

CORRUPTION AND ECONOMIC DEVELOPMENT

ERF 18th ANNUAL CONFERENCE
March 25-27, 2012 | Cairo Marriott Hotel, Cairo, Egypt

2012

AGENDA

ERF ANNUAL CONFERENCE

The Annual Conference of the Economic Research Forum (ERF) has evolved over the past 18 years to become one of the most important regional platforms for ERF and non-ERF affiliates to discuss frontier thinking about economic development, learn from one another and interact with international scholars. The upcoming conference comes at a time when ERF's region is undergoing significant political transformation and will focus in its plenary sessions on a pertinent issue, namely *Corruption and Economic Development*. The plenary sessions will feature renowned economists and opinion makers. It will be held in Cairo, Egypt, March 25-27, 2012, and is expected to host more than 200 participants.

Besides the plenary sessions, there will be 6 parallel sessions, involving the presentation of more than 50 papers under the themes of: institutional economics, finance, macroeconomics, international economics, labor and human development and microeconomics. Parallel session papers are selected on the basis of a rigorous refereeing process in response to an open call for papers, hence their diversity. The closing session celebrates the six winners of the "Best Paper Award."

Conference Theme

Corruption is unethical. But it may also have deleterious effects on economic development, breeding negative work ethics and leading to waste and misallocation of resources as well as adverse distribution of income and wealth. In addition, corruption is often associated with violence, crime and in extreme cases may result in popular revolts. The objective of the three plenary sessions in this conference is to explore the magnitude and consequences of corruption, identify its causes (both at the micro level and in relation to the political regime) and propose possible remedies.

Plenary Session 1: Measurement and Consequences of Corruption

This plenary session will define and size up corruption and explore its effects on economic development. The speakers will answer such questions as: what is corruption? How is it measured? How did it evolve over time? What does it do to resource allocation, the use of scarce resources and distribution of income and wealth? Finally, what kind of behavior—including rent-seeking behavior—does it trigger in society? The presentations will draw on accumulated evidence on corruption worldwide, including corruption in the region that ERF covers.

Plenary Session 2: Determinants of Corruption

In this session the speakers will address such questions as: to what extent is corruption the product of the rules governing economic transactions, the effective enforcement of these rules and the incentives/penalties associated with them? Are democratic governments less vulnerable to corrupt behavior and what can be said about future corruption in the "Arab Spring" countries? Finally, is corruption necessarily synonymous with natural resource abundance? The answers to these questions will draw on various analytical frameworks and empirical evidence, both globally and regionally.

Plenary Session 3: Fighting Corruption

Fighting corruption clearly depends on our understanding of what causes corruption and whether it is merely related to the rules governing economic transactions and their enforcement, or deeply rooted in the prevailing governance structure. To address the micro and macro roots of corruption, the speakers will address such questions as: what can be done to reduce corruption by changing laws and enhancing their enforcement? How important is

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economic liberalization in fighting corruption, particularly in terms of removing restrictions on firm entry, operation and exit? Is corruption likely to diminish in Arab Spring countries or is the outcome likely to depend on the new political forces in power? The answers to these questions will also capitalize on the experience of different countries and will draw the implications for the ERF region.

Parallel Sessions

There will be six parallel sessions, covering the following broad areas of economics:

1. Institutional Economics/Governance
2. Finance
3. Macroeconomics
4. International Economics
5. Labor and Human Development
6. Microeconomic and Sectoral Studies

Special Events

1. Workshop on the *Political Economy of Arab Awakening*
2. Panel Discussion: *Navigating the Transition*
3. Report Launch: Brookings Institution: *Economic Transition in the Arab World*
4. World Bank Report on *Natural Resource Abundance, Growth and Diversification in MENA*
5. Special Event: World Development Report on Jobs, 2013
6. Closing and Best Paper Award Ceremony

