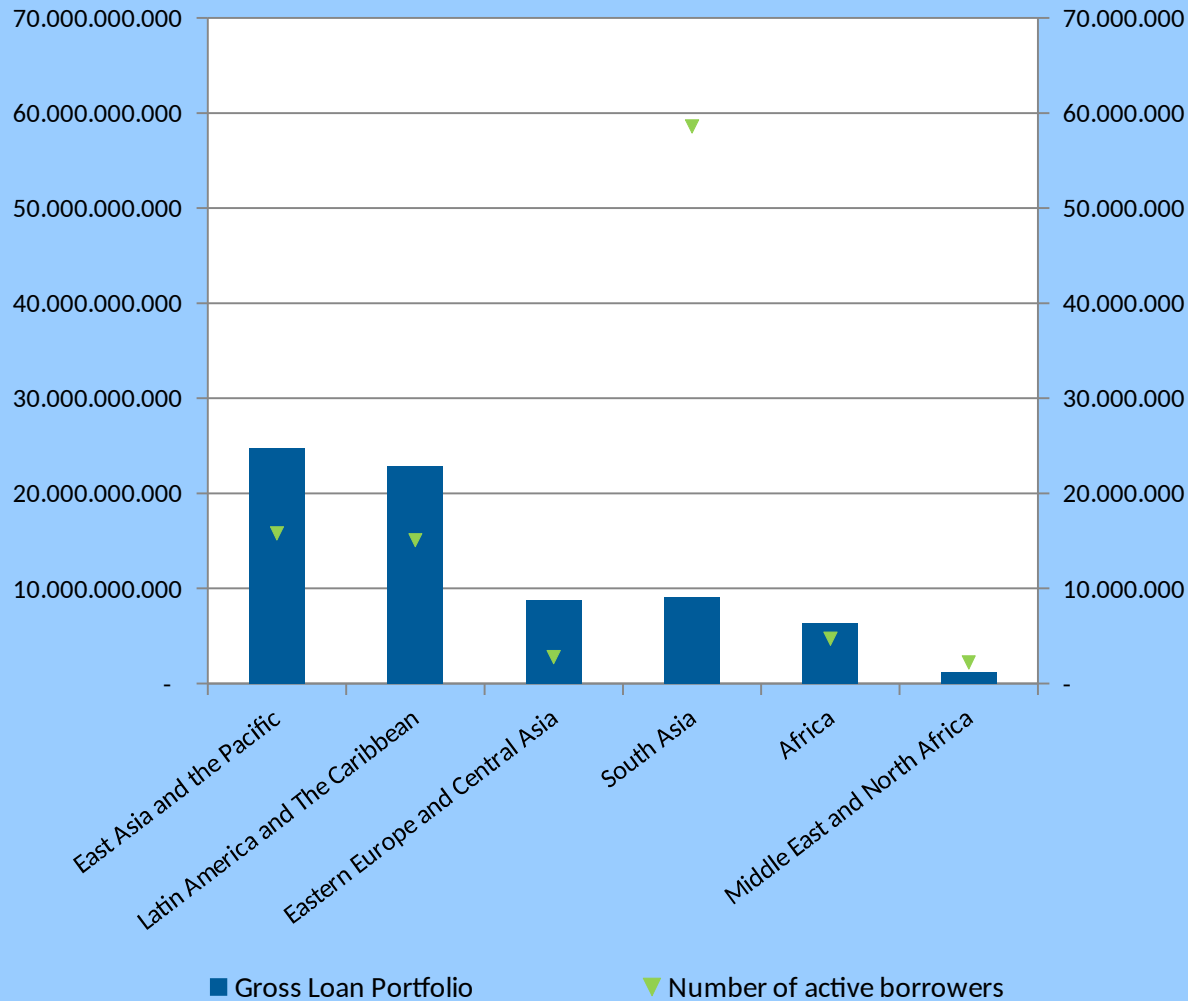
# Financial Inclusion Middle - East

- Over 60 countries worldwide have launched reforms aimed at improving financial inclusion, including large countries such as Brazil and Mexico.
- In the Arab world, progress has been made over the past few years with some notable regulatory improvements in place. However, change focused on microcredit and, more specifically, on microcredit to individual entrepreneurs, which is now reaching more than 3 to 4 million people in the region. Nonetheless, this figure is far from rivaling the estimated 92 million who report borrowing through informal channels, and access to formal savings is still missing for 68 percent or 168 million adults in the Arab world (Global Findex 2014). Much more needs to be done to provide full access to formal financial services.
- Morocco, the country that has made the most progress toward financial inclusion, has proactively changed its policies to embrace financial inclusion, notably by
  - (i) granting a banking license to the postal network in 2009, leading to the creation of Al Barid Bank where over 500,000 new accounts were created during the first years of operation, and
  - (ii) making it compulsory for commercial banks to offer low-income banking products.
- Priorities and solutions will no doubt vary across countries. However, enhancing financial inclusion cannot go without also analyzing the legal and regulatory framework, as financial regulators and supervisors have a critical say in expanding financial inclusion opportunities while overseeing market conduct.

# Micro Finance Indicators

Regions					

# Lowest Outreach in MENA



**In terms of total outreach and scale, the Arab region recorded the lowest compared to its global peers. The Arab region recorded the lowest compared to its global**

**The region has among the lowest average loan balances, at 16 percent of GDP per capita, following South Asia and East Asia.**

# Insurance

<b>Life Ins:</b>					
<b>Region</b>					
<b>America</b>					
<b>North America</b>					
<b>Latin America and</b>					

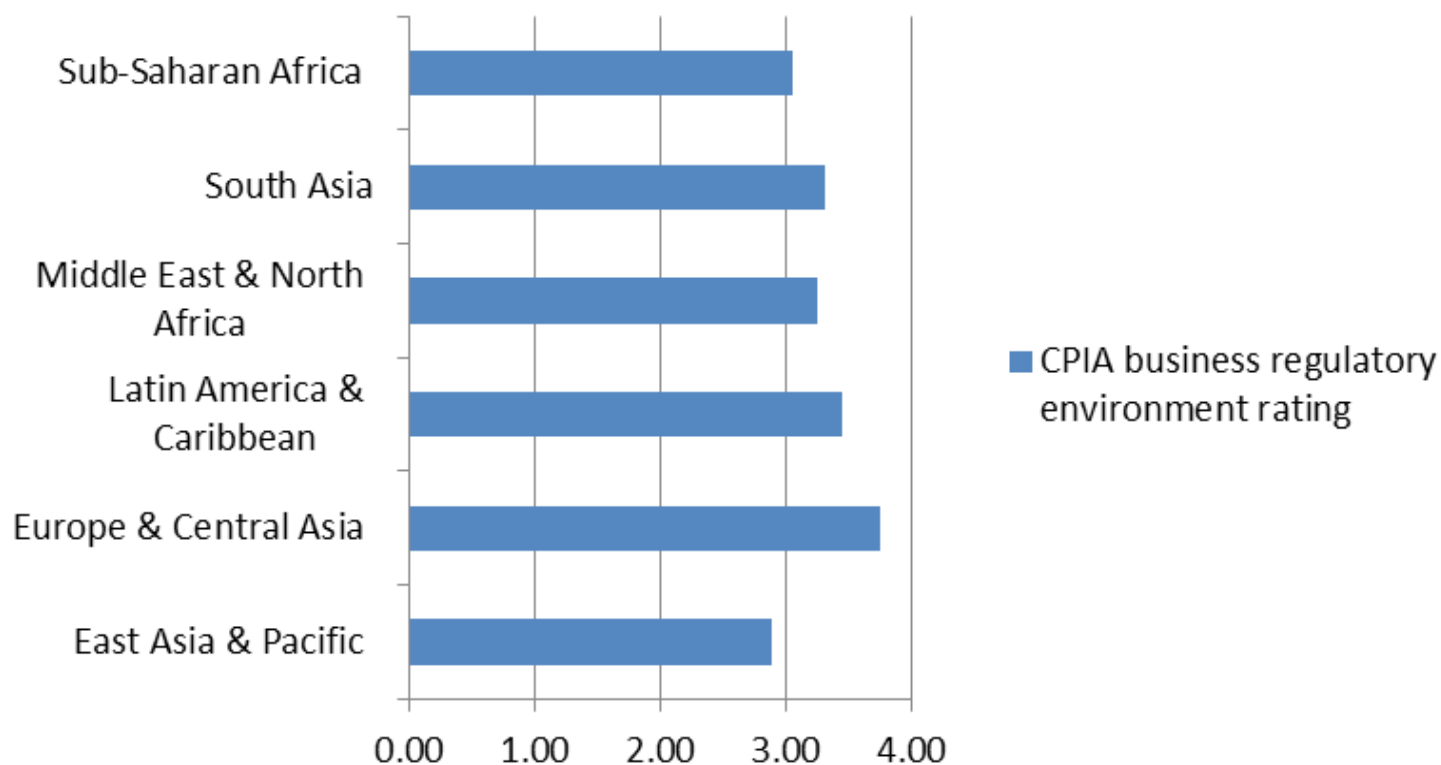
## Technology Penetration Rates

2009	World	Western Europe	Sub Saharan Africa	North America	Middle East and North Africa	Latin America	East and Central Europe
Telephone main lines (per 100 people)	17.5	36.5	2.5	40.4	15.0	19.7	24.3
Mobile subscribers (per 100 people)	73.7	126.0	62.4	88.3	92.0	89.9	123.0
Internet users (per 100 people)	30.7	71.2	21.1	76.9	25.0	38.6	53.5
Broadband subscriber lines (per 100 people)	8.8	28.0	0.4	26.0	4.4	7.5	14.7
Personal computers (stock per 1,000 pop)	271.0	671.0	79.0	955.0	155.0	223.0	453.0

Source: Economist Intelligence Unit

# Business Regulation

## CPIA business regulatory environment rating



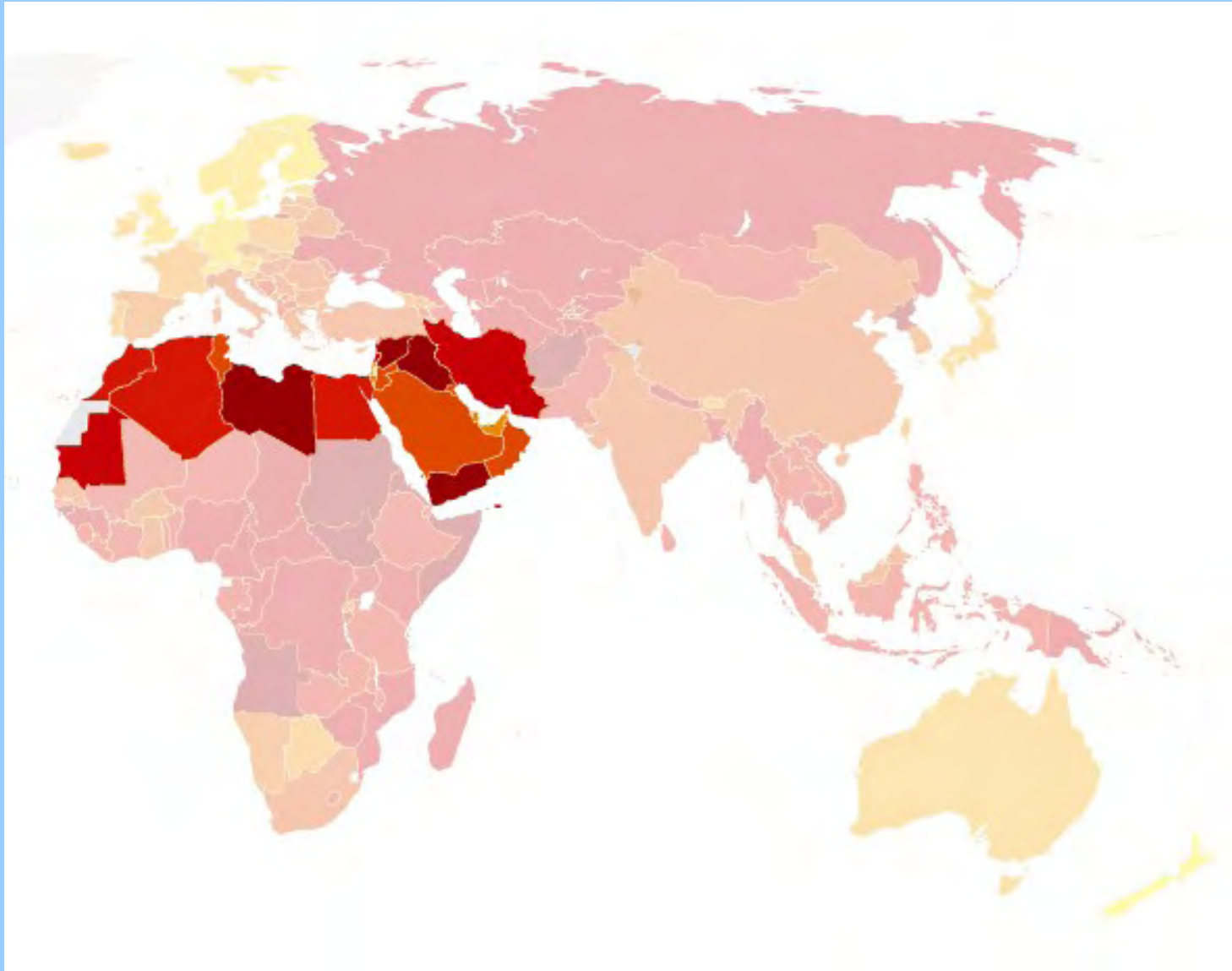
# Corruption

**Corruption remains a major issue in many MENA countries....**

**Transparency International Rankings for 2011**

<b>Country Rank</b>	<b>Regional Rank</b>	<b>Country / Territory</b>	<b>CPI 2011 Score</b>
22	1	Qatar	7.2
28	2	United Arab Emirates	6.8
36	3	Israel	5.8
46	4	Bahrain	5.1
50	5	Oman	4.8
54	6	Kuwait	4.6
56	7	Jordan	4.5
57	8	Saudi Arabia	4.4
73	9	Tunisia	3.8
80	10	Morocco	3.4
112	11	Algeria	2.9
112	11	Egypt	2.9
120	13	Iran	2.7
129	14	Syria	2.6
134	15	Lebanon	2.5
164	16	Yemen	2.1
168	17	Libya	2.0
175	18	Iraq	1.8

# Corruption in Middle –East and North African Countries- 2016 – Transparency International





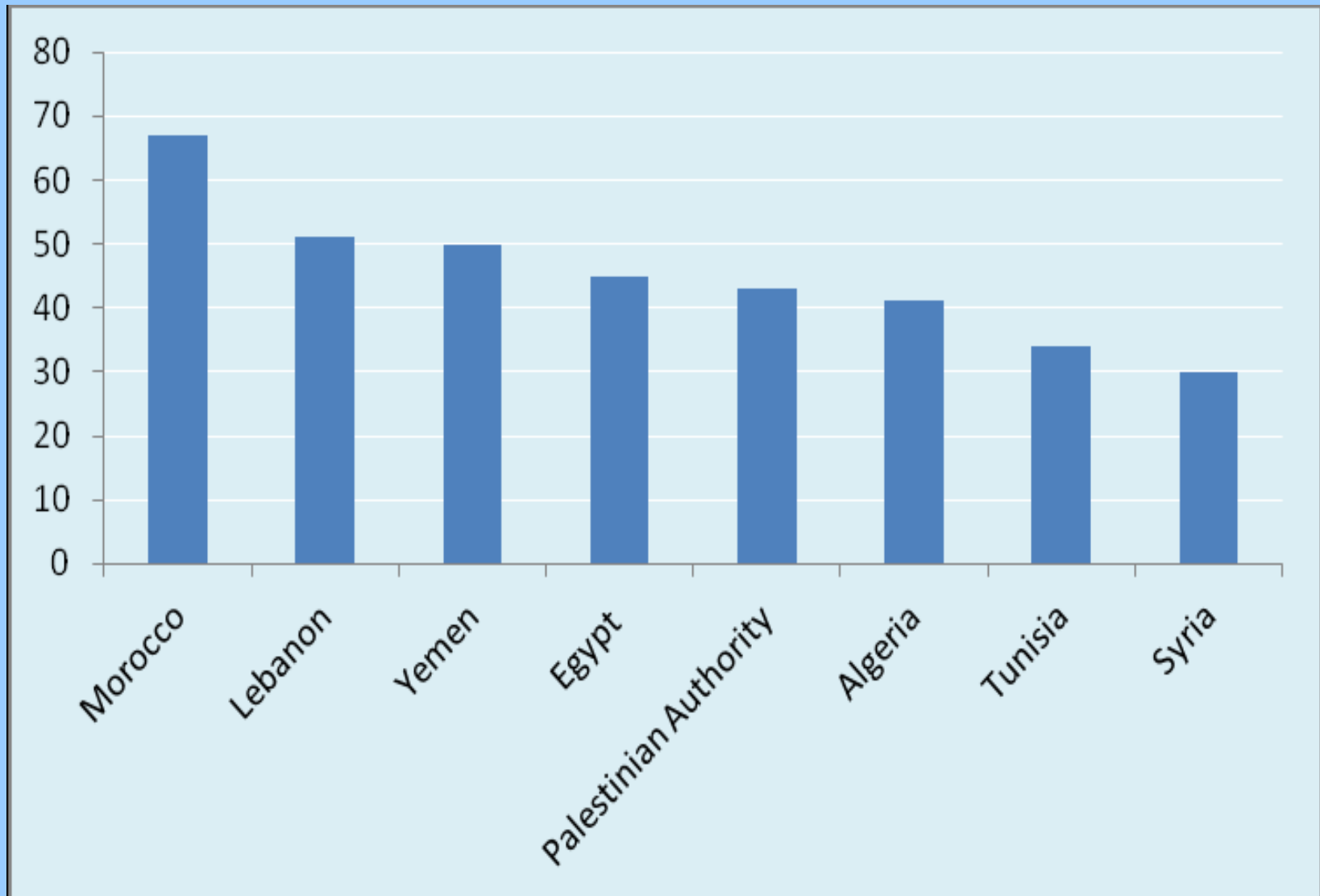
# Corruption in Middle – East and North African Countries- 2016

- Despite the political changes that shook the Arab region six years ago, the hope for Arab countries to fight corruption and end impunity has not seen any progress yet. On the contrary, the majority of [Arab countries have failed to fulfil the will of the people](#) to build democratic systems allowing for greater transparency and accountability.
- The **failure to fight corruption** explains the sharp drop of most of Arab countries in the [Corruption Perceptions Index 2016](#). 90 percent of these have scored below 50, which is a failing grade. The United Arab Emirates and Qatar have managed to remain above the average, in spite of their declined scores.
- Five out of the ten most corrupt countries in the world are from the region: **Iraq, Libya, Sudan, Yemen and Syria**. These countries are also inflicted with political instability, war, internal conflicts and terrorism, stressing the fact that war and conflict fuel corruption and in particular political corruption.

# Informality

Region	
MENA	

# Informal Employment in some MENA Countries



# Food for Thought

- **Financialization and Real Economy**

“Financialization refers to the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operation of the economy and its governing institutions, both at the national and international level.” (Epstein 2001)

“Financialization is a process whereby financial markets, financial institutions and financial elites gain greater influence over economic policy and economic outcomes.

Financialization transforms the functioning of economic system at both the macro and micro levels. Its principal impacts are to (1) elevate the significance of the financial sector relative to the real sector; (2) transfer income from the real sector to the financial sector; and (3) increase income inequality and contribute to wage stagnation.” (Palley 2007).

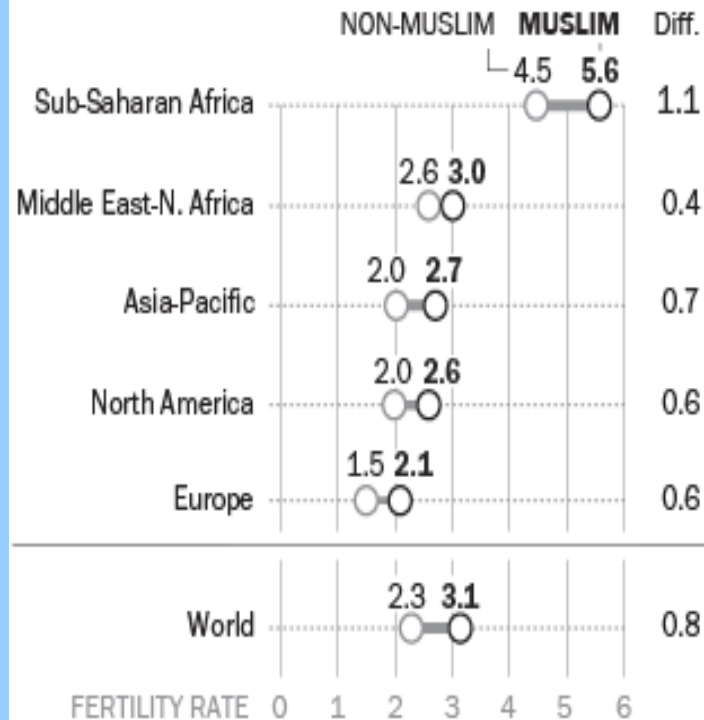
- **Entrepreneurship, Freedom, Opportunity, Concentration, Interest Groups, Regulation**

“Good finance fosters the correct allocation of financial resources, the fair redistribution of wealth and positive economic growth (the virtuous cycle), whereas bad finance captures part of the created wealth and, thanks to a highly technologically advanced financial system with the ability to create money ex nihilo, over time it drags the economy down to recession or negative growth, destroying wealth and consequentially social welfare (the unvirtuous cycle).” (Lauretta, Eliana and others 2015).

