

# ECONOMIC DEVELOPMENT AND THE RISE OF ISLAMIST PARTIES

ERF 19th ANNUAL CONFERENCE

March 3-5, 2013 | AFESD, Kuwait

2013

## 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 the region is undergoing significant political transformation and will focus in its plenary sessions on a pertinent issue: *Economic Development and the Rise of Islamist Parties*. The plenary sessions will feature renowned economists and opinion makers and the conference will be held at the headquarters of the Arab Fund for Economic and Social Development (AFESD) in Kuwait, March 3-5, 2013. It is expected to host around 200 participants.

Besides the plenary sessions, there will be six parallel sessions, involving the presentation of almost 50 papers under the themes of: macroeconomics, finance, labor and human development, international economics, microeconomics and institutional economics. 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 what has become a regional institution: the Best Paper Award.

## Conference Theme

The political upheavals which swept ERF's region in early 2011 ushered in Islamist political parties in Egypt, Tunisia, and potentially elsewhere in the region. Deposed political regimes were generally perceived to have failed to deliver acceptable standards of living to the majority of their populations, denying them freedom and social justice in the meantime. There has been much discussion as to why the Islamist movements surged to the fore, and just as many questions about the likely development policies and outcomes of their ascendance to power. The fact that the track record of similar parties in other regions is mixed makes it doubly important to deal with questions about the conditions which would render this political development successful. This year's conference is intended to do just that, primarily by attempting to understand the causes behind the rise of Islamist parties, the conditions under which they succeed and the likely outcome in Arab Spring countries.

### *Plenary Session 1: The Causes of the Arab Uprisings and the Rationale for the Rise of Islamist Parties to Power*

This session will examine the root causes of the Arab uprisings and the rationale for the rise to power of Islamist parties. On the causes of the uprisings, the speakers will address such questions as: were the uprisings due to the failing of previous regimes to provide decent jobs for a growing population, to reduce poverty and to curb inequality and corruption? Or were the root causes social in nature, influenced by a growing middle class combined with limited social mobility? Was it due to political oppression and what role did the West play in the process, if any?

On the rise of Islamist political parties, history tells us that the region has been traditionally devout, but most countries have also been officially secular for centuries. So why did the uprisings lead to the rise of Islamist parties? Was it the power of ideology and organization? Do they offer a reform agenda that is likely to address the inadequacies of the previous regimes? How much of their success is due to the failure of other opposition parties to reach out to citizens? Finally, what do we know about the rise of such movements and their fates in other Islamic states?

### *Plenary Session 2: Comparative Economic Performance in Islamist-Governed Countries*

This session will focus on what happens comparatively when Islamist parties attain power. Panelists will examine such questions as: do these parties develop defining characteristics as far as development policies are concerned? Are they monolithic? Are the resulting development outcomes similar?

What might explain the differences in outcomes across such diverse countries as Indonesia, Iran, Pakistan and Turkey? What lessons can we draw from this comparative analysis for Arab Spring countries?

### *Plenary Session 3: Outlook and Possible Scenarios*

This session will contemplate the likely scenarios as a result of the Islamist party rule. Besides elaborating on their views on the likely political settlements in different countries in the region, the speakers will address such questions as: after decades in opposition, how well are Islamist political parties likely to manage the economy? Which path are they likely to follow; that of Turkey, Pakistan or Iran? To what extent are they likely to adjust their initial positions given the prevailing balance of power in different countries? And will they be able to strike a healthy balance between the neo-liberal economic programs they have espoused with the need for social justice and income distribution? Finally, what are the prospects for power transitions in the future?