PRE-CONFERENCE EVENTS

23 March 2012

09:00 – 13:00 ERF ADVISORY COMMITTEE MEETING (CLOSED MEETING) | ERF Premises

13:30 – 14:30 ERF JOURNAL (MEDJ) EDITORIAL TEAM MEETING | ERF Premises

15:00 – 17:00 THEMATIC LEADERS MEETING (CLOSED MEETING) | ERF Premises

24 March 2012

Workshop on

The Political Economy of Arab Awakening | Memphis Meeting Room

09:00 – 10:30	SESSION 1: POLITICAL-ECONOMY SETTLEMENTS
	Chairperson: <i>Ahmed Galal</i> (Economic Research Forum)
	Speakers: <i>Stephen Kosack and Evann Smith</i> , Arab Mass Movements in Comparative Perspective <i>Ishac Diwan</i> , A Framework to Understanding the Arab Revolutions
	Discussant: <i>Mushtaq Khan</i> (University of London)
10:30 – 12:00	SESSION 2: LESSONS FROM TRANSITIONS ELSEWHERE
	Chairperson: <i>Mahmoud El-Gamal</i> (Rice University and ERF)
	Speakers: <i>Jillian Schwedler</i> , Does Political Participation Lead to Moderation? Political Islam in Jordan and Yemen <i>Hadi Esfahani and Esra Çeviker Gürakar</i> , What Drove Changes in Political Settlements in Iran and Turkey? <i>Akhmad Rizal Shidiq and Philips Vermonte</i> , Indonesia Before and After the Revolution
	Discussant: <i>Pratap Mehta</i> (Centre for Policy Research)
12:00 – 12:30	COFFEE BREAK
12:30 – 14:00	SESSION 3: ONGOING TRANSITIONS IN SELECTED ARAB COUNTRIES
	Chairperson: <i>Hazem El-Beblawi</i> (Former Deputy Prime Minister, Egypt and ERF)
	Speakers: <i>Fadhel Kaboub</i> , Tunisia's Revolution and Aftermath <i>Abubakr Jamai</i> , Morocco's Monarchic Capitalism <i>Michael Robbins</i> , Public Opinion about Islam and Democracy Before and After the Revolutions
	Discussant: <i>Hafez Ghanem</i> (Brookings Institution)
14:00 – 15:00	LUNCH

23-24 March 2012

15:00 – 16:30

SESSION 4: ARAB CAPITALISM - CHALLENGES AND PROSPECTS

Chairperson: *Samir Makdisi* (American University of Beirut and ERF)

Speakers: *Saifedean Ammous*, Arab Corporatism
Hamouda Chekir, What Do Stock Markets tell Us About Corruption?
Izak Atiyas, The Political Challenge of Enhancing Competition

Discussant: *Daniel Kaufmann* (Brookings Institution)

16:30 – 18:00

SESSION 5: ISLAM AS PART OF THE SOLUTION

Chairperson: *Hadi Esfahani* (University of Illinois and ERF)

Speaker: *Hasan Ersel*, Social Change and Transformation of Political Islam in Turkey:
The AKP Experiment
Mahmoud El-Gamal, Democratizing Credit by Including Islamic
Characteristics
Imane Chaara, Women as Decision Makers within Households: Does
Religiosity Matter? Evidence from Morocco

Discussant: *Ibrahim Elbadawi* (Dubai Economic Council and ERF)

18:00 – 19:00

SESSION 6: TOWARD AN ERF RESEARCH AGENDA FOR PHASE TWO

Chairperson: *Ahmed Galal* (Economic Research Forum)

Speakers: *Ishac Diwan* (Harvard Kennedy School and ERF)
Pratap Mehta (Centre for Policy Research)
Ibrahim Elbadawi (Dubai Economic Council and ERF)

DAY ONE

8:00 – 9:00 REGISTRATION

9:00 – 11:30 OPENING AND PLENARY SESSION 1: MEASUREMENT AND CONSEQUENCES OF CORRUPTION

Chairperson: *Abdlatif Al-Hamad* (Arab Fund for Economic and Social Development and ERF)

Opening Remarks: *Ahmed Galal* (Economic Research Forum)

Speakers: *Paul Collier* (Oxford University)
Daniel Kaufmann (Brookings Institution)
Serdar Sayan (TOBB University of Economics and Technology and ERF)