# **12. Attitudes towards Islam, Religion, Extremism, Terrorism**

# Muslims in the World: Data

## Muslim and Non-Muslim Fertility Rates, by Region, 2010-2015



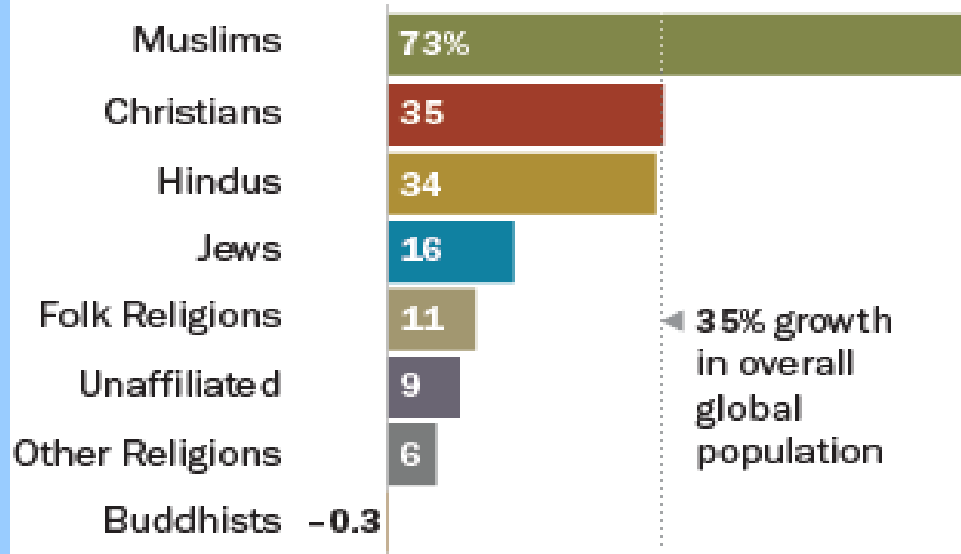
Note: Latin America-Caribbean not shown due to lack of reliable data. Differences are calculated from unrounded numbers.

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## Islam Growing Fastest

*Muslims are the only major religious group projected to increase faster than the world's population as a whole.*

## Estimated change in population size, 2010-2050



Source: The Future of World Religions: Population Growth Projections, 2010-2050

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# Muslims in the World: Demographics

- There were 1.8 billion Muslims in the world as of 2015 – **roughly 24% of the global population** – according to a Pew Research Center estimate. But while Islam is currently the world's second-largest religion (after Christianity), it is the **fastest-growing major religion**. Indeed, if current demographic trends continue, the number of Muslims is expected to exceed the number of Christians by the end of this century.
- Although many countries in **the Middle East-North Africa region**, where the religion originated in the seventh century, are heavily Muslim, the region is home to only about 20% of the world's Muslims. A majority of the Muslims globally (62%) live in the Asia-Pacific region, including large populations in Indonesia, India, Pakistan, Bangladesh, Iran and Turkey.
- **Indonesia** is currently the country with the world's largest Muslim population, but Pew Research Center projects that **India** will have that distinction by the year 2050 (while remaining a majority-Hindu country), with more than 300 million Muslims.
- **The Muslim population in Europe also is growing; PEW projects 10% of all Europeans will be Muslims by 2050.**

# Muslims in the World:

## why is the global Muslim population growing?

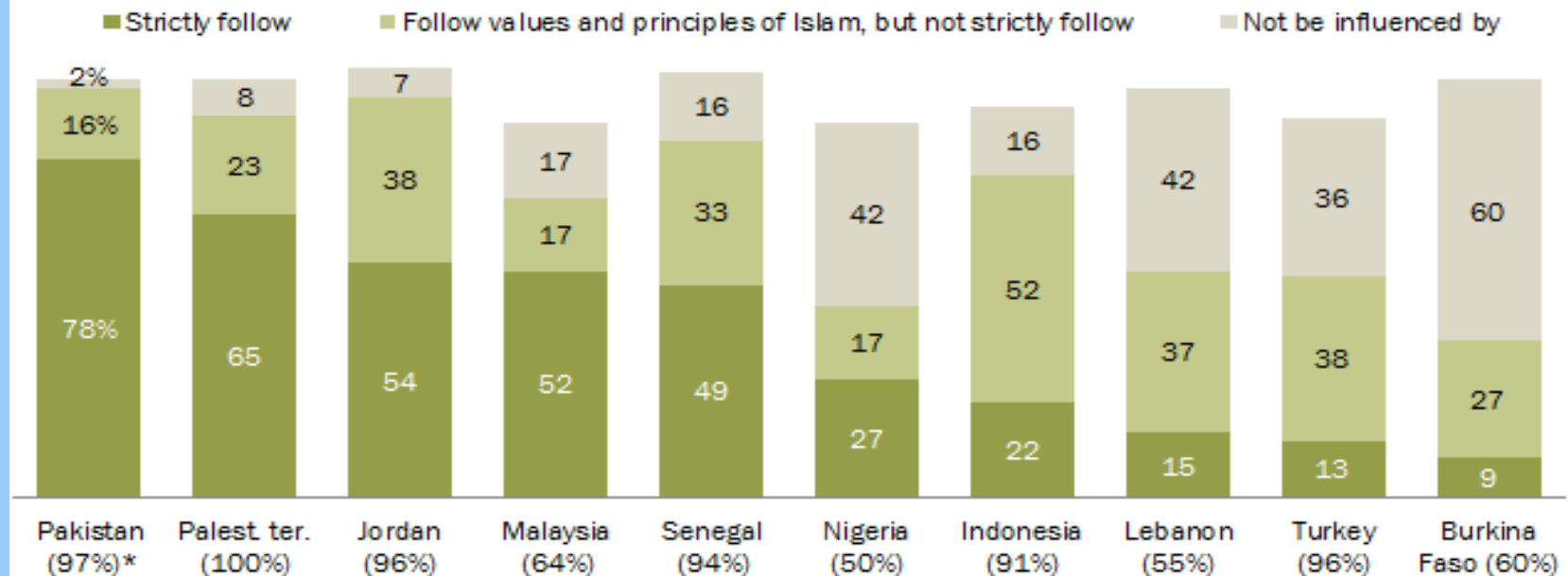
- There are two major factors behind the rapid projected growth of Islam, and both involve simple demographics:
  - Muslims have more children than members of other religious groups (**fertility rate**). Around the world, each Muslim woman has an average of 2.9 children, compared with 2.2 for all other groups combined.
  - Muslims are also **the youngest of all major religious groups** (median age of 24 years old in 2015), seven years younger than the median age of non-Muslims. As a result, a larger share of Muslims already are, or will soon be, at the point in their lives when they begin having children.
- While it does not change the global population, **migration** is helping to increase the Muslim population in some regions, including North America and Europe.



# What Muslims believe: Quran and the Laws

## How much should the Quran influence our country's laws?

Which of the following comes closer to your view? Laws in our country should \_\_\_ the teachings of the Quran



\*Percentages in parentheses represent the share of the sample in each country who identify as Muslim.

Note: Results include full country sample, including Muslims and non-Muslims.

Question wording: "Which of the following three statements comes closer to your view - laws in our country should strictly follow the teachings of the Quran, laws in our country should follow the values and principles of Islam but not strictly follow the teachings of the Quran OR laws in our country should not be influenced by the teachings of the Quran?"

Source: Spring 2015 Global Attitudes Survey. Q24.

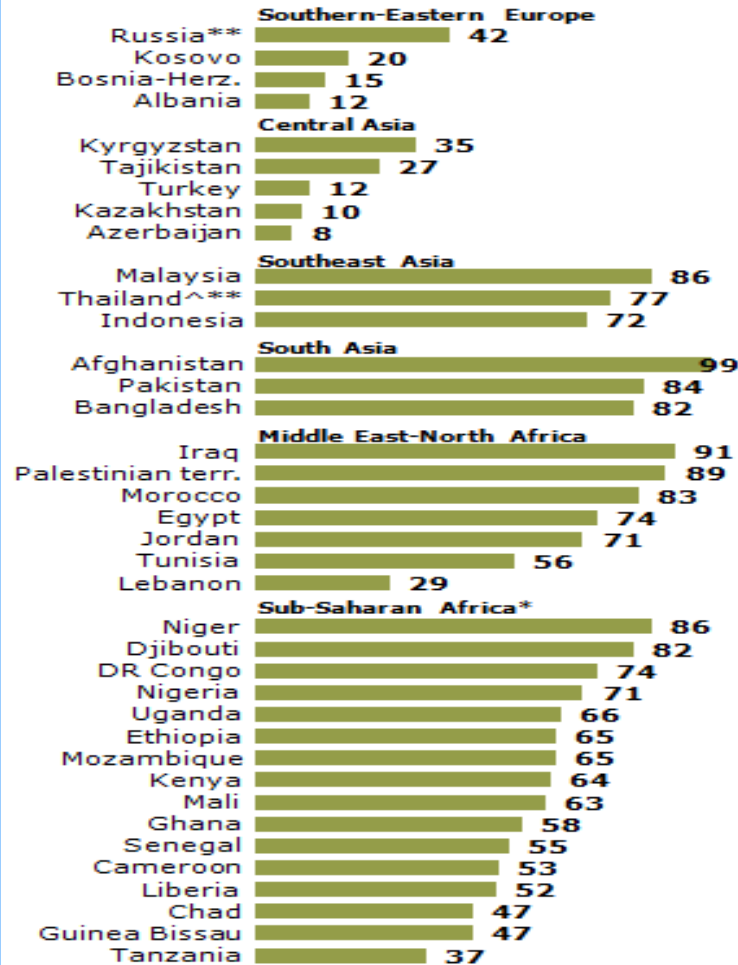
"The Divide Over Islam and National Laws in the Muslim World"

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# What Muslims believe: support for Sharia Law

## Support for Sharia

% of Muslims who favor making sharia the official law in their country



\*Data for all countries except Niger from "Tolerance and Tension: Islam and Christianity in Sub-Saharan Africa."

^Interviews conducted with Muslims in five southern provinces only.

\*\*Question was modified to ask if sharia should be the law of the land in Muslim areas.

This question was not asked in Uzbekistan.

PEW RESEARCH CENTER Q79a.

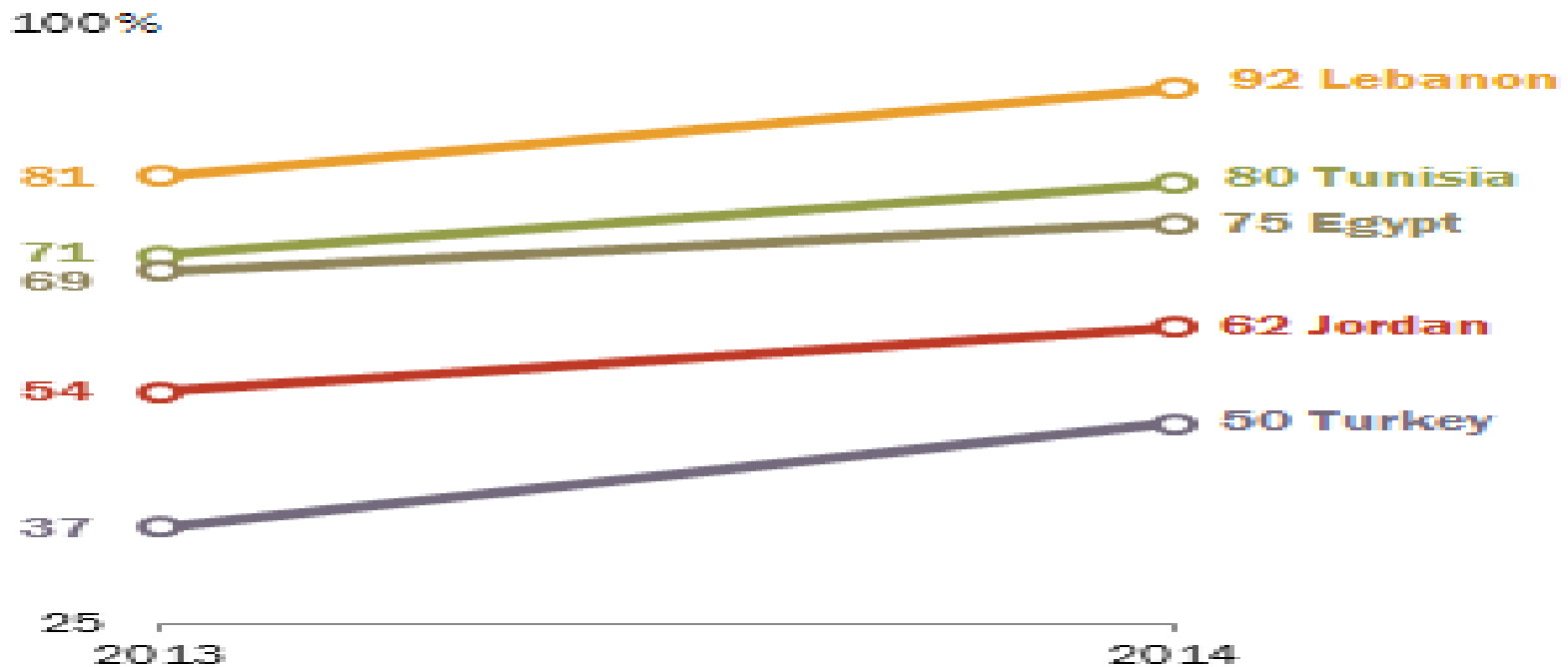
# What Muslims believe

- Like any religious group, the religious beliefs and practices of Muslims vary depending on many factors, including where in the world they live.
- Muslims around the world are almost **universally united by a belief in one God and the Prophet Muhammad**, and the practice of certain religious rituals, such as fasting during Ramadan, is widespread.
- In other areas, however, there is less unity.
  - For instance, a Pew Research Center survey of Muslims in 39 countries asked Muslims whether they want **sharia law, a legal code based on the Quran** and other Islamic scripture, to be the official law of the land in their country. Responses on this question vary widely. Nearly all Muslims in Afghanistan (99%) and most in Iraq (91%) and Pakistan (84%) support sharia law as official law. But in some other countries, especially in Eastern Europe and Central Asia – including Turkey (12%), Kazakhstan (10%) and Azerbaijan (8%) – relatively few favor the implementation of sharia law.

# How Muslims view Extremism

## Increasing Concerns about Extremism in Middle East

*Very/Somewhat concerned about Islamic extremism in our country*



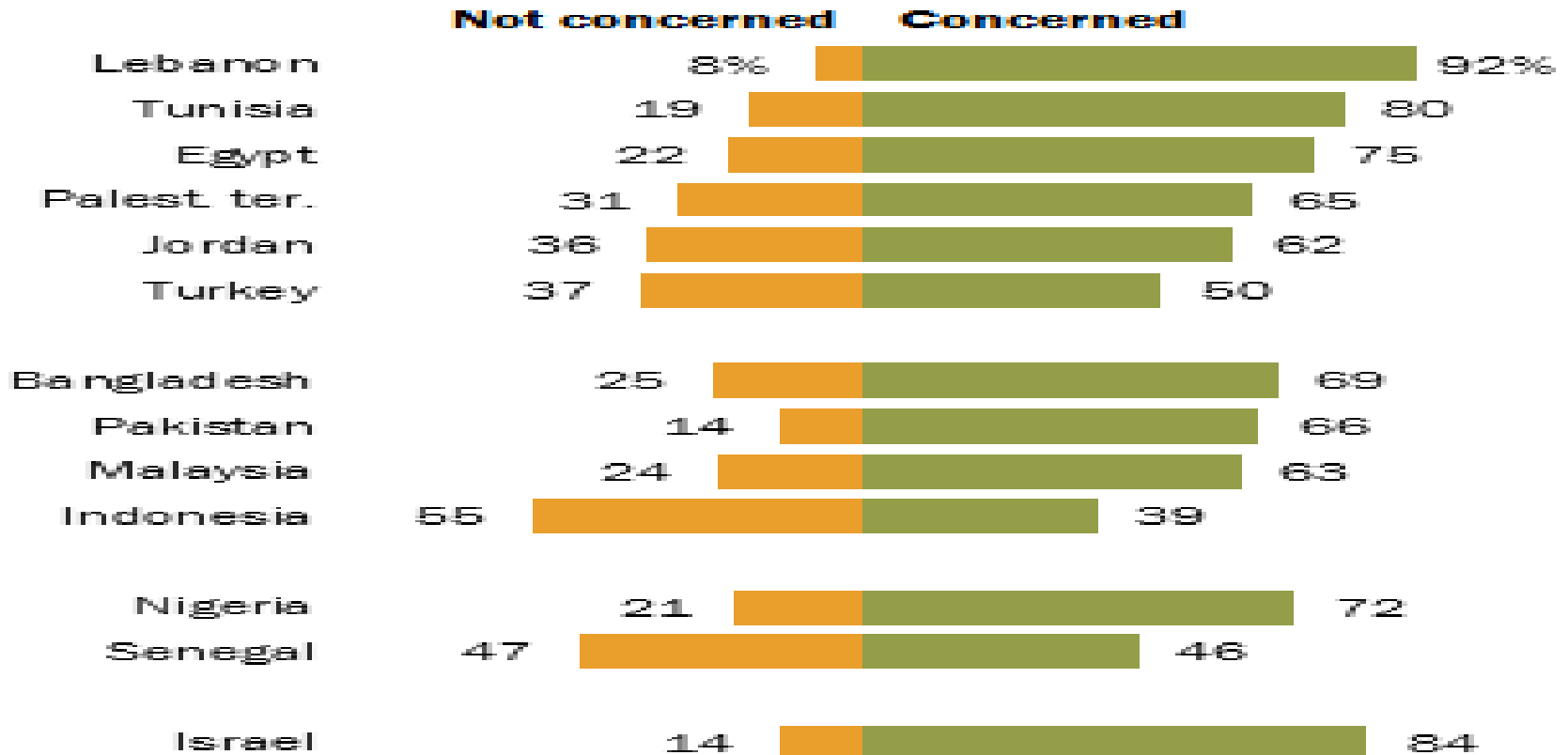
Source: Spring 2014 Global Attitudes survey. Q39.

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# How Muslims view Extremism

## High Levels of Concern about Islamic Extremism in Most Countries

Are you \_\_\_\_\_ about Islamic extremism in our country?



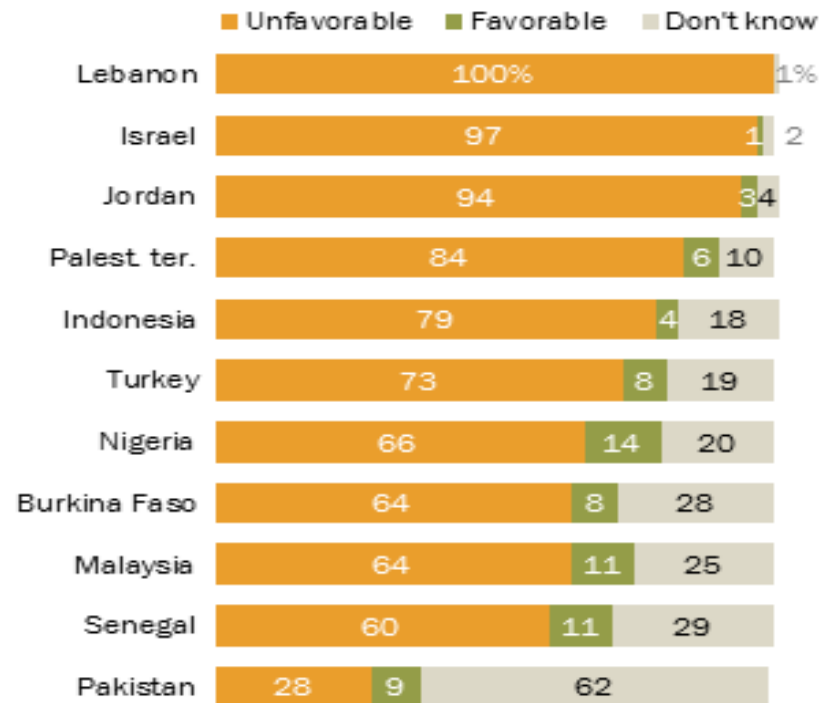
Source: Spring 2014 Global Attitudes survey, Q39.

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# How Muslims view ISIS

## Views of ISIS Overwhelmingly Negative

Do you have a \_\_\_ opinion of the Islamic militant group in Iraq and Syria known as ISIS?



Note: Due to rounding, percentages may not total 100%.

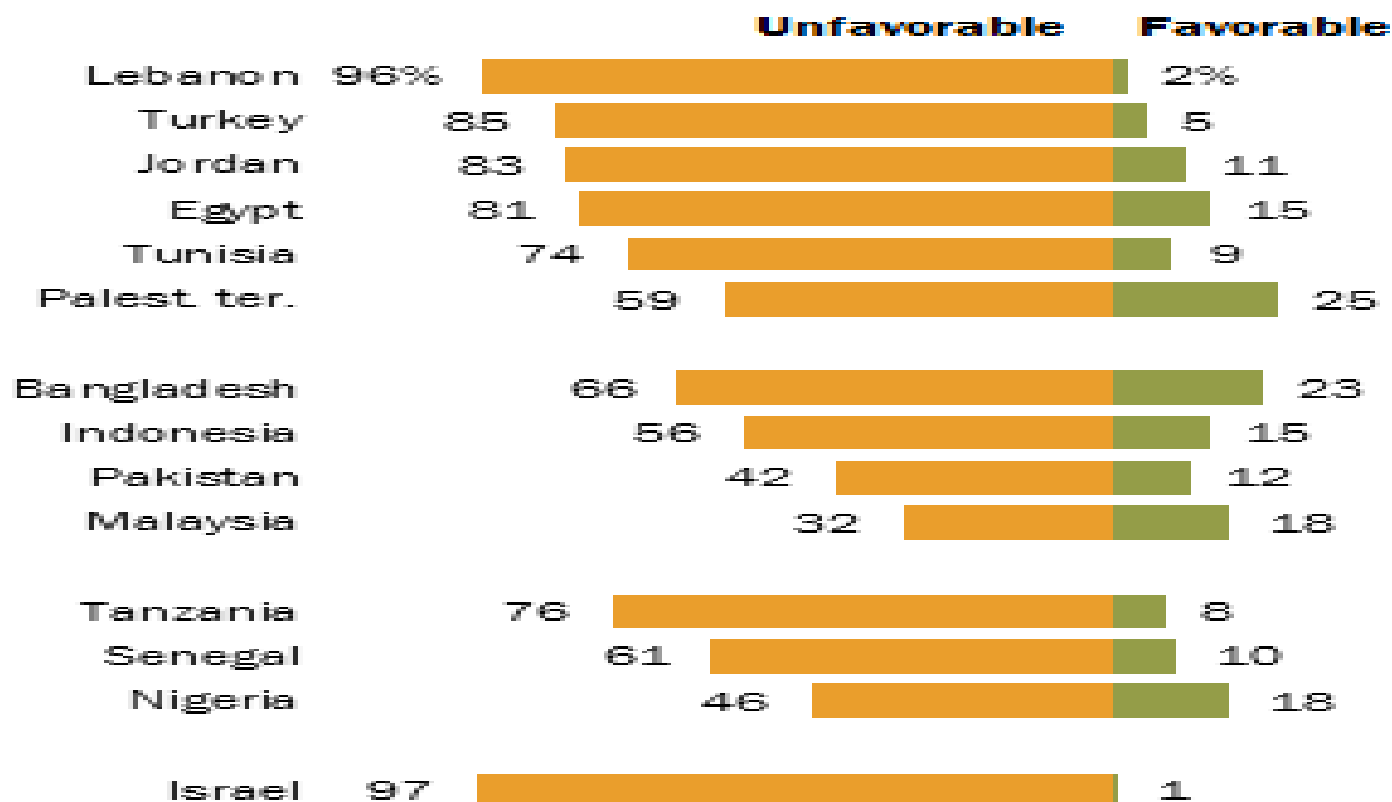
Source: Spring 2015 Global Attitudes survey. Q12n.

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# How Muslims view Extremism

## Negative Opinions of al Qaeda Prevail

Do you have a \_\_\_\_\_ opinion of al Qaeda?



Source: Spring 2014 Global Attitudes survey. Q15p & Q46b.

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# How Muslims view Extremism

## Views of Hezbollah

Do you have a \_\_\_\_\_ opinion of Hezbollah?

	Favorable %	Unfavorable %	Don't know %
Turkey	5	85	10
Egypt	15	83	3
Jordan	18	81	2
Lebanon	41	59	1
<i>Sunni</i>	9	88	2
<i>Christian</i>	31	69	0
<i>Shia</i>	86	13	1
Palest. ter.	32	55	13
<i>Gaza</i>	26	69	5
<i>West Bank</i>	35	46	18
Tunisia	26	53	21
Bangladesh	28	56	16
Indonesia	21	43	36
Malaysia	26	22	52
Pakistan	8	12	81
Senegal	12	49	39
Tanzania	14	44	42
Nigeria	16	34	49
Israel	4	95	2
<i>Jews</i>	0	100	0
<i>Arabs</i>	25	65	10

Source: Spring 2014 Global Attitudes survey. Q15o.

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# How Muslims view Extremism

## Views of Hamas

Do you have a \_\_\_\_\_ opinion of Hamas?

	<b>Favorable</b>	<b>Unfavorable</b>	<b>Don't know</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Turkey	8	80	12
Lebanon	32	65	2
<i>Christian</i>	18	79	3
<i>Sunni</i>	30	65	4
<i>Shia</i>	55	44	1
Jordan	39	61	1
Egypt	38	61	1
Palest. ter.	35	53	12
<i>West Bank</i>	35	47	18
<i>Gaza</i>	35	63	3
Tunisia	37	42	21
Bangladesh	29	56	15
Indonesia	21	44	36
Malaysia	28	22	50
Pakistan	8	12	79
Senegal	14	48	38
Tanzania	17	42	41
Nigeria	19	32	49
Israel	4	95	1
<i>Jews</i>	0	100	0
<i>Arabs</i>	24	68	8

Source: Spring 2014 Global Attitudes survey. Q15n.

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# How Muslims view Suicide Bombing

## Muslim Views on Suicide Bombing

*Suicide bombings can be \_\_\_\_ justified against civilian targets in order to defend Islam from its enemies?*

	<b>Often</b>	<b>Sometimes</b>	<b>Rarely</b>	<b>Never</b>	<b>Don't know</b>	<b>NET Often/Some</b>
<i>Muslims in...</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Palest. ter.	28	18	13	32	10	46
<i>Gaza</i>	39	23	13	21	4	62
<i>West Bank</i>	22	14	13	38	13	36
Lebanon	7	22	25	45	0	29
<i>Shia</i>	10	27	28	35	0	37
<i>Sunni</i>	4	17	22	56	1	21
Egypt	10	14	35	38	3	24
Turkey	6	12	11	58	13	18
Jordan	4	11	29	55	2	15
Tunisia	4	1	3	90	2	5
Bangladesh	14	33	14	33	6	47
Malaysia	7	11	15	60	8	18
Indonesia	1	8	13	76	3	9
Pakistan	1	2	4	83	11	3
Tanzania	5	21	19	50	4	26
Nigeria	9	10	7	61	14	19
Senegal	6	9	16	56	13	15
Israel	5	11	30	48	6	16

Notes: Asked of Muslims only.

Question wording: "Some people think that suicide bombing and other forms of violence against civilian targets are justified in order to defend Islam from its enemies. Other people believe that, no matter what the reason, this kind of violence is never justified. Do you personally feel that this kind of violence is often justified to defend Islam, sometimes justified, rarely justified, or never justified?"

Source: Spring 2014 Global Attitudes survey. Q100.

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# How Muslims view Suicide Bombing

## Levels of Support for Suicide Bombing over Time

*Suicide bombings can be often/sometimes justified against civilian targets in order to defend Islam from its enemies*

	2002	2004	2005	2006	2007	2008	2009	2010	2011	2013	2014
Muslims in...	%	%	%	%	%	%	%	%	%	%	%
Palest. ter.	-	-	-	-	70	-	68	-	68	62	46
Lebanon	74	-	39	-	34	32	38	39	35	33	29
Egypt	-	-	-	28	8	13	15	20	28	25	24
Turkey	13	15	14	17	16	3	4	6	7	16	18
Jordan	43	-	57	29	23	25	12	20	13	12	15
Tunisia	-	-	-	-	-	-	-	-	-	12	5
Bangladesh	-	-	-	-	-	-	-	-	-	-	47
Malaysia	-	-	-	-	26	-	-	-	-	27	18
Indonesia	-	-	15	10	10	11	13	15	10	6	9
Pakistan	33	41	25	14	9	5	5	8	5	3	3
Tanzania	18	-	-	-	11	12	-	-	-	-	26
Nigeria	-	-	-	-	-	-	-	34	-	8	19
Senegal	-	-	-	-	-	-	-	-	-	18	15
Israel	-	-	-	-	-	-	7	-	20	7	16

Note: Asked of Muslims only.

Question wording: "Some people think that suicide bombing and other forms of violence against civilian targets are justified in order to defend Islam from its enemies. Other people believe that, no matter what the reason, this kind of violence is never justified. Do you personally feel that this kind of violence is often justified to defend Islam, sometimes justified, rarely justified, or never justified?"

Source: Spring 2014 Global Attitudes survey. Q100.

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## How Muslims view Extremism and ISIS

- People in countries with large Muslim populations are as concerned as Western nations about the threat of Islamic extremism, and have become increasingly concerned in recent years. About two-thirds of people in Nigeria (68%) and Lebanon (67%) said in 2016 that they are very concerned about Islamic extremism in their country, both up significantly since 2013.
- People in several countries with significant Muslim populations have an unfavorable view of ISIS, including virtually all respondents in Lebanon and 94% in Jordan. Relatively small shares say they see ISIS favorably. In some countries, considerable portions of the population do not offer an opinion about ISIS, including a majority (62%) of Pakistanis. Favorable views of ISIS are somewhat higher in Nigeria (14%) than most other nations. Among Nigerian Muslims, 20% say they see ISIS favorably (compared with 7% of Nigerian Christians). The Nigerian militant group Boko Haram, which has been conducting a terrorist campaign in the country for years, has sworn allegiance to ISIS.
- More generally, Muslims mostly say that suicide bombings and other forms of violence against civilians in the name of Islam are rarely or never justified, including 92% in Indonesia and 91% in Iraq. In the United States, a 2011 survey found that 86% of Muslims say such tactics are rarely or never justified. An additional 7% say suicide bombings are sometimes justified and 1% say they are often justified.
- In a few countries, a quarter or more of Muslims say acts of violence are at least sometimes justified, including 40% in the Palestinian territories, 39% in Afghanistan, 29% in Egypt and 26% in Bangladesh.

# Arab Countries' views about USA

- A new public opinion survey of eight Arab countries –conducted in October 2017 by Arab Center Washington DC (ACW) in cooperation with the Arab Center for Research and Policy Studies in Doha Qatar- shows that **65 percent of individuals questioned said they had "very positive" or "somewhat positive" attitudes toward the American people.** The same question, asked a year ago, yielded 73 percent positive Arab attitudes toward the American people, a figure 8 percentage points higher than this year's survey. As Trump continues to embolden racist, white supremacist, and militaristic elements in American society, the Arabs' current positive opinions of Americans will continue to backslide.
- Alarmingly, yet unsurprisingly, recent polls find that people from certain Arab countries such as Jordan (around 80 percent) and Lebanon (around 60 percent) **hold decidedly negative views of the United States.** Those numbers are worse than polling taken about a year after 9/11 where 53 percent of the people in several Arab countries held unfavorable opinions of America.
- At the same time, **61 percent of the same sample indicated "very negative" or "somewhat negative" views of US foreign policy.**
  - Arabs continue to distinguish between the American people and American foreign policy, i.e., many in Arab world may hate American foreign policy, but they don't hate the American people.

# Arab Countries' views about USA

- Anisa Abeytia, a 44-year-old writer living in the UAE, explained that in her travels across the Middle East, “People I spoke with usually made a distinction between Americans and American policy. They continued to view Americans favorably and not only wanted to visit America, [but many also] want to move there to pursue the *American dream*.” “The Arab world, she added, is still rife with corruption and cronyism and to many Arabs, America is still viewed as the place of opportunity where with hard work you can succeed.”
- In US Secretary of State Rex Tillerson’s speech to State Department employees in May 2017, he said that “...guiding all of our foreign policy actions are our fundamental values: *our values around freedom, human dignity, the way people are treated. Those are our values. Those are not our policies; they're values.*” By bifurcating such universal values - assumed to be held by the majority of Americans - and US policy, Tillerson sheds light on the differences between the American people and their government.

Note: The poll was There were 3,200 respondents to the survey, with 51 percent males and 49 percent females. The poll surveyed a randomly selected sample of 3,200 respondents in eight Arab countries, namely Egypt, Jordan, Kuwait, Lebanon, Morocco, the Palestinian Territories (the West Bank and the Gaza Strip), Saudi Arabia, and Tunisia, with an average of 400 respondents from each country. Polling was carried out between 14 September and 13 October. 2017 Interviews were conducted by telephone.

# View of Muslims and Islam in America

Groups					

# View of Muslims and Islam in America

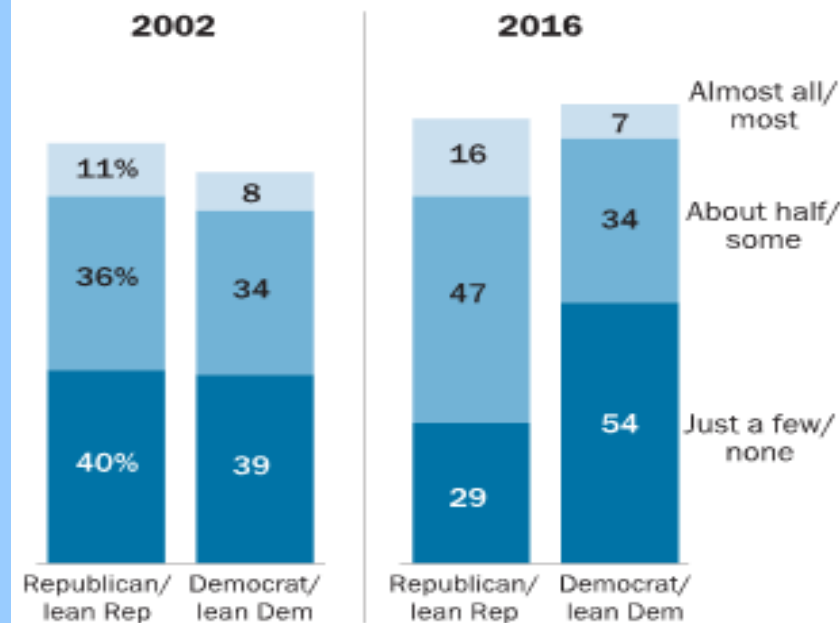
- A Pew Research Center survey conducted in 2017 asked Americans to rate members of nine religious groups on a “feeling thermometer” from 0 to 100, where 0 reflects the coldest, most negative possible rating and 100 the warmest, most positive rating. **Overall, Americans gave Muslims an average rating of 48 degrees, similar to atheists (50).**
- Americans **view more positively the seven other religious groups mentioned in the survey (Jews, Catholics, mainline Protestants, evangelical Christians, Buddhists, Hindus and Mormons).** But views toward Muslims (as well as several of the other groups) are now better than they were a few years ago; in 2014, U.S. adults gave Muslims an average rating of 40 degrees in a similar survey.
- Republicans and those who lean toward the Republican Party gave Muslims an average rating of 39, considerably lower than Democrats’ rating toward Muslims (56).
- This partisan gap extends to several other questions about Muslims and Islam. Indeed, Republicans and Republican leaners also are more likely than Democrats and those who lean Democratic to say they are **very concerned about extremism in the name of Islam**, both around the world (67% vs. 40%) and in the U.S. (64% vs. 30%). In addition, a December 2016 survey found that more Republicans than Democrats say Islam is likelier than other religions to encourage violence among its believers (63% vs. 26% of Democrats). While most Americans (69%) believe there is a lot of discrimination against Muslims in the U.S. today, views are **again split by party**: 85% of Democrats and those who lean Democratic and 49% of Republicans and GOP leaners hold this view.
- **Republicans also are more likely than Democrats to say that Islam is not part of mainstream American society (68% vs. 37%)** and that there is a natural conflict between Islam and democracy (65% vs. 30%).



# View of Muslims and Islam in America

## Views about anti-Americanism among U.S. Muslims have grown more partisan

*How many Muslims in the U.S., if any, are anti-American?*



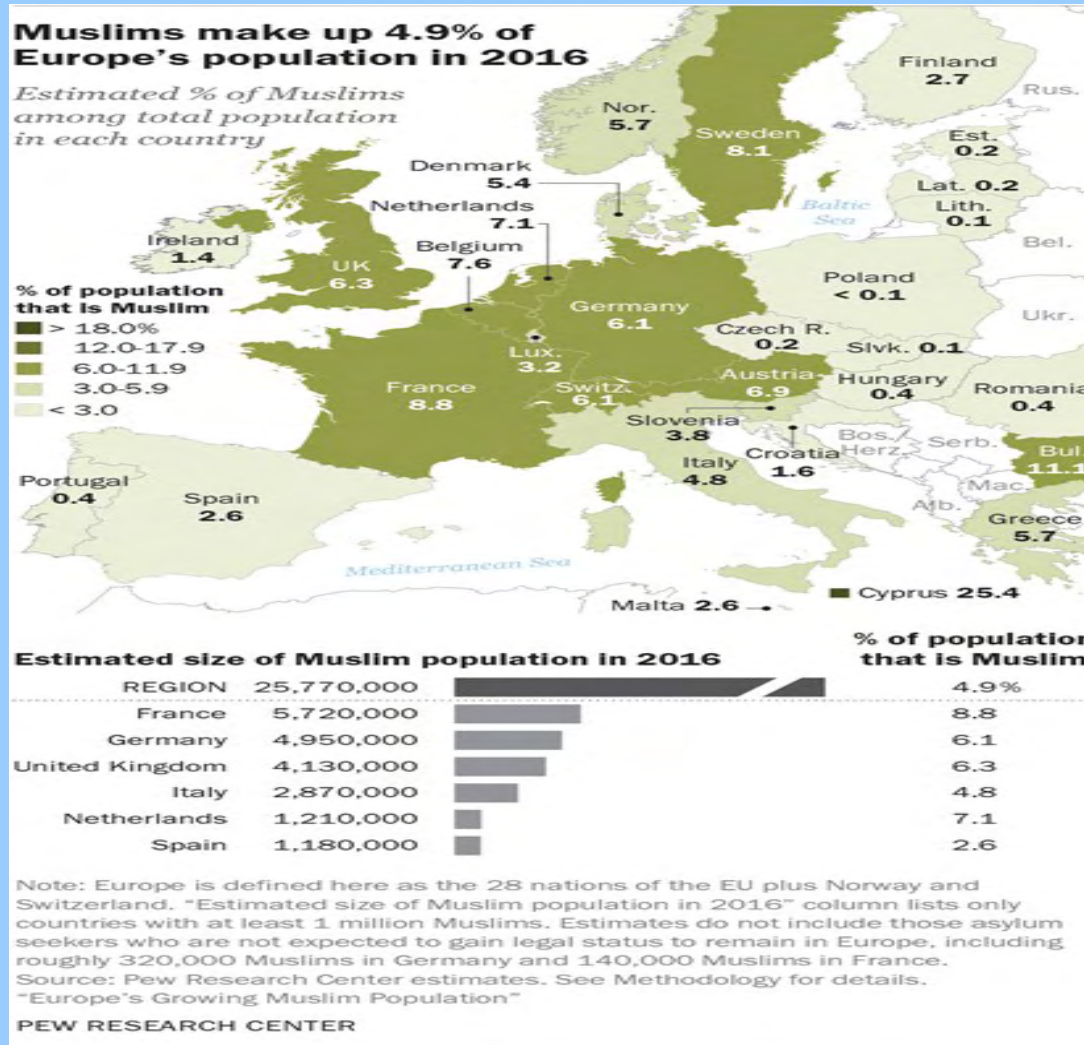
Source: Survey conducted Jan. 7-14, 2016. Other/don't know responses not shown.

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## View of Muslims and Islam in America

- About half of Americans (49%) think at least “some” U.S. Muslims are anti-American, greater than the share who say “just a few” or “none” are anti-American, according to a January 2016 survey. Views on this question have become much more partisan in the last 14 years (see graphic).
- But most Americans do not see widespread support for extremism among Muslims living in the U.S., according to a February 2017 survey. Overall, 40% say there is not much support for extremism among U.S. Muslims, while an additional 15% say there is none at all. About a quarter say there is a fair amount of support (24%) for extremism among U.S. Muslims; 11% say there is a great deal of support.