11:30 – 12:00 COFFEE BREAK

12:00 – 13:30 PARALLEL SESSIONS

INSTITUTIONAL ECONOMICS Religion and Socioeconomic Development Al Fayoum	FINANCE Bank Ownership and Cost of Transformation Verdi Salon	MACROECONOMICS Exchange Rate and Inflation Thebes Salon
Chairperson: <i>Ishac Diwan</i>	Chairperson: <i>Abla Abdel-Latif</i>	Chairperson: <i>Mongi Boughzala</i>
Speakers: <i>Imane Chaara</i>	Speakers: <i>Sarra Ben Slama Zouari and Neila Boulila Taktak</i>	Speakers: <i>Sherine Al-Shawarby and Hoda Selim</i>
Pro-Women Legal Reform in Morocco: Is Religion an Obstacle?	Ownership Structure and Finan- cial Performance in Islamic Banks: Does Bank Ownership Matter?	Food International Price Pass- through in Egypt's Inflation
 <i>Hamadi Matoussi and Rihab Grassa</i>	 <i>G. Gulsun Akin, Ahmet Faruk Aysan, Sebnem Ileri and Levent Yildiran</i>	 <i>Hoda Selim</i>
Is Corporate Governance Different for Islamic Banks?	Who Bears the Burden of Banking Transformation in Turkey? An Empirical Analysis of Demand, Competition and Welfare Analysis	Exploring the Role of the Exchange Rate in Monetary Policy in Egypt
Discussant: <i>Lahcen Achy</i>	Discussant: <i>Hassan Aly</i>	Discussant: <i>Magda Kandil</i>

13:30 – 15:00 LUNCH BREAK

11:30 – 12:00

INTERNATIONAL ECONOMICS

Determinants of Exports and Diversification

Al Farafra

Chairperson: *Ahmed Ghoneim*

Speakers:

Zaki Mehchy, Rabie Nasser and Marc Schiffbauer

Giving Credit Where Credit Is Due: The Firm Determinants of Recent Export Performances in Syria

Marouane Alaya

The Determinants of MENA Export Diversification: An Empirical Analysis

Discussant:

Caroline Freund

LABOR AND HUMAN DEVELOPMENT

Education and Inequality in Morocco

Memphis Salon

Chairperson: *Djavad Salehi-Isfahani*

Speakers:

Touhami Abdelkhalek and Fouzia Ejjanoui

Inégalité et polarisation des dépenses des ménages au Maroc: évolution et état actuel

Aomar Ibourk

Les déterminants des acquis scolaires au Maroc: analyse microéconométrique appliquée aux enquêtes internationales TIMSS et PIRLS

Discussant:

Ragui Assaad

MICROECONOMICS

Water Pricing and Poverty

Al Baharia

Chairperson: *Najib Harabi*

Speakers:

Wided Mattoussi and Mohamed Salah Matoussi

The Optimal Design of Water Pricing in Multi-agents Irrigated Areas with Countervailing Incentives: Evidence from Tunisian Water Sector

Hatem Jemmali and Mohamed Salah Matoussi

A Multidimensional Analysis of Water Poverty at Local Scale: Application of Improved Water Poverty Index for Tunisia

Discussant:

Atif Kubursi

13:30 – 15:00

DAY ONE

15:00 – 16:30 PARALLEL SESSIONS

INSTITUTIONAL ECONOMICS

Politics, Social Norms,
and Fiscal Policy

Al Fayoum

Chairperson: *Zeki Fattah*

Speakers:
Luca Andriani

What About Tax Morale in the
Palestinian Territories? Beyond the
Economic Reasons

Hoda Youssef

Fiscal Manipulation
in Non-Democratic Regimes:
The Case of Egypt

Discussant:
Hadi Esfahani

FINANCE

Economic Downturns
and Bank Profitability

Verdi Salon

Chairperson: *Sultan Abou-Ali*

Speakers:
*Meriem Djennas, Mohamed Benbou-
ziane and Mustapha Djennas*

Macro-Financial Vulnerabilities and
Economic Downturns: A Comparison
Analysis Between Cost-Sensitive
Learning and Markov-Switching
Approaches

Souhir Slimi

Bank Profitability and the Business
Cycle, Evidence from MENA
Countries

Discussant:
Izak Atiyas

MACROECONOMICS

Remittances
and Financial Stress

Thebes Salon

Chairperson: *Samir Makdisi*

Speakers:
*Ebaidalla Mahjoub Ebaidalla
and Abdalla Ali Edriess*

The Flow of Migrant's Remittances
into Sudan: The Role of Macroeconomic
Environment