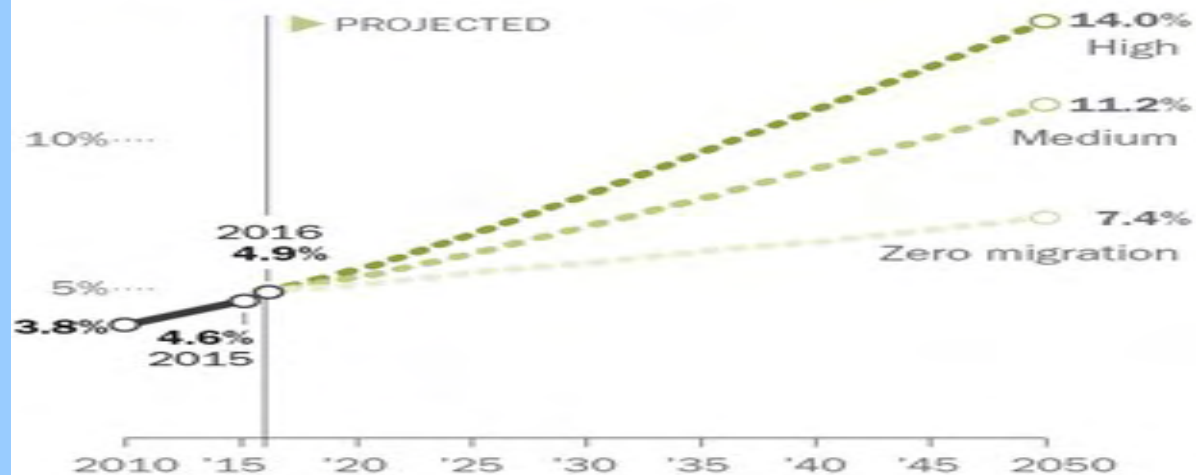
# Muslims in Europe



# Muslims in Europe

## Amount of growth in Europe's Muslim population depends on future migration

*Muslim share of Europe's population under different migration scenarios*



Note: In zero migration scenario, no migration of any kind takes place to or from Europe. In medium migration scenario, regular migration continues and refugee flows cease. In high migration scenario, 2014 to mid-2016 refugee inflow patterns continue in addition to regular migration.

Europe defined here as the 28 countries of the European Union plus Norway and Switzerland.

Estimates do not include those asylum seekers who are not expected to gain legal status to remain in Europe.

Source: Pew Research Center estimates and projections.

See Methodology for details.

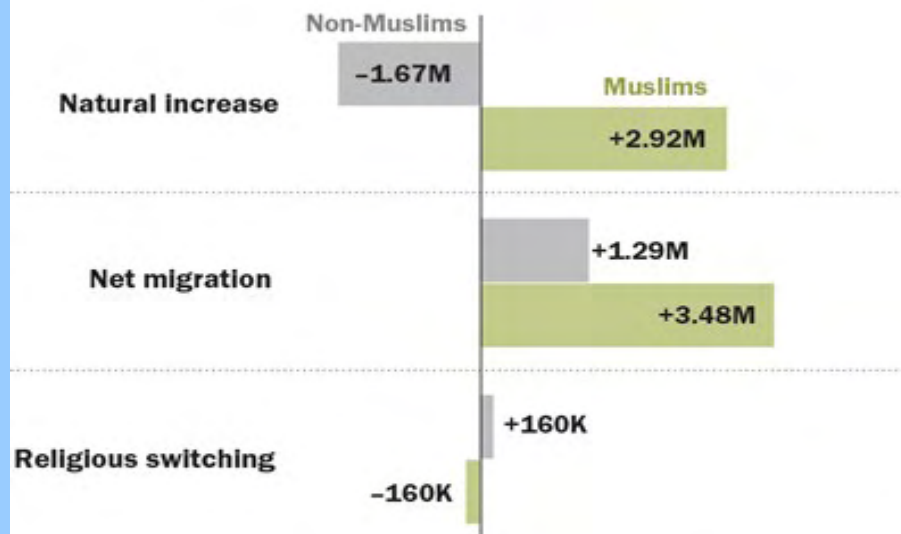
"Europe's Growing Muslim Population"

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# Muslims in Europe

## Fertility and migration drove Muslim population growth in Europe between 2010 and 2016

*Estimated population change between 2010 and 2016 due to three factors*



Note: Natural increase is the difference between births and deaths. Net migration includes refugees and other regular migrants. Estimates do not include those asylum seekers who are not expected to gain legal status to remain in Europe. Europe defined here as the 28 member nations of the European Union in 2016 plus Norway and Switzerland.

Source: Pew Research Center estimates. See Methodology for details. "Europe's Growing Muslim Population"

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# Muslims in Europe

- Muslims are a relatively **small minority in Europe, making up roughly 5% of the population.**
- **France and Germany have the largest Muslim populations in Europe** (defined as the 28 current European Union member countries plus Norway and Switzerland). As of mid-2016, there were 5.7 million Muslims in France (8.8% of the country's population) and 5 million Muslims in Germany (6.1%).
- The EU country in which Muslims make up the largest share of the population is **Cyprus**: the island nation's 300,000 Muslims make up about one-quarter (25.4%) of its population, and are mostly Turkish Cypriots with deep roots in Cyprus (and not recent migrants).
- The Muslim share of Europe's total population **has been increasing steadily** and will continue to grow in the coming decades. From mid-2010 to mid-2016 alone, the share of Muslims in Europe rose more than 1 percentage point, from 3.8% to 4.9% (from 19.5 million to 25.8 million).
- By 2050, the share of the continent's population that is Muslim could more than double, rising to 11.2% or more, depending on how much migration is allowed into Europe. Even in the unlikely event that future migration is permanently halted, the Muslim population still would rise to **an estimated 7.4%, due to the relative youth and high fertility rates of Europe's current Muslim residents.**

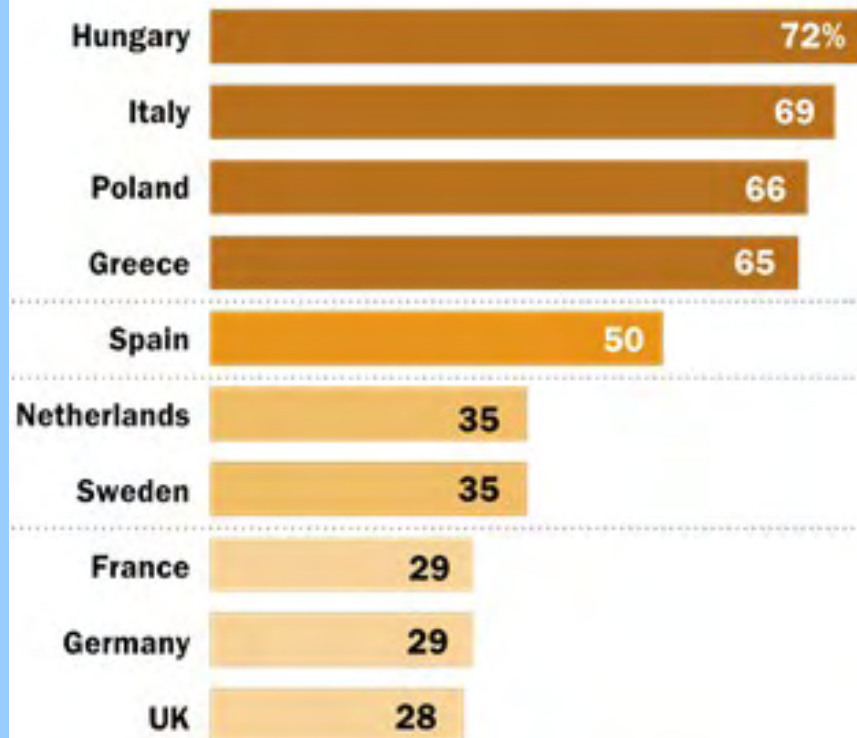
# Muslims in Europe

- Between mid-2010 and mid-2016, **migration** has been the biggest factor driving the growth of Muslim populations in Europe. An estimated 2.5 million Muslims came to Europe for reasons other than seeking asylum, such as for employment or to go to school. About 1.3 million more Muslims received (or are expected to receive) refugee status, allowing them to remain in Europe. An estimated 250,000 Muslims left the region during this period.
- **Natural growth is the secondary driver:** among European Muslims, there have been 2.9 million more births than deaths during this period.
  - **Muslims are much younger and have more children than other Europeans.** In 2016, the median age of Muslims throughout Europe was 30.4, 13 years younger than the median for other Europeans (43.8). Looking at it another way, 50% of all European Muslims are under the age of 30, compared with 32% of non-Muslims in Europe. In addition, the average Muslim woman in Europe is expected to have 2.6 children, a full child more than the average non-Muslim woman (1.6 children).
- **Religious switching** is estimated to be a small factor in Muslim population change, with roughly 160,000 more people switching away from Islam than converting into the faith during this period.

# Views of Muslims in Europe

## Views of Muslims more negative in eastern and southern Europe

*Unfavorable view of Muslims in our country*



Note: In Poland, question was asked of a subsample of 686 respondents.

Source: Spring 2016 Global Attitudes Survey. Q36c.

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## Views of Muslims in Europe

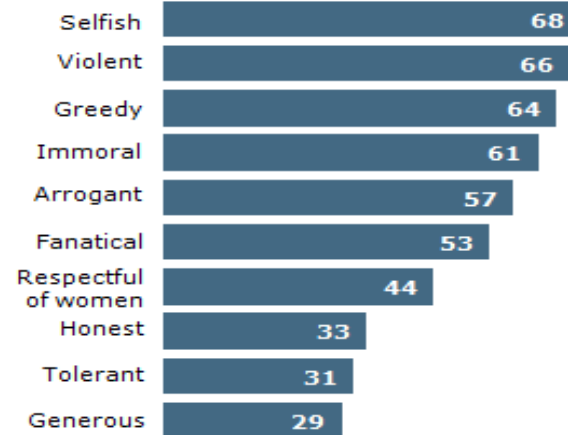
The demographic shifts indicated above as well as terrorism have already led to **political and social upheavals in many European countries**, especially in the wake of the recent arrival of millions of asylum seekers, many of whom are Muslims. In recent national elections in France and Germany, for instance, immigration — and particularly Muslim immigration — were top issues.

- In the Spring 2016, PEW Research Center asked residents of 10 European countries for their impression about Muslims.
- The majority of respondents in the UK, Germany, France, Sweden and the Netherlands gave Muslims a favorable rating. Majorities in Hungary, Italy, Poland and Greece say they view Muslims **unfavorably**.
- On the impression of how many Muslims in their country support extremist groups, such as ISIS. In most cases, **the prevailing view is that “just some” or “very few” Muslims support ISIS, but in Italy, 46% say “many” or “most” do.**
- Views about Muslims are tied to ideology. People who place themselves on **the right side of the ideological scale** are much more likely than those on the left to see Muslims negatively
  - While 47% of Germans on the political right give Muslims an unfavorable rating, just 17% on the left do so. The gap between left and right is also roughly 30 percentage points in Italy and Greece.

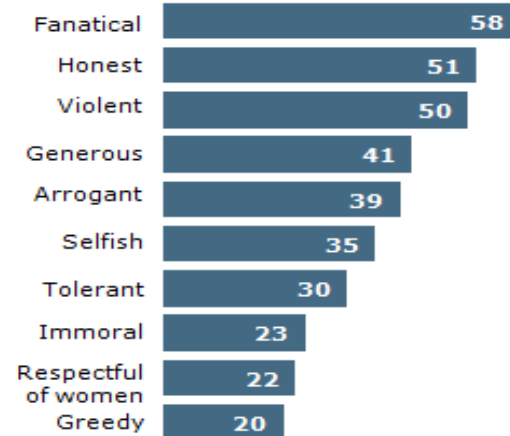
# Characteristics Associated with Westerners and Muslims

## Characteristics Associated With Westerners and Muslims

*Traits associated with Westerners among Muslims in predominantly Muslim countries*



*Traits associated with Muslims among non-Muslims in the U.S., Russia and W. Europe*



Median % of Muslims across seven Muslim countries who say each of these traits describes people in Western countries and median % of non-Muslims across the U.S., Russia and four Western European countries who say each of these traits describes Muslims.

PEW RESEARCH CENTER Q47a-j.

# Characteristics Associated with Westerners and Muslims

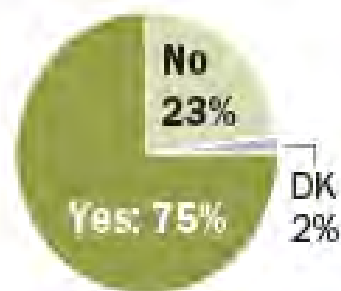
What characteristics do people in the Muslim world and people in the West associate with each other?

- A 2011 survey asked about characteristics Westerners and Muslims may associate with one another. Across the seven Muslim-majority countries and territories surveyed, **a median of 68% of Muslims said they view Westerners as selfish**. Considerable shares also called Westerners other negative adjectives, including violent (median of 66%), greedy (64%) and immoral (61%), while fewer attributed positive characteristics like “respectful of women” (44%), honest (33%) and tolerant (31%) to Westerners.
- **Westerners’ views of Muslims were more mixed**. A median of 50% across four Western European countries, the U.S. and Russia called Muslims violent and a median of 58% called them *fanatical*, but fewer used negative words like greedy, immoral or selfish. A median of just 22% of Westerners said Muslims are respectful of women, but far more said Muslims are honest (median of 51%) and generous (41%).

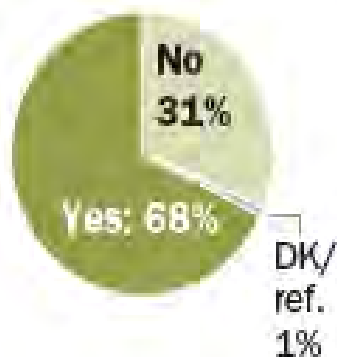
# What American Muslims believe

## Among U.S. Muslims, widespread concern about place in American society

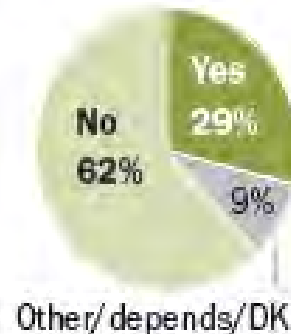
Is there a lot of discrimination against Muslims in the U.S.?



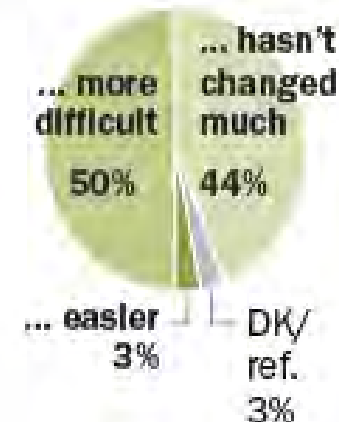
Does Donald Trump make you feel worried?



Do American people see Islam as part of mainstream society?



In recent years, being Muslim in the U.S. has gotten ...



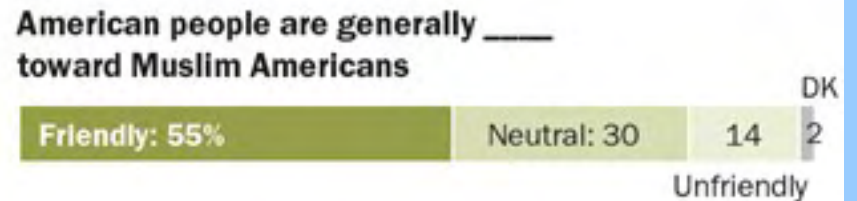
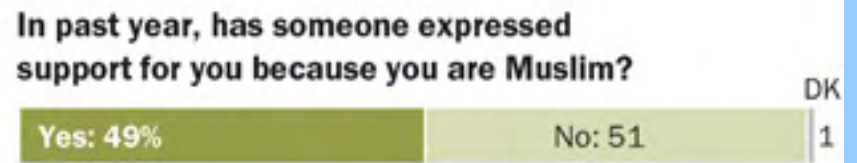
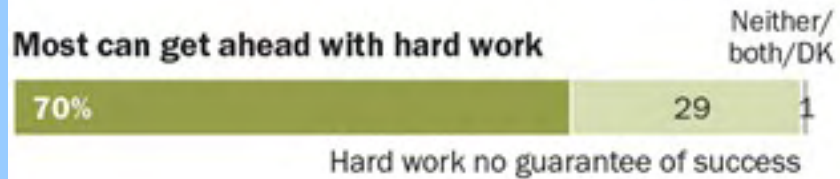
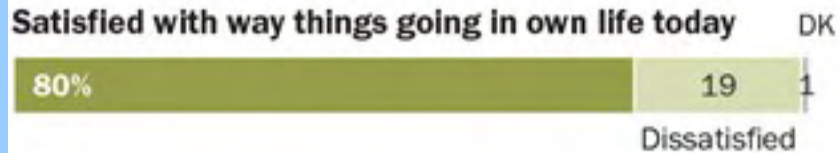
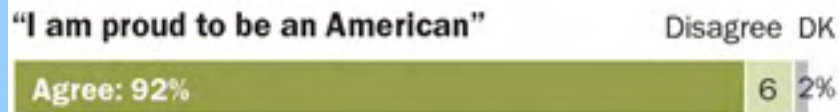
Source: Survey conducted Jan. 23-May 2, 2017.

"U.S. Muslims Concerned About Their Place in Society, but Continue to Believe in the American Dream"

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# What American Muslims believe

## Nine-in-ten U.S. Muslims proud to be American



Note: Figures may not add to 100% due to rounding.

Source: Survey conducted Jan. 23-May 2, 2017.

"U.S. Muslims Concerned About Their Place in Society, but Continue to Believe in the American Dream"

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# What American Muslims believe

- Half of Muslim Americans say it **has become harder to be Muslim in the U.S.** in recent years. And 48% say they have experienced at least one incident of discrimination in the past 12 months. But alongside these reports of discrimination, a similar – and growing – share (49%) of Muslim Americans say someone has expressed support for them because of their religion in the past year. And 55% think Americans in general are friendly toward U.S. Muslims, compared with just 14% who say they are unfriendly.
- Living in a religiously pluralistic society, Muslim Americans are more likely than Muslims in many other largely Muslim-majority nations to have a lot of non-Muslim friends. Only about a third (36%) of U.S. Muslims say all or most of their close friends are also Muslims, compared with a global median of 95% in the 39 countries we [surveyed](#).
- Roughly two-thirds of U.S. Muslims (65%) say [religion is very important in their lives](#). About six-in-ten (59%) report praying at least daily and 43% say they attend religious services at least weekly. By some of these traditional measures, Muslims in the U.S. are roughly as religious as U.S. Christians, although they are less religious than [Muslims in many other nations](#).
- When it comes to [political and social views](#), Muslims are far **more likely to identify with or lean toward the Democratic Party (66%) than the Republican Party (13%)** and to say they prefer a bigger government providing more services (67%) over a smaller government providing fewer services (25%). About half of U.S. Muslims (52%) now say homosexuality should be accepted by society, up considerably from 2011 (39%) and 2007 (27%).

## What American Muslims believe

- The **September 11, 2001** attacks changed the United States. It has affected Muslim -Americans. The demonization of Arabs and Muslims in post-9/11 was the beginning of a terrible chaos. The Middle East was doomed because of 9/11, and became a “battlefield” where the West waged “unjustified military campaigns.”
- The bloodshed in Syria, the terror of ISIS, the uncertainty in Libya, and a very dangerous increased Shia-Sunni split in the region are also what the Arab world has been forced to endure due to the Iraq War.
- The backlash of 9/11 for many Arabs extends beyond the war zones. America’s “war on terror” after 9/11 **provided cover to some Arab leaders to crack down**, often unjustly and viciously, on dissent in their own country. The “**war on terror**” enabled leaders in the Middle East, particularly the authoritarian ones, “to justify to cross the line between the ‘war on terrorism’ and oppression and suppression,”. In places like Egypt and Saudi Arabia where political opposition is stifled under the guise of fighting terror. Restrictions on dissent in many — not all — Arab countries even applied to jokes mocking those in power as Youssef, who was wildly popular in Egypt, found out when he was arrested in 2013 for mocking then-Egyptian President Mohamed Morsi on his satirical TV show.
- America was the target of the terrorists on 9/11, but the victims of that tragedy go far beyond, in the sense that terrorist attacks had hijacked Islam, causing Islam to be seen by many as **synonymous with terrorism** and often defined Arabs and Muslims as inherently bad.
- Some in the United States may not understand the negative impact in the Arab world of the **hateful words** about Muslims by Donald Trump’s, his baseless assertion that “thousands” of Muslims celebrated on 9/11 as well as the proposed Muslim ban. Equally, Muslim Americans have to condemn and somehow prove that the Quran doesn’t really direct Muslims to attack or kill anybody.

# 13. Political and Economic Development



# Political Development

Political development depends on political participation whereas political participation depends on institutionalization.

Political development cannot be achieved without effective institutions allowing mass participation. Institutions have instrumental value.

For this purpose, it is useful to distinguish political development from modernization and to identify political development with the institutionalization of political organizations and procedures.

Modernization is linked to the process of rationalization, i.e., when modernization increases within a society, the individual tend to become increasingly important.

# Institutions, Politics, Policy, Interest Groups

- **Institutions**

By institutions we mean rules – rules of the game- of structural social interaction (both formal and informal) – they shape incentives in human exchange (be it economic, political or social), i.e., structures or mechanisms of social order that govern the behavior of a set of individuals within a given community. Institutions are identified with a social purpose, and with the principles and values, e.g., individual freedom, personal responsibility- of a given society transcending individuals and intentions by mediating the rules that govern living behavior. Language, money, law, systems of weights and measures, table manners, and firms (and other organizations) are thus all institutions

- **Politics**

Practice and theory of influencing other people. More narrowly, it refers to achieving and exercising positions of governance — organized control over a human community, particularly a state. Furthermore, politics is the study or practice of the distribution of power and resources within a given community as well as the interrelationship(s) between communities.

- **Policies**

Public policy is the principled guide to action taken by the administrative executive branches of the state with regard to a class of issues in a manner consistent with law.

- **Interest Group**

also called **special interest group** or pressure group, any association of individuals or organizations, usually formally organized, that, on the basis of one or more shared concerns, attempts to influence public policy in its favor. All **interest groups** share a desire to affect government policy to benefit themselves

# **14. Institutions and Economic Development**

# Institutions and Economic Development

By **institutions** we mean rules of structural social interaction (both formal and informal) – they structure incentives in human exchange (be it economic, political or social).

Formal institutions – property rights, legal system, rule of law, constitution.

Informal institutions – how to behave in everyday life (linked to religion, history, social acceptability).

- Institutions are the "rules of the game", consisting of both the formal legal rules and the informal social norms that govern individual behavior and structure social interactions (institutional frameworks).
- Organizations, by contrast, are those groups of people and the governance arrangements they create to coordinate their team action against other teams performing also as organizations. Firms, Universities, clubs, medical associations, unions etc. are some examples.

Douglass C. North (1990). *Institutions, Institutional Change and Economic Performance*, Cambridge University Press.

**Institutions are the Fundamental Causes of Growth**

# Institutions and Economic Development

*Political Institutions:* encourage participation and democracy, rule of law.

*Economic Institutions:* encouraging investment through incentives, human capital, entrepreneurship, innovation, occupational choice, land ownership, property rights.

*Market Institutions:* permit the efficient allocation of resources, e.g., financial markets; insurance.

*Culture:* values, beliefs, religions

*Geography:* climate (affects productivity and worker effort), agricultural (technological) productivity higher in temperate zones than in tropics, burden of infectious diseases, natural endowments, transport costs

*Trade and Integration:* affects productivity changes.

*Human Capital:* capability of being active and produce wealth

# Institutions and Economic Development

## Types of Institutions

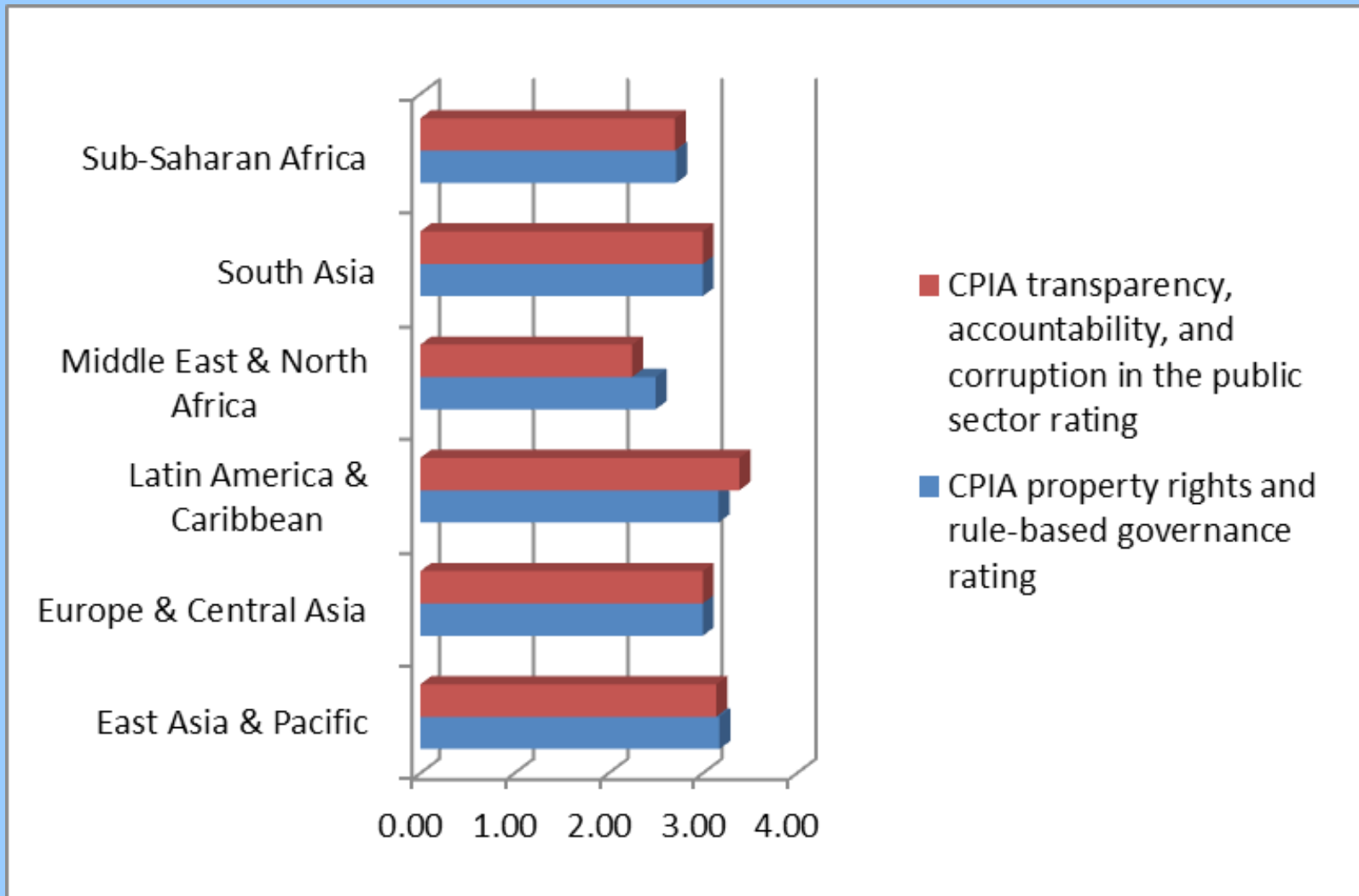
- (i) Institutions that protect individual property rights, e.g., defence against expropriation of resources.
- (ii) Institutions related to democratic political rights (Sen A. pp. 178-84)
- (iii) Institutions correcting co-ordination failure – efficiency of government for example in implementing policy.

Countries can have good and bad institutions, e.g., South Korea used to have one party political system.

# Measurement of Institutions

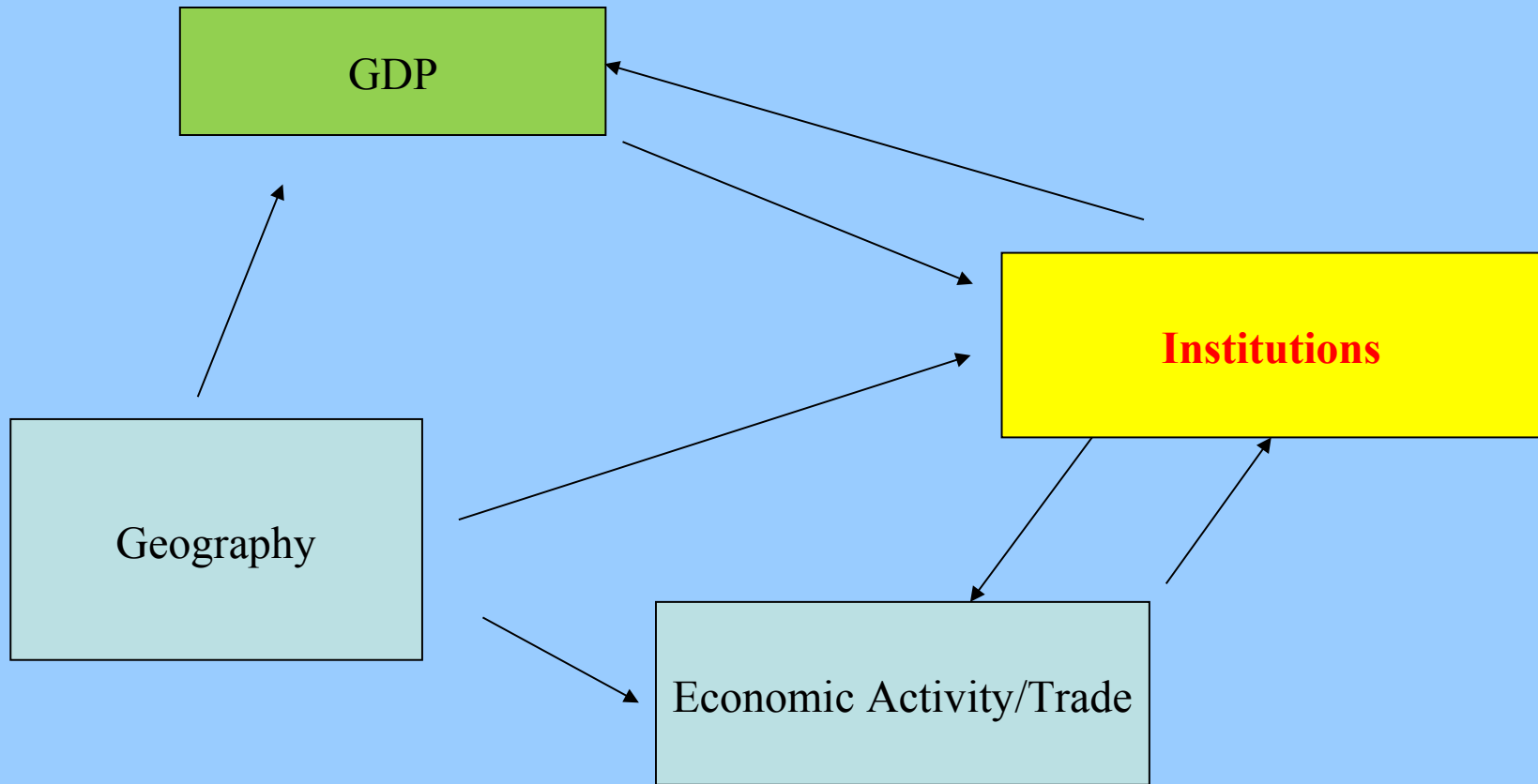
- The measure of the effectiveness and working of different institutions is a **challenging** undertaking.
- Institutions are normally measured using surveys of sample of people who evaluate the institutions they are dealing with.
- Other form of measurement of institutions is indirect., i.e., the decline of the level of mortality over time is an indicator that the institutional setting in that particular country is improving.

# Institutional Indicators





# Institutions and Economic Development



# Institutions and Economic Development

## A. Institutional View of Development

Institutions role in Economic Growth and Development – Endogeneity (Acemoglu and al. 2001)

### *How do Institutions form?*

Institutions can and will likely result in **élites** who will shape institutions and then also attempt to retain their position of power. There may be successful or not be, but they can be replaced by alternative **élites**.

Acemoglu makes an important distinction between institutions that can be (i) developmental or (ii) predatory

(i) **Developmental Institutions** – encourage investment, growth and productivity.

(ii) **Predatory** – extractive institutions that favour the few.

# Institutions and Economic Development

## Evidence of Institutions and Economic Growth

Korea – natural experiment since split into North and South Korea in 1948. Same geography, history and culture. North Korea went Dictator and Socialism, South Korea went Dictator and Capitalist that involved private property rights and in 1980 moved to a democracy.

Micro level evidence of importance land property rights have on investment in agriculture in LDCs.

Macro level evidence looking at within country and between country – problem with this is though that **we cannot control for whether “better” institutions cause growth or growth leads to “better” institutions (*endogeneity*)**

# Institutions and Economic Development

The issue of *endogeneity* must be solved in most empirical work in economics.

In a statistical model, a parameter or variable is said to be endogenous when there is a correlation between the parameter or variable and the error term. Endogeneity can arise as a result of *measurement error, autoregression with autocorrelated errors, simultaneity and omitted variables*. Broadly, **a loop of causality** between the independent and dependent variables of a model leads to endogeneity.

The solution is to find a variable or a factor that meaningfully can cause **institutions** but does **not** directly affect economic growth.

Acemoglu, Johnson and Robinson (American Economic Review, 2001) addressed this point.....

# Endogeneity

- Endogeneity can come from an omitted uncontrolled confounding variable.

A variable is both correlated with an independent variable in the model and with the error term. Equivalently, the omitted variable both affects the independent variable and separately affects the dependent variable.

- Assume that the "true" model to be estimated is,

$$Y = \alpha + \beta x_i + \gamma Z_i + u_i$$

but we omit  $Z_i$  (perhaps because we don't have a measure for it) when we run our regression.

$Z_i$  will get absorbed by the error term and we will actually estimate,

$$Y = \alpha + \beta x_i + \varepsilon_i \quad (\text{where } \varepsilon_i = \gamma Z_i + u_i)$$

i)

If the correlation of  $x$  and  $Z_i$  is not 0 and  $Z$  separately affects  $Y$  (meaning  $\gamma \neq 0$ ), then  $x$  is correlated with the error term  $\varepsilon_i$  (one of the assumptions of the regression).

- Here,  $x$  and  $Z$  are not exogenous for alpha ( $\alpha$ ) and beta ( $\beta$ ) since, given  $x$ , the distribution of  $Y$  depends not only on alpha ( $\alpha$ ) and beta ( $\beta$ ), but also on  $Z$  and gamma ( $\gamma$ ).

# Institutions and Economic Development

## Primacy of Institutions

Acemoglu et al. control for settler mortality as an instrument to control for endogeneity in their growth model. The variables in the model are

M = settler mortality

S = Colonial Settlements

R = Early Institutions and Modern Institutions

Y = Economic Performance

Settlements lead to the export of colonial institutions such as property rights. Where settlements failed or were not attempted (due to high settler mortality) only extractive institutions were exported.

Institutional Proxy is captured by either *index of protection against expropriation* or by *constraints on the executive*.

# Institutions and Economic Development

The Model – 2SLS:

$$\text{Log}Y_i = \alpha + \beta R_i + \gamma X_i + u_i$$

$Y = \text{GDP per capita in 1995 in } \$ (\text{PPP a day}).$

$64 \text{ countries in the sample}$

$R = \text{Institutional Proxy}$

$X = \text{Other controls}$

$$R_i = a + b \log M_i + cX_i + v_i$$

$M = \text{Settler mortality 17th–19th ce}$

# Institutions and Economic Development

TABLE 4—IV REGRESSIONS OF LOG GDP PER CAPITA

	Base sample (1)	Base sample (2)	Base sample without Neo-Europes (3)	Base sample without Neo-Europes (4)	Base sample without Africa (5)	Base sample without Africa (6)	Base sample with continent dummies (7)	Base sample with continent dummies (8)	Base sample, dependent variable is log output per worker (9)
Panel A: Two-Stage Least Squares									
Average protection against expropriation risk 1985–1995	0.94 (0.16)	1.00 (0.22)	1.28 (0.36)	1.21 (0.35)	0.58 (0.10)	0.58 (0.12)	0.98 (0.30)	1.10 (0.46)	0.98 (0.17)
Latitude		-0.65 (1.34)		0.94 (1.46)		0.04 (0.84)		-1.20 (1.8)	
Asia dummy							-0.92 (0.40)	-1.10 (0.52)	
Africa dummy							-0.46 (0.36)	-0.44 (0.42)	
"Other" continent dummy							-0.94 (0.85)	-0.99 (1.0)	
Panel B: First Stage for Average Protection Against Expropriation Risk in 1985–1995									
Log European settler mortality	-0.61 (0.13)	-0.51 (0.14)	-0.39 (0.13)	-0.39 (0.14)	-1.20 (0.22)	-1.10 (0.24)	-0.43 (0.17)	-0.34 (0.18)	-0.63 (0.13)
Latitude		2.00 (1.34)		-0.11 (1.50)		0.99 (1.43)		2.00 (1.40)	
Asia dummy							0.33 (0.49)	0.47 (0.50)	
Africa dummy							-0.27 (0.41)	-0.26 (0.41)	
"Other" continent dummy							1.24 (0.84)	1.1 (0.84)	
R <sup>2</sup>	0.27	0.30	0.13	0.13	0.47	0.47	0.30	0.33	0.28
Panel C: Ordinary Least Squares									
Average protection against expropriation risk 1985–1995	0.52 (0.06)	0.47 (0.06)	0.49 (0.08)	0.47 (0.07)	0.48 (0.07)	0.47 (0.07)	0.42 (0.06)	0.40 (0.06)	0.46 (0.06)
Number of observations	64	64	60	60	37	37	64	64	61

Notes: The dependent variable in columns (1)–(8) is log GDP per capita in 1995, PPP basis. The dependent variable in column (9) is log output per worker, from Hall and Jones (1999). "Average protection against expropriation risk 1985–1995" is measured on a scale from 0 to 10, where a higher score means more protection against risk of expropriation of investment by the government, from Political Risk Services. Panel A reports the two-stage least-squares estimates, instrumenting for protection against expropriation risk using log settler mortality; Panel B reports the corresponding first stage. Panel C reports the coefficient from an OLS regression of the dependent variable against average protection against expropriation risk. Standard errors are in parentheses. In regressions with continent dummies, the dummy for America is omitted. See Appendix Table A.1 for more detailed variable descriptions and sources.



# Institutions and Economic Development

The 'b' coefficient (mortality variable) in the first stage of the regression is negative and significant – higher mortality rate the worse institutions are.

The beta coefficient is positive and significant implying institutions have a positive impact on current GDP level.

The introduction of latitude in line with Rodrik's work does not change the main result.

If the US, Canada, Australia and New Zealand are omitted then the results are still robust.

# Institutions and Economic Development

Main Issues with Acemoglu et al. (2001)

- I. Colonial Experience – Settler Mortality is an interesting and clever instrument for identifying the Institutional variable. *However, what about differences in growth between Finland, China, Luxembourg who had no colonial history?*
- II. Pre-colonial histories are important. Brazil and India have different histories prior to colonization. Extractive institutions such as the land revenue system attributed to Britain in India were present during the Moghul period.
- III. It fails to consider political institutions.
- IV. Is colonial death rate really capturing the under lying cause of institutions? Decisions to settle maybe caused by whether there is a need to settle in the first place. Other factors influence the decision to settle.
- V. There is also the view that the proxy for institutions (risk of expropriation by the government) is not really picking up any permanent set of rules of a country. Rather this in itself is an outcome of what has gone before.

# Institutions and Economic Development

## B. The Developmental View

That institutions form and emerge from within countries over time and that economic, political and social development cause institutions to change.

Opposite of Acemoglu et al.

Development and Institutions are **caused by human capital** – Lipset (1960) argued that through greater education people would be likely and more able to resolve differences by negotiation and reach rational solutions to disputes (i.e., so-called Coase-type end game).

Externality of higher initial education of a population is greater political and social stability as well as economic spill overs in terms of productivity and technology.

This view is shown on Glaeser et al. paper Journal of Economic Growth (2004).

# Institutions and Economic Development

Glaeser et al. argue that measures of institutional quality such as *risk of expropriation* (used in Acemoglu et al. 2001), *government effectiveness* and *constraints on the executive* are “**outcomes**” and do not represent “**deep**” institutions.

*Constraints on the executive* is measured as a score between ‘1’ (bad institutions) and ‘7’ (good institutions). If this was a measure of a ‘set of rules’ as North argues institutions are defined as, then why do they change so much?

Because they are **outcomes** from other factors – Haiti gets score of ‘1’ under dictatorship during 1960-89, then a score of ‘6’ when Aristide is elected in 1990, drops to ‘1’ again when he’s ousted between 1991-93 and rises again to 6 when Aristide returns to power and falls to 3 during 2000-01. How can institutions change so quickly? Glaeser argues they cannot.

## Institutions and Economic Development

Glaeser et al. estimate the following equation...

Growth of GDP per capita (1960-2000) =  $\alpha + \gamma_1 \log$  GDP per capita (1960) +  $\gamma_2$  Log years of schooling (1960) +  $\gamma_3$  (share of population living in temperate zone (1995) +  $\beta$  Institutional proxies

Results are as follows (2004, pp.35).....

# Institutions and Economic Development

**Table 4**  
**Economic growth, political institutions and human capital**

The table shows OLS regressions for the cross-section of countries. The dependent variable in all specifications is the growth of GDP per capita for the period 1960-2000. The specifications include a constant but we do not report the estimates in the table. Robust standard errors are shown in parentheses. All variables are defined in Appendix 1.