Amira El-Shal

The Spillover Effects of the Global
Financial Crisis on Economic
Activity in Emerging Economies:
Investigating the Egyptian Case
Using the Financial Stress Index

Discussant:
Mahmoud El-Gamal

16:30 – 17:00 COFFEE BREAK

17:00 – 19:00 RESEARCH FELLOWS' MEETING (CLOSED MEETING) | Verdi Salon

INTERNATIONAL ECONOMICS

Trade in Services
and Product Diversification

Al Farafra

Chairperson: *Subidey Togan*

Speakers:
Fida Karam and Chahir Zaki

On the Determinants of Trade in
Services: Evidence from the MENA
Region

Jamal Ibrahim Haidar

Product Diversification and Exporter
Sales: Evidence from Jordan

Discussant:
Raed Safadi

LABOR AND HUMAN DEVELOPMENT

Labor Supply
and Labor Market Entry

Memphis Salon

Chairperson: *Massoud Karshenas*

Speakers:
Bengi Yanik İlham and İnsan Tunali

Transition to First Permanent Job
After Separation from School in
Turkey

Rabie Nasser and Zaki Mehchy

Determinants of Labor Force
Participation in Syria (2001 – 2010)

Discussant:
Jackline Wahba

MICROECONOMICS

Health and Air Pollution

Al Baharia

Chairperson: *Mouna Cherkaoui*

Speakers:
*Maissa Chaibi
and Khaireddine Jebzi*

*Evaluation de la valeur du temps
de transport: Le cas de la ville de
Sousse*

Ghada Al-Attar

Cost Effectiveness Analysis
of Family Planning Services Offered
by Mobile Clinics Versus Static
Clinics in Assiut, Egypt

Discussant:
Hala Abou-Ali

16:30 – 17:00

DAY TWO

9:00 – 11:00 **PLENARY SESSION 2: DETERMINANTS OF CORRUPTION**

Chairperson: *Rima Khalaf* (UN Economic and Social Commission for Western Asia)

Speakers: *Lisa Anderson* (American University in Cairo)
Mushtaq Khan (University of London)
Jeffrey Nugent (University of Southern California and ERF)

11:00 – 11:30 **COFFEE BREAK**

11:30 **ERF BOARD OF TRUSTEES MEETING (CLOSED MEETING) | ERF Premises**

11:30 – 13:00 **PARALLEL SESSIONS**

INSTITUTIONAL ECONOMICS

Institutions, Financial Development, and Economic Growth

Al Fayoum

Chairperson: *Noha El-Mikawy*

Speakers:
Kaouthar Gazdar
and Mondher Cherif

Institutions and the Finance-Growth Nexus: Empirical Evidence from MENA Countries

Housseem Rachdi and Sami Mensi

Does Institution Quality Matter for Financial Development and Economic Growth Nexus? Another Look at the Evidence from MENA Countries

Discussant:
Jeffrey Nugent

FINANCE

Assessment and Prevention of Risk in Banks

Verdi Salon

Chairperson: *Wafik Grais*

Speakers:
Lassaâd Mbarek
and Dorra Mezzez Hmaied

Stock Market Assessment of Bank Risk: Evidence from the Maghreb Region

Sanae Solhi and Abdelhaq Mehdi

Prévention du risque de défaillance des banques de la région MENA: Analyse par équations simultanées en données de panel

Discussant:
Adel Boughrara

MACROECONOMICS

Economic Growth in Turkey and MENA

Thebes Salon

Chairperson: *Omneia Helmy*

Speakers:
Ebru Voyvoda and Erinç Yeldan

An Applied Endogenous Growth Model with Human and Knowledge Capital Accumulation: Application to Turkish Economy

Samir Ghazouani

Threshold Effect of Inflation on Growth: Evidence from MENA Region

Discussant:
Ibrahim Elbadawi

13:00 – 14:30 **LUNCH BREAK**

INTERNATIONAL ECONOMICS

Globalization, Labor Demand and Technological Upgrading

Al Farafra

Chairperson: *Adel Beshai*

Speakers:
Ndjamé Diop and Sofiane Ghali

Globalization and Movement up the Technological Ladder: Evidence for Jordan and Tunisia Using Detailed Export Databases