	<i>Dependent variable is growth of GDP per capita 1960-2000</i>							
Log GDP per capita (1960)	-0.0114 <sup>a</sup> (0.0033)	-0.0136 <sup>a</sup> (0.0033)	-0.0112 <sup>a</sup> (0.0033)	-0.0122 <sup>a</sup> (0.0033)	-0.0141 <sup>a</sup> (0.0037)	-0.0130 <sup>a</sup> (0.0037)	-0.0090 <sup>a</sup> (0.0034)	-0.0105 <sup>a</sup> (0.0036)
Log years of schooling (1960)	0.0060 <sup>b</sup> (0.0025)	0.0076 <sup>a</sup> (0.0024)	0.0063 <sup>b</sup> (0.0024)	0.0060 <sup>b</sup> (0.0023)	0.0077 <sup>b</sup> (0.0032)	0.0073 <sup>b</sup> (0.0031)	0.0073 <sup>a</sup> (0.0025)	0.0080 <sup>a</sup> (0.0026)
Share of population living in temperate zone (1995)	0.0175 <sup>a</sup> (0.0049)	0.0132 <sup>a</sup> (0.0041)	0.0179 <sup>a</sup> (0.0046)	0.0104 <sup>c</sup> (0.0055)	0.0242 <sup>a</sup> (0.0049)	0.0231 <sup>a</sup> (0.0047)	0.0175 <sup>a</sup> (0.0050)	0.0184 <sup>a</sup> (0.0052)
Executive constraints (1960-2000)	0.0021 <sup>b</sup> (0.0008)							
Expropriation risk (1982-1997)		0.0040 <sup>a</sup> (0.0014)						
Autocracy -- Alvarez (1960-1990)			-0.0060 <sup>a</sup> (0.0032)					
Government effectiveness (1998-2000)				0.0075 <sup>a</sup> (0.0024)				
Judicial independence (1995)					-0.0041 (0.0057)			
Constitutional review (1995)						0.0047 (0.0064)		
Plurality (1975-2000)							0.0010 (0.0027)	
Proportional representation (1975-2000)								0.0019 (0.0031)
Observations	71	69	71	71	54	54	71	70
R <sup>2</sup>	0.44	0.56	0.44	0.48	0.45	0.45	0.41	0.44

a=significant at 1 percent; b=significant at 5 percent; c=significant at 10 percent.

# Institutions and Economic Development

## *Interpretation*

Coefficient on Initial level of schooling is always **+ve** and significant.

So to the coefficients on Initial GDP per capita (-ve and significant) and Share of Population living in Temperate Zone (+ve and significant).

The beta coefficients are only significant when the institutional proxies stand for **outcomes** (expropriation risk (82-90) or government effectiveness (98-2000)).

Other proxies for institutions such as judicial independence or constitutional review are insignificant.

# Institutions and Economic Development

## What can we say about Institutions and Development?

Measuring institutions is difficult. Popular measures are subject to criticism since they are (i) 'outcomes' rather than anything 'deep' (ii) they are also largely subjective (iii) when non-outcome proxies for institutions are used they are insignificant.

Looking at country specific evidence though both the Institutional View and the Developmental View have strengths but are not universal.

**Institutional Primacy View** – Countries have similar backgrounds and histories but operate under different institutions and hence diverge onto different growth paths, e.g., North and South Korea, East and West Germany, Burma and Thailand.

**Development View** - Some countries have very different initial institutions and different histories, but have the same level of economic development and have very similar current institutions, e.g., Tiger Economies - Taiwan and South Korea with Japanese colonialization then US occupation compared to Hong-Kong and Singapore with British colonial past and less intervention.

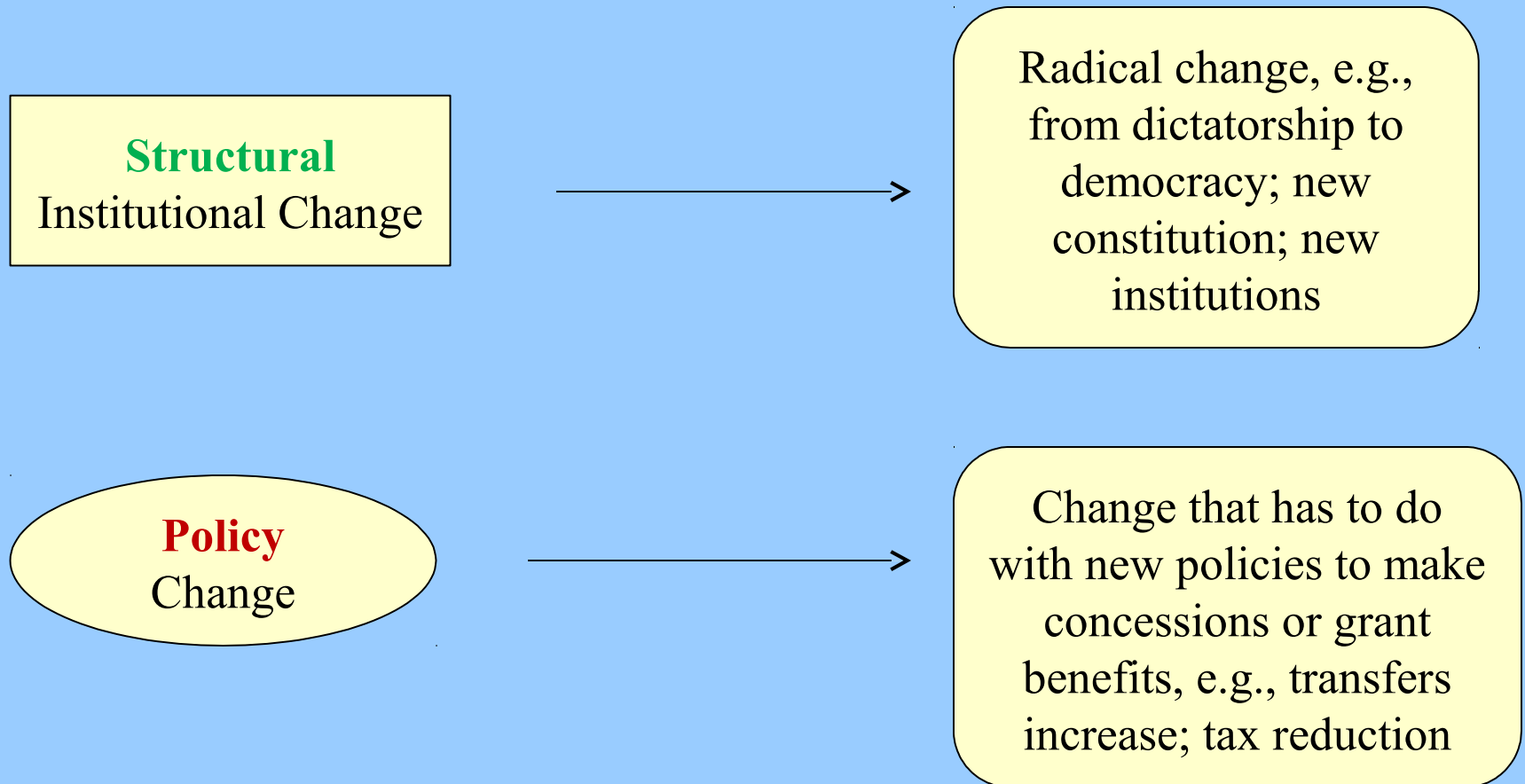


# Political Economy – Politics - and Institutional Development

Developments in the political arena are powerful agenda setters and drive change:

- Elites
- Interest groups – national and international- that press (or fail to press) demands on government
- Civil Society
- National mood
- New administrations
- New partisan/ideological distributions in Congress
- Personal Interest

# Structural Change and Policy Change



# A Model for Institutional Structural Change

## Key Parameters

**Inequality:** benefits of democratization for citizens and costs of democratization for the elite

**Civil society:** degree of empowerment of citizens

**Cost of repression:** how costly the repression alternative will be.

# Institutional Change

Elites control non-democracy, but citizens can sporadically solve their collective action problem; exercise de facto power; and threaten a revolution or social unrest.

Elites can respond with:

1. repression;
2. concessions with unchanged political institutions;
3. change in political institutions, e.g., democracy.

# Institutional Change

Concessions generally “cheapest” option, but may not be credible because: de facto power of citizens often transitory, e.g., citizens can solve their collective action problem with probability  $q$ .

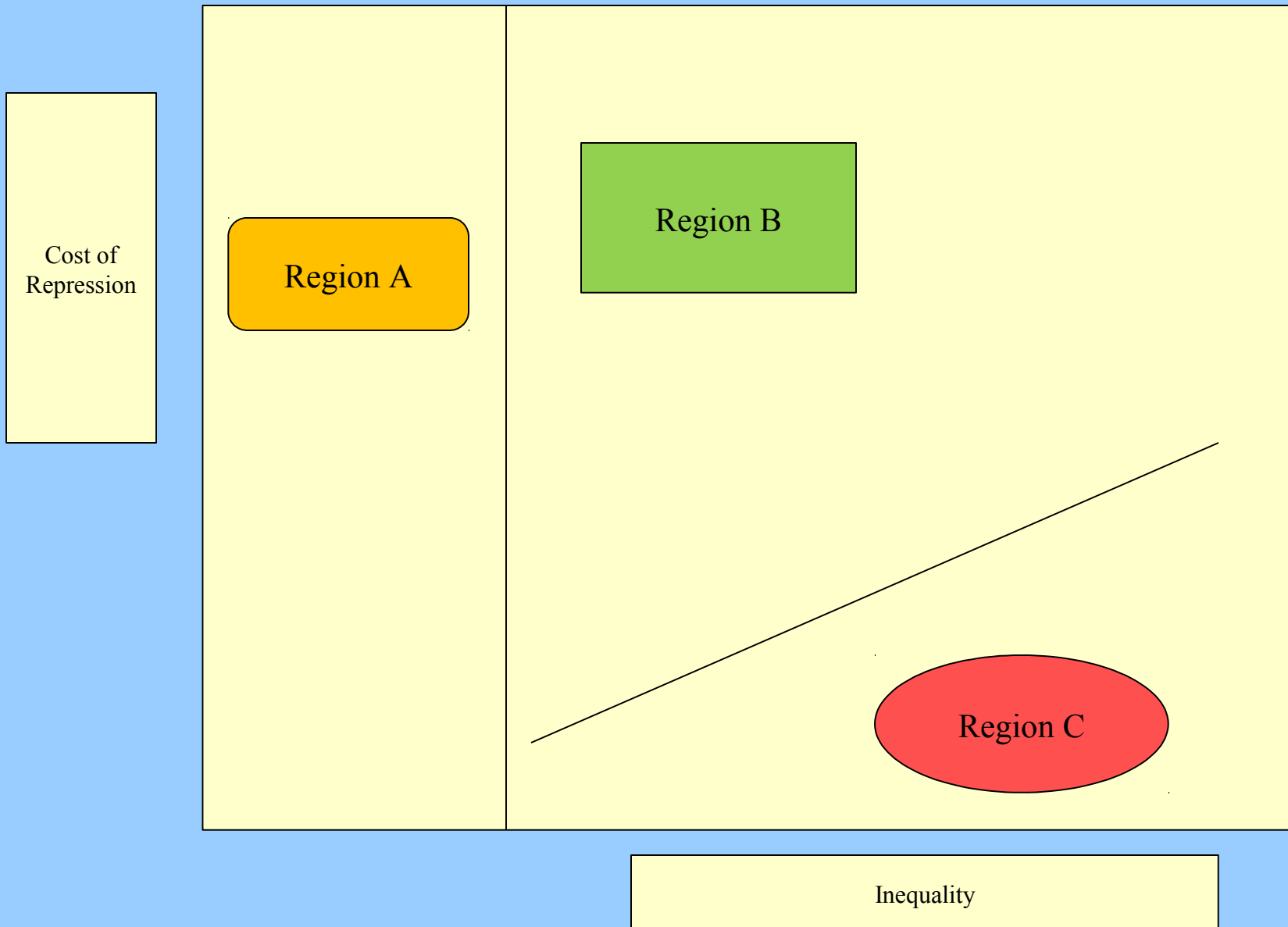
If  $q$  close 1, then de facto power of citizens is almost permanent and can balance the power of the elite. Then concessions become credible.

If  $q$  is small, then concessions are not credible (in sub game perfect equilibrium).

**Democracy – radical institutional change- arises when repression is too costly and concessions are non-credible.**

Democracy gives a commitment to future pro-citizen policies! turning temporary de facto power into more durable de jure power.

# Democracy in the Middle East



# **15. Political or Policy Change in the Middle East?**

# Political Prospects in Middle East Countries

The so – called *Arab Spring* has made the political environment in the Middle East and North Africa not conducive to political and institutional stability and democracy.

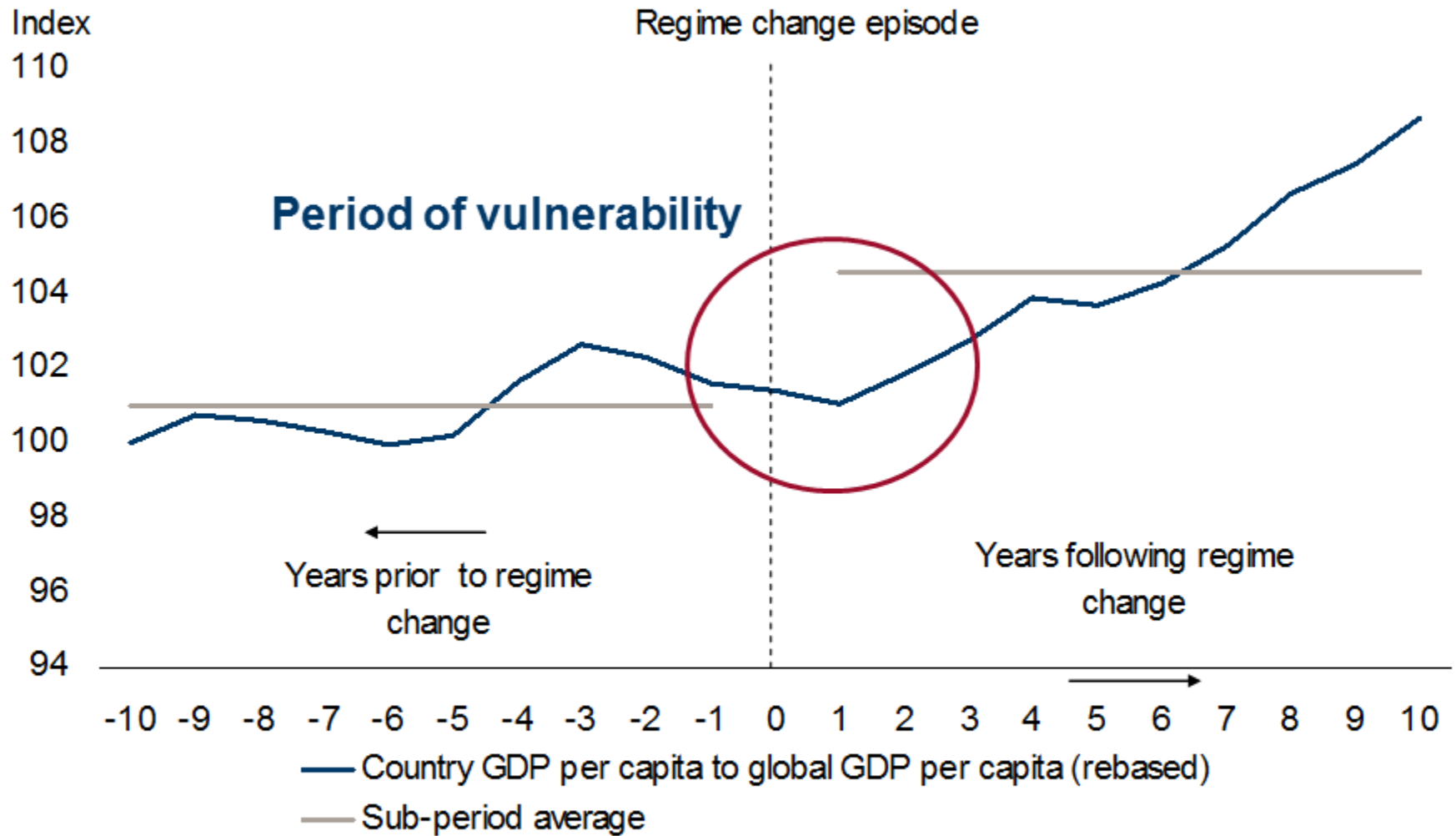
After 70 years of broken Western promises regarding Arab independence, it should not be surprising that the populations (as opposed to some of the political regimes) of the Middle East view the West - and particularly the United States- with **suspicion and hostility and also ineffectiveness**.

The threat of radical Islamism and the energy interest of Western countries in the area may continue to make it tempting for the USA and the EU to support non-Islamist authoritarian forces for some time to come.

Such factors by themselves **do not favor democratic development**, and they do suggest that democratization in the Middle East and North Africa will hinge almost entirely on each country's domestic balance of power between pro- and anti-democratic forces; modernity and tradition.



# GDP per capita increases post-regime change



# Reforms

- Reforms implemented over the past two decades allowed private enterprises to become the principal source of wealth generated in MENA economies outside hydrocarbons and mining sector. However, **the impact of these reforms is limited due to the unequal and unpredictable way in which policies are implemented**, resulting in a lack of reform credibility in the eyes of many investors. Close to 60 percent of business managers surveyed do not think that the rules and regulations are applied consistently and predictably.
- Countries in the region need to **reduce discretion** in the business environment to encourage more entrepreneurs to invest. **Engaging in a reform agenda that signals a credible commitment to reduce discretion will require a change in the way policy making is conducted.** With the necessary regulatory environment, governments can encourage entry in all sectors of the economy by removing formal and informal barriers to competition.

# Reforms

- The report calls for a three pillar strategy for building a stronger foundation for longer term growth:
  - **First**, governments need to **remove formal and informal barriers to competition**. Where they exist, privileged positions and conflicts of interests between public servants and private investors should be reduced.
  - **Second**, policy reforms must be supported **by strengthening the institutions** that regulate markets and interact with firms, in order to reduce interference and discretion in the enforcement of rules and regulations.
  - **Third**, the region must foster a new partnership between the private and the public sectors, one that mobilizes all stakeholders in the design, implementation and evaluation of economic policies. Only then will consensus be built around the reforms, and their credibility and effectiveness reinforced. A more open dialogue between governments and the private sector will also help **guard against narrow interests taking over the public interest**.

# Role of Government

**For governments to perform their spending function well, their public financial management (PFM) practices should meet certain well-established criteria**

- Government spending should be **affordable**, in that it takes place within a framework that ensures expenditure is consistent with monetary and fiscal policy objectives and sustainable in the long term.
- Governments should optimize the allocation of public resources between different sectors and expenditure categories in a way that reflects their **policy priorities**, including sustainable growth as well as human and social development.
- Government expenditure should be **efficient**, in that it maximizes output for a given set of inputs, and effective, in that it supports the successful realization of the government's goals.
- Government Expenditure should be **transparent**; conducted in accordance with the relevant laws and regulations; and undertaken with appropriate checks and balances to ensure financial probity.
- **While such objectives are relatively straightforward, the implementation of reforms and the realization of these objectives is challenging.**

# Appendix

# 1. Policy and Politics

# Policy and Politics

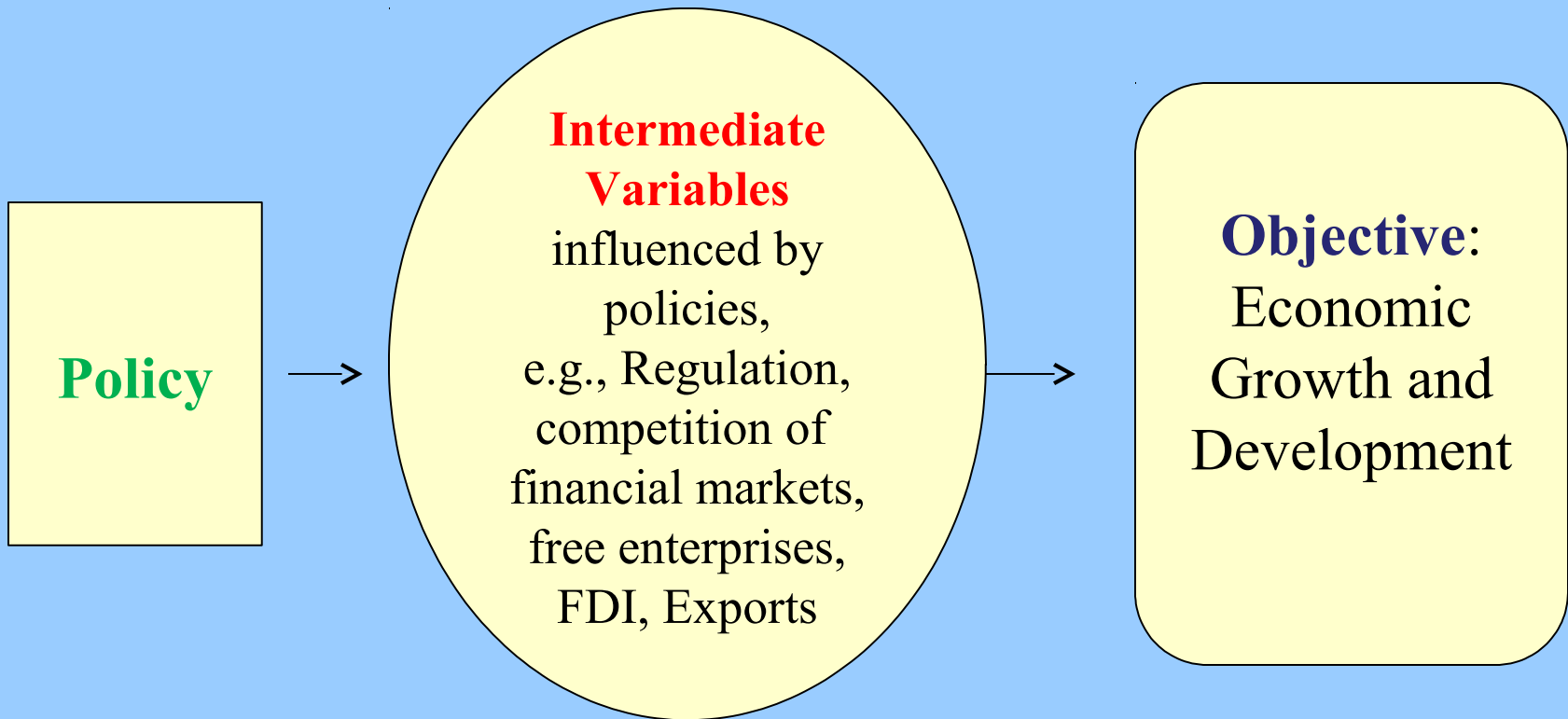
**Policy and any public sector intervention and activity given a certain institutional environment:**

A definite course of action selected (by government, institution) - based on evidence - from among alternatives and given conditions to meet an objective and to determine present and future decisions.