Rim Mouelhi and Monia Ghazali

Impact of Trade Reforms in Tunisia on the Elasticity of Labor Demand

Discussant:
Hanaa Kheir-El-Din

LABOR AND HUMAN DEVELOPMENT

Agricultural Transformation and Structural Change

Memphis Salon

Chairperson: *Hassan Hakimian*

Speakers:
Huseyin Ikizler and Insan Tunali

Agricultural Transformation and Labor Mobility During the ARIP Period in Turkey: Evidence from Micro-Data, 2000-2002

Nacer-Eddine Hammouda and Ali Souag

Segmentation du marché du travail en Algérie et la détermination du salaire dans les secteurs agricole, moderne non protégé et moderne protégé

Discussant:
Touhami Abdelkhalek

MICROECONOMICS

Ownership and Firm Performance

Al Baharia

Chairperson: *Heba Nassar*

Speakers:
Mohieddine Rahmouni

Foreign Direct Investment, Foreign Ownership Structure and Innovation: Empirical Findings from Firms in Tunisia

Adel Bino

Ownership Structure and Firm Performance: Evidence from Jordanian Corporations

Discussant:
Nadia Belhaj Hassine

DAY TWO

14:30 – 16:00 PARALLEL SESSIONS

FINANCE

Price Bubbles
and Stock Market Return

Verdi Salon

Chairperson: *Simon Neamie*

Speakers:
Mahmoud Haddad and Sam Hakim

Is There a Bubble in Saudi Real Estate? Evidence from The Stock Market

Slah Bahloul and Fathi Abid

Regime-Switching Behavior in the Conditional Volatility of MENA Stock Market Returns

Discussant:
Ida Mirzaie

MACROECONOMICS

Shocks and the Business Cycle

Thebes Salon

Chairperson: *Alia Al Mahdi*

Speakers:
Mohamed Hédi Lahouel, Sarra Ben Slimane, Moez Ben Tahar

Public Expenditures Shocks in a Real Business Cycle Model: Implications for the Tunisian Economy

Bedri Kamil Onur Taş and Selahattin Togay

Hot Money Inflows and Business Cycle Volatility: Empirical Evidence from the MENA Region

Discussant:
Bassem Kamar

INTERNATIONAL ECONOMICS

External Shocks, FDI
and Economic Growth

Al Farafra

Chairperson: *Jean-Louis Reiffers*

Speakers:
Jean Pierre Allegret and Mohamed Tahar Benkhodja

External Shocks and Monetary Policy in a Small Open Oil Exporting Economy

Philipp Harms and Pierre-Guillaume Méon

An FDI is an FDI is an FDI? The Growth Effects of Greenfield Investment and Mergers and Acquisitions in Developing Countries

Discussant:
Ahmed Kamaly

19:30

WELCOME DINNER | AIDA BALLROOM

LABOR AND HUMAN DEVELOPMENT

Social Protection in Egypt and Iraq

Memphis Salon

Chairperson: *Hania Sholkamy*

Speakers:
Irène Selwaness

Rethinking Social Insurance
in Egypt: An Empirical Study

*Nejat El-Mekkaoui de Freitas
and Hillary Johnson*

Formal and Informal Social
Protection in Iraq

Discussant:
Nader Kabbani

MICROECONOMICS

Firm Characteristics, Constraints
and Productivity

Al Baharia

Chairperson: *Abdullah El-Kuwaiz*

Speakers:
*Mohammed Chaffai, Diego Landivar
and Patrick Plane*

Financial Constraints and
Productivity under Unobserved
Heterogeneity of the Technology

*Mohamed Amara
and AbdelRahmen El Lahga*

Identifying Direct and Indirect
Effects of Firms' Characteristics
on Tunisian Regional Productivity

Discussant:
Adel Boughrara

DAY THREE

9:00 – 11:00 **PLENARY SESSION 3: FIGHTING CORRUPTION**

Chairperson: *Hazem El-Beblawi (Former Deputy Prime Minister, Egypt and ERF)*

Speakers: *Ziad Ahmed Bahaa-Eldin (Member of People's Assembly, Egypt and ERF)*
Pratap Mehta (Centre for Policy Research)
Michael Ross (University of California at Los Angeles)