**Political economy and Politics:**

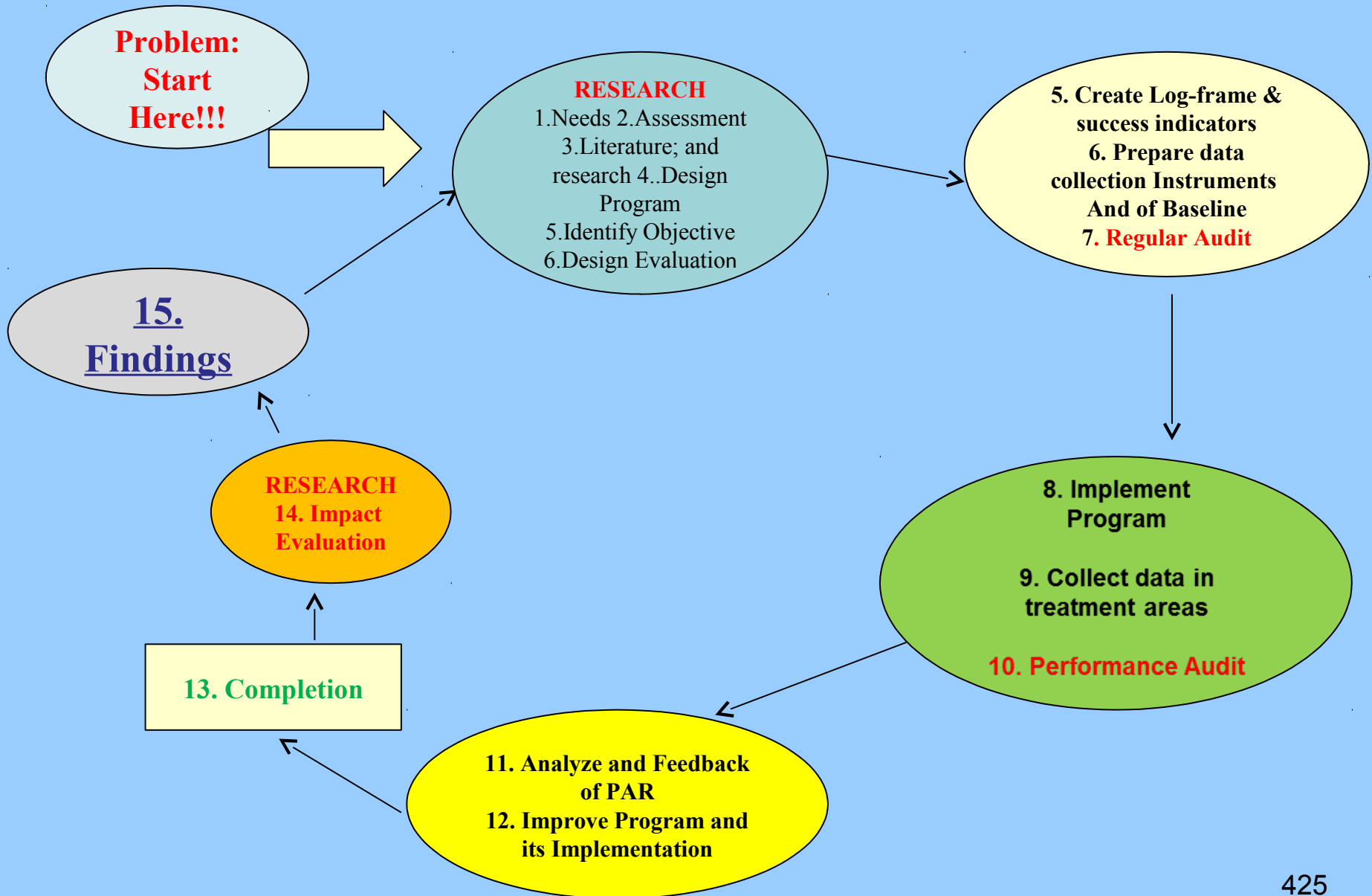
The art or science concerned with guiding or influencing governmental policy and winning and holding control over a government to promote given interests.

# Policy, Variables, Objectives





# The Sequence of Policy Intervention

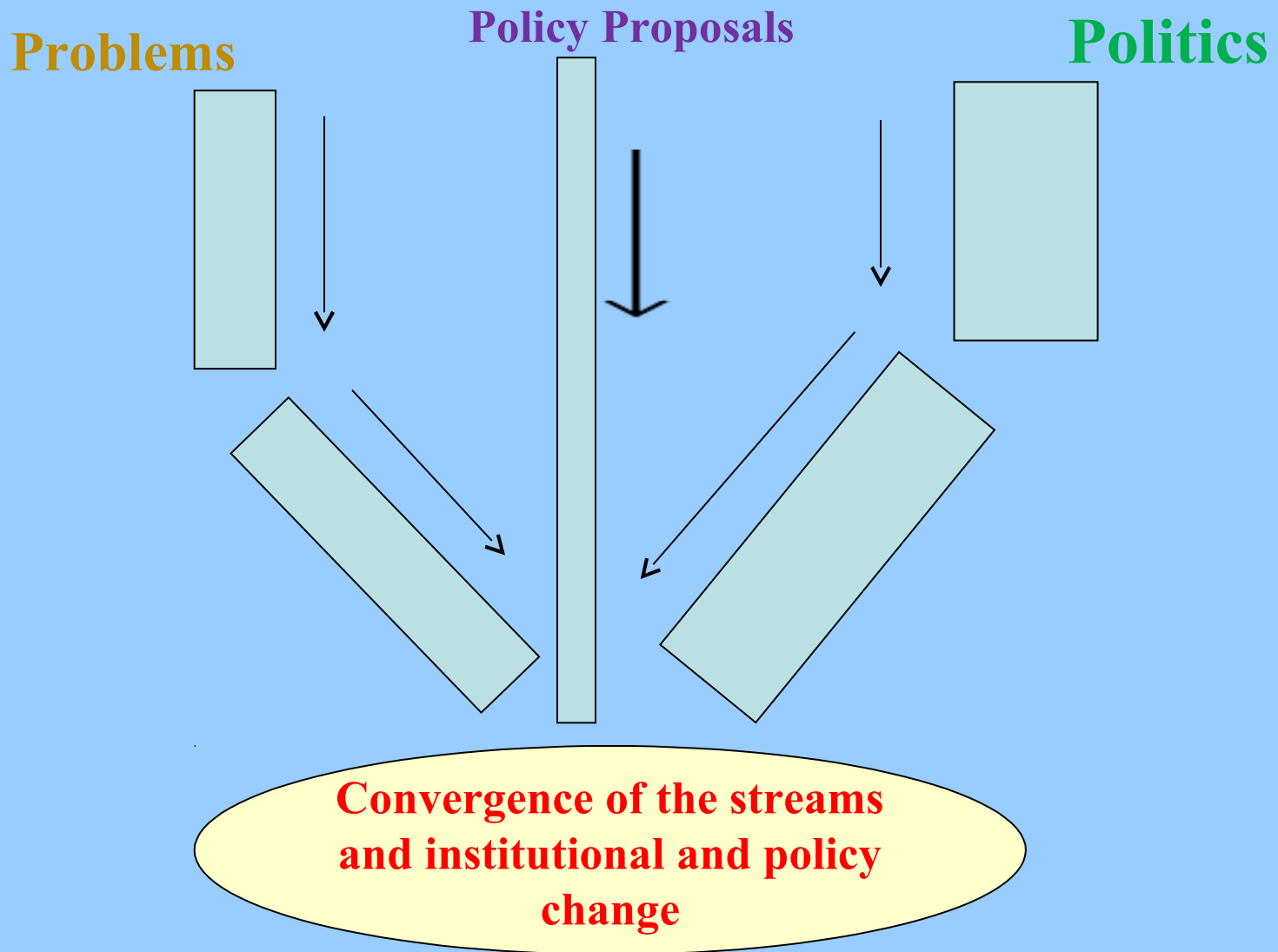


# Policy Change: Political Decisions

Agreement is reached by bargaining

- Trading provisions for support “*pork barrel*”
- Adding elected officials to coalitions by giving concessions
- Compromising from ideal positions to those that will gain wider acceptance
- **Corruption**
- **National mood and elected officials more important than interest groups for political decisions**
- **Coalition Governments expand the role of the public sector in the economy**

# The Kingdon Model of Policy Change: the Streams



# Strategies and Policies

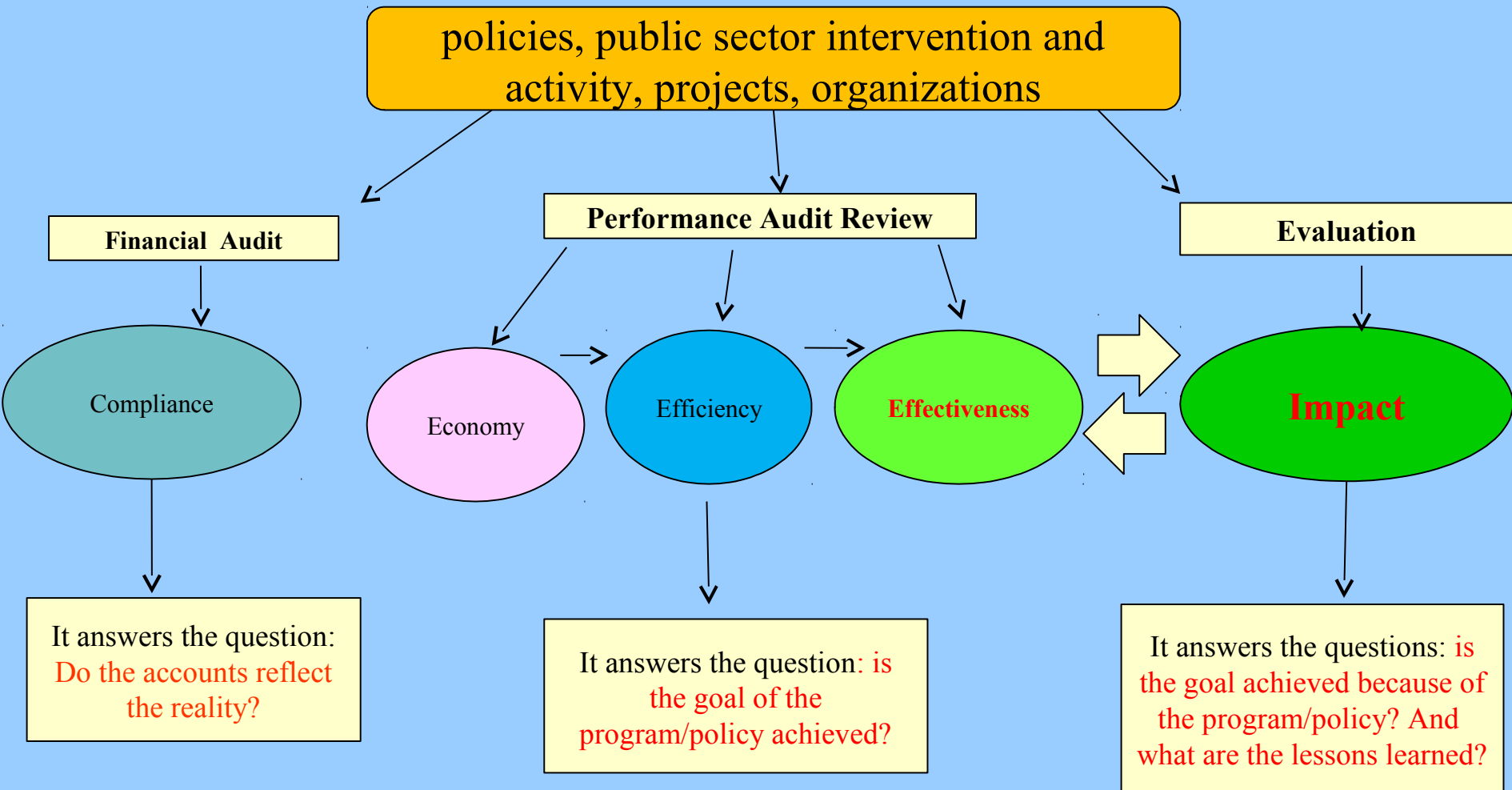
Strategy is constituted by a set of policies to obtain a certain objective over a period of time; it should be not only comprehensive but also adapted to the particular needs, circumstances, and potential of each country.

# Strategy for the Countries of the Mena Region

Countries	Final Objective							

## **2. Evaluation**

# Traditional Audit, Performance Audit and Evaluation



# Evaluation: Outcome and Impact

- **Outcome** are changes, e.g., in knowledge, attitudes or behaviors among the program's beneficiaries (e.g., health program).
  - However, any changes observed in outcomes could be due to a number of factors that may or may not be related to your specific health program.
- **Impact evaluation:** *“project impact evaluation establishes whether the intervention had a welfare effect on individuals, households, and communities, and whether this effect can be attributed to the concerned intervention”*. It assesses the changes that can be attributed to a particular intervention, such as a project, program or policy, both the intended ones, as well as ideally the unintended ones.
- In contrast to **outcome evaluation or monitoring**, **impact evaluation** examines whether targets have been achieved.
- **Impact evaluation** is structured to answer the question: *how would outcomes such as participants' well-being have changed if the intervention had not been undertaken?*
  - This involves counterfactual analysis, that is, **a comparison between what actually happened and what would have happened in the absence of the intervention.**
  - Impact evaluations seek to answer **cause-and-effect questions**. In other words, they look for the changes in outcome that are directly attributable to a program/policy.



# Causal Questions

- Example A: Is affirmative action in favor of minorities a policy educationally beneficial to students?
- Example B: Did the war in Iraq help or harm world peace in the long run?
- A causal question involves the relationship between two theoretical concepts: **a cause and an effect.**
  - Cause  $\Rightarrow$  Effect?
  - Or,  $X \Rightarrow Y$ ?

# Centrality of Causality in Social Science

- The primary aim of all sciences (from Aristotle to modern genetics).
- Understanding of causal relationships leads to accurate predictions of the future.
- It provides the scientific basis for policy intervention.
- It advances our theoretical knowledge of the world.

# Evaluation Research

- Definition

Evaluation research, policy or program evaluation, refers to the kind of applied social research that attempts to evaluate the effectiveness of Government interventions, social programs or policies.

- Key to all evaluation research is causal inference: evaluating effectiveness of programs and policies
- In high demand by policy makers.

## Why Evaluation?

*First, it is the cost opportunity!!!!*

Public policies and interventions receive taxpayers' money in various forms, direct and indirect. Therefore it is reasonable to ask whether these public sector funds are used effectively and efficiently and if the **desired impact** is reached relative to the next best alternative use of these public funds.

*Second, it is learning and evidence based policy:*

Impact evaluations provide important information to experts, practitioners and policymakers about the types of products and services that work best for particular types of clients.

## What is Impact Evaluation?

**IMPACT = an outcome or a portion of an outcome that can be attributed directly to a policy, program, project, or intervention of the public sector with taxpayers' money.**

It measures the effect of a program or intervention on a beneficiary population controlling for all other factors that might have affected the target population during the program period, e.g., Economic downturn, Factory closure, Weather shock, Disease outbreak, Elections, New policy.

It is the difference, for the same target group or beneficiary population, between what happened with the policy, program, project and what would have happened without the program.

Impact evaluation requires the identification of the **counterfactual**.

Quantification of the benefits compared with the cost incurred to introduce the policy, program, project and conclude whether the intervention was warranted.

Impact evaluation can then defines lessons learned to improve the next intervention.

# Motivation of Evaluation

- Empirical questions are difficult to answer in the social sciences and in public policy.
- Involve **cause-effect relationship** like:
  - Does school decentralization result in improved education quality?
  - Does a year of training result in higher incomes? And, more importantly, what type of training results in higher increases in income?
  - Do conditional cash transfers result in improved health and education among children?

# Motivation of Evaluation

Answering the questions of cause-effect is important because:

- They help answer policy concerns

Do the programs reduce poverty? Can they reduce poverty more rapidly with the same resources?

- They deal with the problems faced by decision-makers

- They highlight the theoretical considerations in the social sciences

## How do we Know an Intervention is Working?

- We cannot directly measure effectiveness through “sales” (no market for public sector services, e.g., health services ), or profit,
- We cannot simply measure program outputs, which tells how money was spent.
- Effectiveness of Performance Audit does not link the intervention to the outcome.
- What is lacking is an *evidence* around the impact of targeted interventions. This **evidence-based policy** can only be achieved through proper evaluation.



# Measuring Impacts

**Knowledge about HIV, sexual behavior, reduction of cases**

# Users at the clinics

Number of Interventions

Resources for HIV Awareness Campaign

**IMPACT**



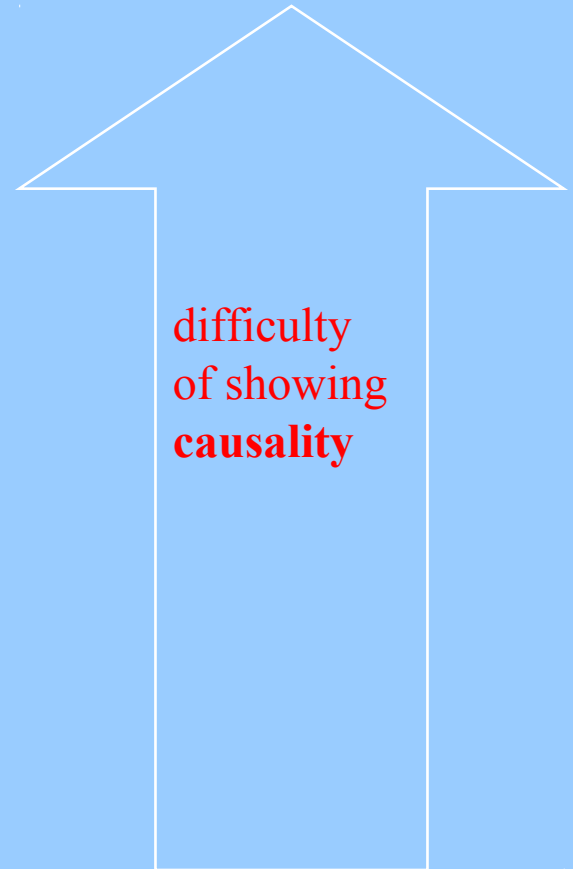
OUTCOMES



OUTPUTS



**INPUTS**



# How can we answer these questions?

## Impact Evaluation

A policy or program's **impact** is the **difference** between:

1. Results that policy or program participants obtain after some time in the program;

and

2. The results that **those same participants** would have obtained at the same time had they not participated in the program.