11:00 – 11:30 **COFFEE BREAK**

11:30 – 13:00 **PARALLEL SESSIONS**

FINANCE

Uncertainty, Prediction
and Ratings of Financial Institutions

Verdi Salon

Chairperson: *Mohamed Lahouel*

Speakers:
Hamid Mohtadi and Stefan Ruediger

Financial Cascades in the MENA Re-
gion: Theory, Empirics and Policy

*Hulisi Öğüt, M.Mete Doğanay,
Nildağ Başak Ceylan, and Ramazan
Aktaş*

Predicting Bank Financial Strength
Ratings in an Emerging Economy:
The Case of Turkey

Discussant:
Mine Cinar

MACROECONOMICS

Countercyclical Fiscal Policy

Thebes Salon

Chairperson: *Ibrahim Elbadawi*

Speakers:
Florian Misch and Atılım Seymen

The Effectiveness of Countercyclical
Fiscal Policy: Firm-level Evidence
from Turkey

Discussant:
Fatih Ozatay

LABOR AND HUMAN DEVELOPMENT

Labor Market Dynamics

Memphis Salon

Chairperson: *Heba Handoussa*

Speakers:
Chaimaa Yassine

Structural Labor Market Transitions
and Wage Dispersion in Egypt

Aysit Tansel and Elif Oznur Acar

Labor Mobility between the Formal/
Informal Divide in Turkey: Evidence
from Individual Level Data

Discussant:
Amirah El-Haddad

13:00 – 14:30 **LUNCH BREAK**

11:00 – 11:30

MICROECONOMICS

Market Structure, Firm Size and
Welfare Implications

Al Baharia

Chairperson: *Hafez Ghanem*

Speakers:
Chahir Zaki and Rana Hendy

On Informality and Productivity
of SMEs: Evidence from the MENA
Region

*Mohamed El Arbi Chaffai
and Salma Sellami*

Market Power and Social Welfare
Loss: The Case of the Middle East
and North Africa Banking Industry

Discussant:
Imed Limam

13:00 – 14:30

DAY THREE

14:30 – 16:00 **PARALLEL SESSIONS**

LABOR AND HUMAN DEVELOPMENT

Economic Crisis
and the Labor Market

Memphis Salon

Chairperson: *Barbara Craig*

Speakers:

*Paul Cichello, Hala Abou-Ali
and Daniela Marotta*

Falling Real Earnings in Egypt, 2008
to 2009: How the Declines Differ
by Gender and Initial Earnings

*Ilham Haouas
and Mahmoud Yagoubi*

The Effect of Financial Crisis on Hir-
ing and Separation Rates: Evidence
from Tunisian Labor Market

Discussant:
Rania Roushdy

REPORT LAUNCH:

BROOKINGS INSTITUTION:

*After the Spring: Economic
Transition in the Arab World*
Thebes Salon

Chairperson: *Ahmed Galal*

Speakers:

*Ragui Assaad (University of
Minnesota and ERF)*

*Hafez Ghanem (Brookings
Institution)*

*Daniel Kaufmann (Brookings
Institution)*

WORLD BANK REPORT ON

*Natural Resource Abundance,
Growth and Diversification in MENA*
Verdi Salon

Chairperson: *Ibrahim Elbadawi*

Speakers:

Ndiame Diop (World Bank)

Daniela Marotta (World Bank)

*Jaime de Melo (Université de
Genève)*

Discussant:

*Michael Ross (University
of California at Los Angeles)*

16:00 – 16:30 **COFFEE BREAK**

16:30 – 17:30 **SPECIAL EVENT: WORLD DEVELOPMENT REPORT 2013 ON JOBS**

Chairperson: *Mustapha Nabli (Central Bank of Tunisia and ERF)*

Speaker: *Samuel Freije-Rodriguez (World Bank)*

Discussants: *Ragui Assaad (University of Minnesota and ERF)
Insan Tunali (Koc University and ERF)*

17:30 – 18:30 **PLENARY SESSION 4: AWARDS CEREMONY AND CLOSING**

27 March 2012

ERF Contact Information

Address: 21 Al-Sad Al-Aaly St. Dokki, Giza, Egypt

Telephone: +202 333 18 600-603

Fax: +202 333 18 604

Email: erf@erf.org.eg

Website: <http://www.erf.org.eg>