# Impact Evaluation

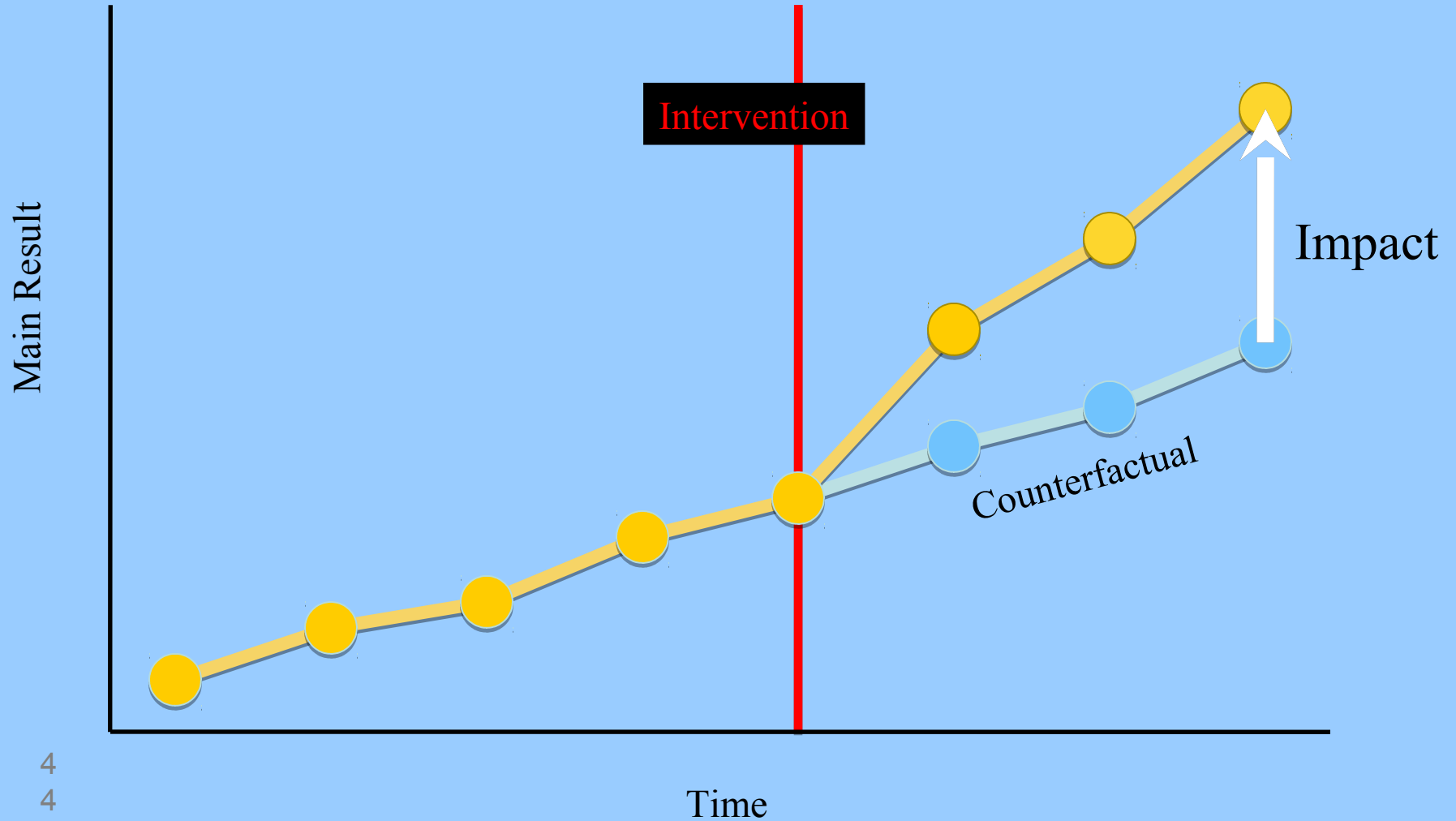
- We take the difference between

$$\begin{aligned} & \text{What happened (with the program) and} \\ - & \text{ What would have happened (without the program)} \\ = & \text{ Program's IMPACT} \end{aligned}$$

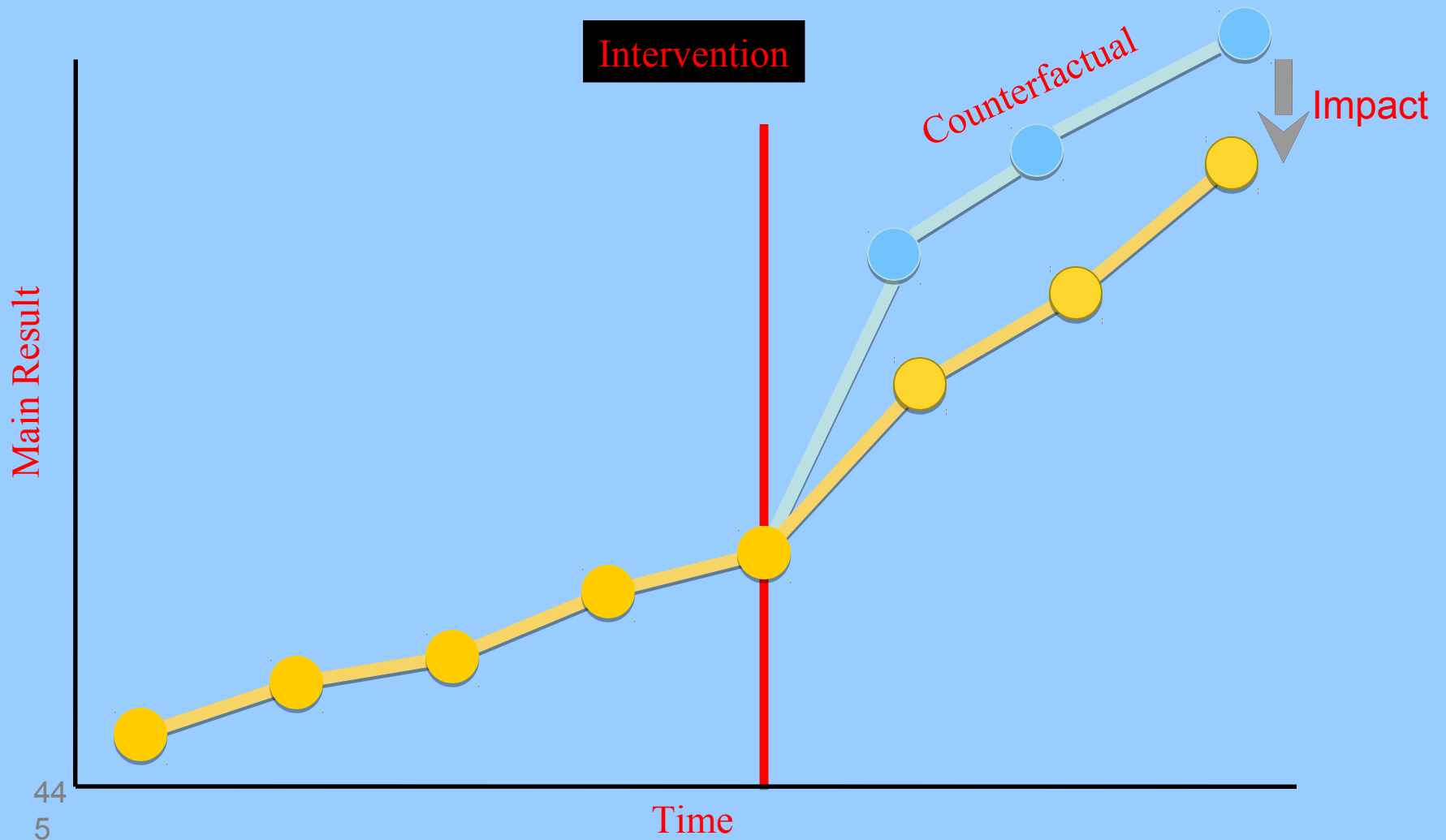


- This last scenario is called the **counterfactual**.

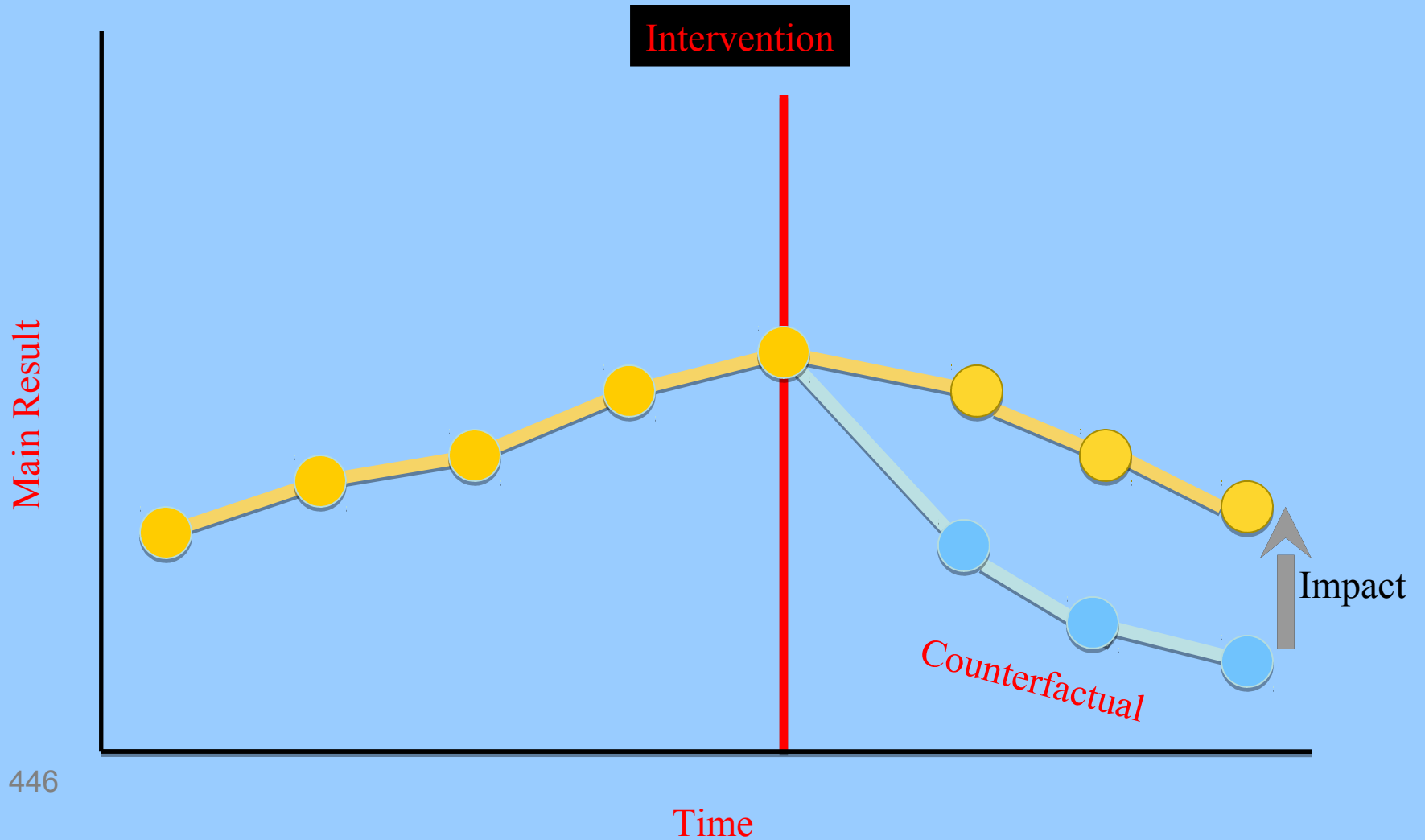
# Impact: What is it?



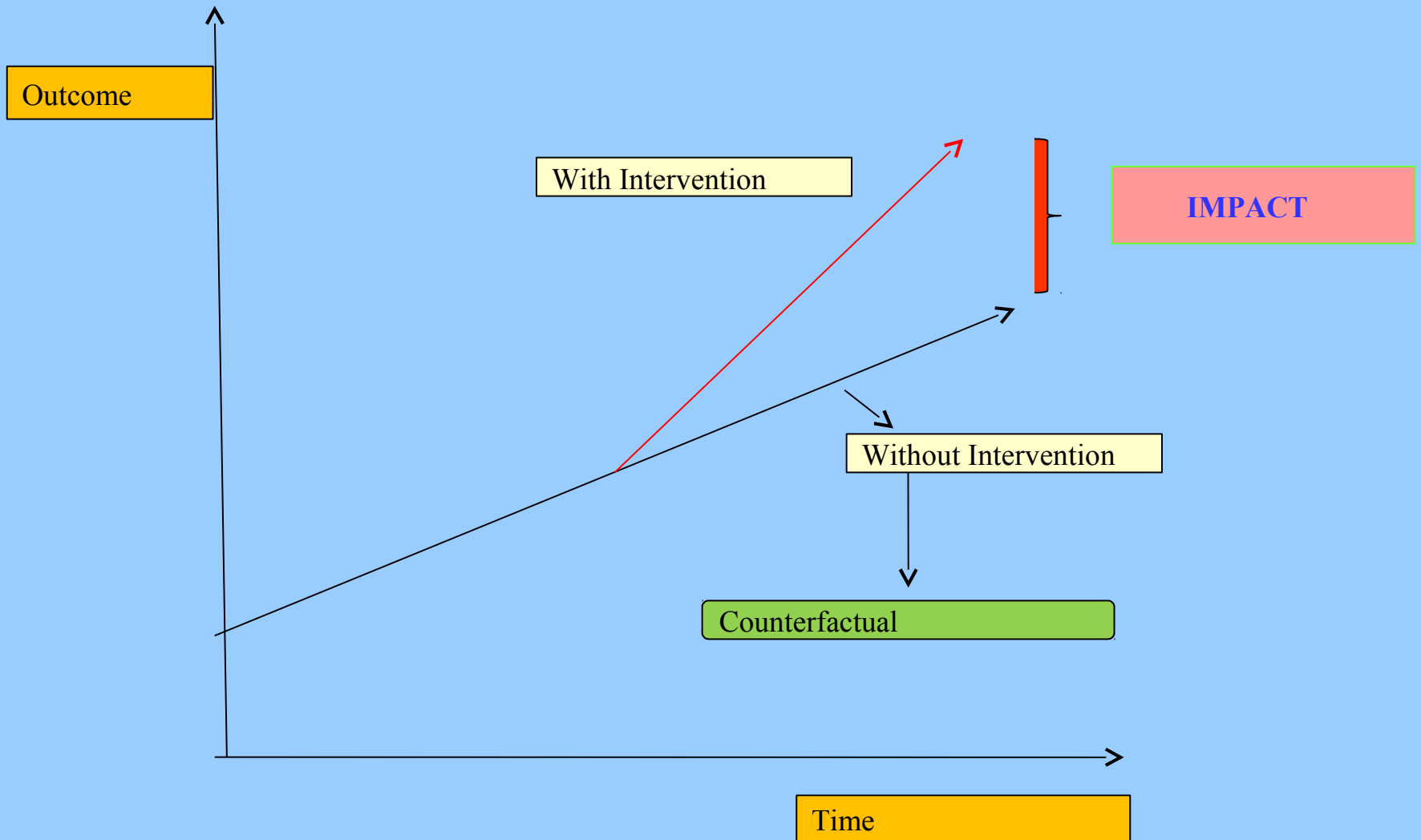
# How to Evaluate Impact?



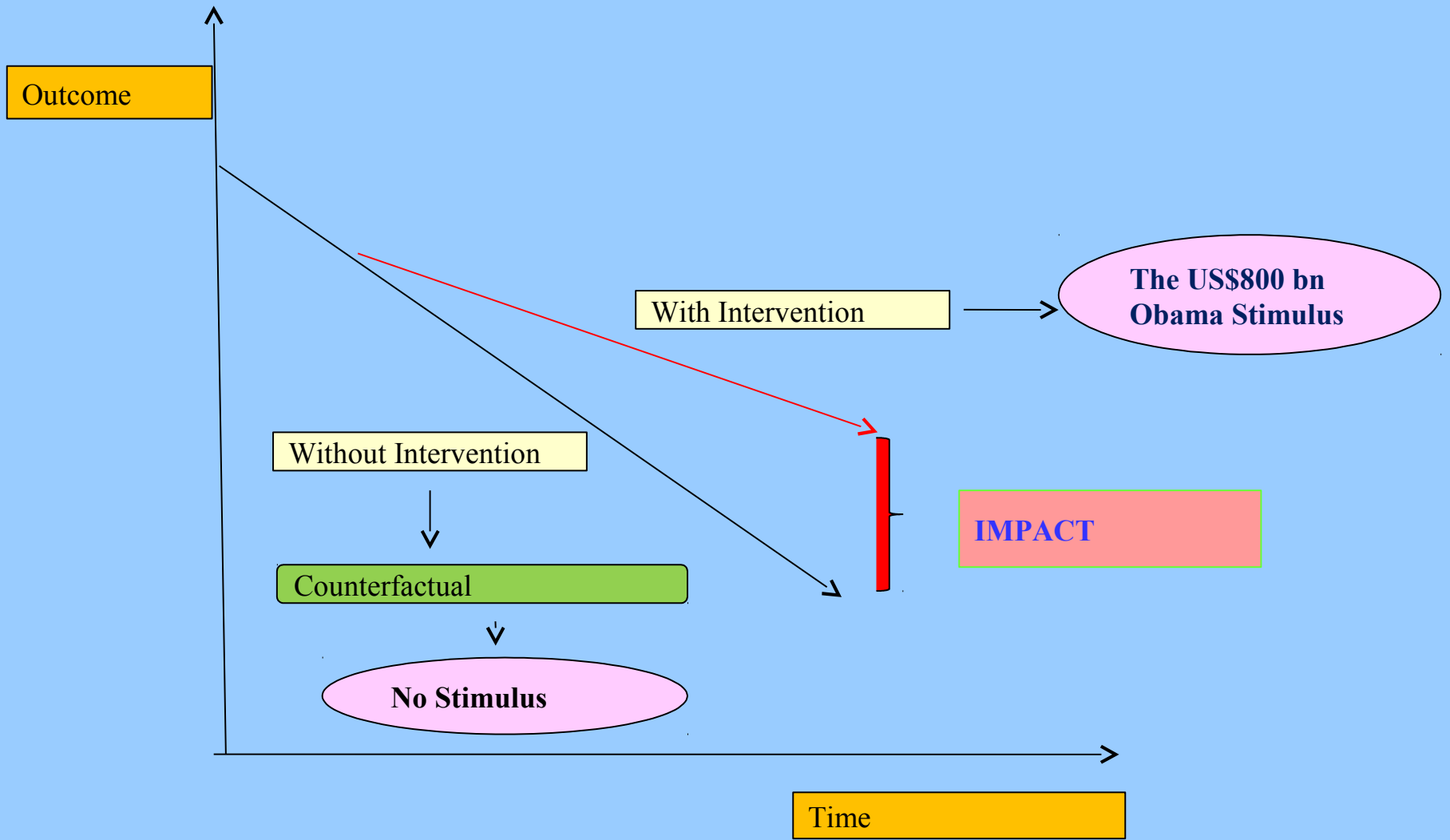
# How to Evaluate Impact?



# Impact



# Impact





## Goal of Impact Evaluation: Prove Causality

- Provide evidence that **Y(outcome)** happened because of **X (intervention)**, not for some other reason.
- Therefore, it is reasonable that if we **replicate X** again (possibly with some adjustment due to lessons learned) in a similar setting, **Y would happen again**.

## Identification of the Causal Links

We need to know:

- i. The change in outcomes for the **treatment group** (measure them!!)
- ii. What would have happened in the absence of the treatment (“counterfactual”) for the **control group**
- iii. At **baseline**, the control group must be identical (in observable and unobservable dimensions) to the treatment group.

## Impact Evaluation

The “final” outcomes are what we care about

- We need to Identify and measure them

The true “causal” effect of the intervention

- *Counterfactual*: What would have happened without the intervention?
- Compare measured outcomes with counterfactual → Causal effect

# Toolbox for Impact Evaluation

## Non or Quasi-Experimental

- 1) Before vs. After
- 2) With / Without Program
- 3) Difference –in-Difference
- 4) Discontinuity Methods
- 5) Multivariate Regression
- 6) Instrumental Variable

## Experimental Method (Gold Standard)

### **7) Randomized Evaluation**

# Attribution and Contribution

A key question in the assessment of policy, program and projects is that of **attribution: to what extent are observed results due to program activities rather than other factors?** What we want to know is whether or not the program has made a difference—whether or not it has added value.

However, experimental or quasi-experimental designs that might answer these questions are often not feasible or not practical.

In such cases, **contribution analysis** can help to come to reasonably robust conclusions about the contribution being made by policy/programs to observed results.

Contribution analysis explores attribution through assessing the **contribution a program is making to observed results**. It sets out to verify the theory of change behind a program and, at the same time, takes into consideration other influencing factors. Causality is inferred from the following evidence:

1. The program is based on a reasoned theory of change: the assumptions behind why the program is expected to work are sound, are plausible, and are agreed upon by at least some of the key players.
2. The activities of the program were implemented.
3. The theory of change is verified by evidence: the chain of expected results occurred.
4. Other factors influencing the program were assessed and were either shown not to have made a significant contribution or, if they did, the relative contribution was recognized.

# Counterfactual

- The *counterfactual* represents the state of the world that program/policy participants would have experienced in the absence of the program/policy
- *Problem*: The counterfactual cannot be observed
- *Solution*: We have to “replicate” or “build” the counterfactual.

# How to Study the Counterfactual?

## Random Experiments

# Advantage of Random Experiments

Because members of the groups (treatment and control) do not differ systematically at the outset of the experiment, any difference that subsequently arises between **them can be attributed to the program/policy/intervention rather than to other factors.**

*Example:*

The effect of multimedia education for children with asthma. A control group of pediatric patients with asthma was given standard asthma educational resources, while the experimental group of pediatric patients with asthma was given standard resources plus multimedia resources. **The study found a reduction in daily symptoms**, in emergency room visits, in school days missed, and in days of limited activity in the group given multimedia education resources.

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# Steps in Conducting a Random Experiment

1. Design the study carefully
2. Randomly assign people to treatment or control
3. Collect baseline data
4. Verify that assignment looks random
5. Monitor process so that integrity of experiment is not compromised

# Randomization: Start with Simple Case

- Take a sample of program applicants
- *Randomly* assign them to either:
  - **Treatment Group** –is offered treatment
  - **Control Group** -not allowed to receive treatment

# Randomization

- Steps to generate random numbers:

To generate random numbers, enter your choices below (using integer values):

- How many sets of numbers do you want to generate?
- How many numbers per set?
- Number range (e.g., 1-50): From:      To:
- Do you wish each number in a set to remain unique?
- Do you wish to sort the numbers that are generated?
- How do you wish to view your random numbers?

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