### **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 and Meetings**

1. Meeting of the ERF Advisory Committee
2. Thematic Leaders' Meeting
3. ERF Finance Committee Meeting
4. Research Fellows' Meeting
5. Meeting of the ERF Board of Trustees
6. Special Event: Open Access Data, unveiling ERF's new Micro data Access.
7. Book Launch: *Economic Incentives and Environmental Regulation*
8. Closing and award ceremony of the Best Paper Award

## PRECONFERENCE EVENTS

### **2 March 2013**

- 09:00 – 13:00 ERF ADVISORY COMMITTEE MEETING (CLOSED MEETING) | **Four Points Sheraton Hotel**  
15:30 – 16:30 THEMATIC LEADERS MEETING (CLOSED MEETING) | **Four Points Sheraton Hotel**  
17:00 – 18:00 ERF FINANCE COMMITTEE MEETING (CLOSED MEETING) | **Four Points Sheraton Hotel**

# DAY ONE

8:00 – 9:00 REGISTRATION

9:00 – 11:30 OPENING AND PLENARY SESSION 1: THE CAUSES OF THE ARAB UPRISINGS AND THE RATIONALE FOR THE RISE OF ISLAMIST PARTIES TO POWER | Main Conference Hall (Ground Floor)

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

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

Speakers: *Ishac Diwan* (Harvard University and ERF)  
*Jean Philippe Plateau* (University of Namur and University of Oxford)  
*Samer Shehata* (Georgetown University)

11:30 – 12:00 COFFEE BREAK

12:00 – 13:30 PARALLEL SESSIONS

INSTITUTIONAL ECONOMICS Discrimination and Justice	FINANCE Risk Management and Behavior of Investors	MACROECONOMICS Macro-Financial Linkages
Main Conference Hall (Ground Floor)	The Library (Ground Floor)	Glass Room (Fourth Floor)
Chairperson: <i>Susanne Szabo</i>	Chairperson: <i>Samir Makdisi</i>	Chairperson: <i>Simon Neaime</i>
Speakers: <i>Nadereh Chamlou, Juan Botero, Alejandro Ponce, Maliheh Birjandi, Leila Hanafi, and Bilgehan Gokcen</i>	Speakers: <i>Shawkat Hammoudeh, Mehmet Balcilar and Riza Demirer</i>	Speakers: <i>Inessa Love and Rima Turk Ariss</i>
Women's Access to Justice in the Middle East & North Africa: An Empirical Investigation	Investor Herds and Regime-Switching: Evidence from Gulf Arab Stock Markets	Macro-Financial Linkages in Egypt: A Panel Analysis of Economic Shocks on Loan Portfolio Quality
<i>Andries de Grip and Ahmed Elsayed</i>	<i>Riadh Aloui, Mohamed Ben Aïssa, Shawkat Hammoudeh, and Duc Khuong Nguyen</i>	<i>Hoda Youssef and Santiago Herrera</i>
Terrorism and Integration of Muslims: Evidence from Moroccan and Turkish Immigrants in the Netherlands	Extreme Risk Management in Oil and Natural Gas Markets	Macroeconomic Shocks and Banking Sector Developments in Egypt
Discussant: <i>Jeffrey Nugent</i>	Discussant: <i>Wafik Grais</i>	Discussant: <i>Fatih Ozatay</i>

13:30 – 15:00 LUNCH BREAK

11:30 – 12:00

## INTERNATIONAL ECONOMICS

Prospects of Exports

Mamluk Room  
(Fourth Floor)

Chairperson: *Adel Beshai*

Speakers:

*Marouane Alaya  
and Imed Mezghani*

The Growth of Turkey in World  
Trade: Opportunity or Threat for  
MENA Countries?

*Mohamed Ben Abdallah  
and Zouheir Bouchaddakh*

Banking and Monetary Crises:  
Impacts on Exports of MENA  
Countries

Discussant:  
*Rohinton Medhora*

## LABOR AND HUMAN DEVELOPMENT

Social Network and Spatial  
Inequality

Rounded Room  
(Fourth Floor)

Chairperson: *Mongi Boughzala*

Speakers:

*Moundir Lassassi  
and Christophe Muller*

*Reseaux Sociaux et Insertion Sur  
le Marche du Travail en Algerie*

*Aomar Ibourk  
and Jabrane Amaghous*

*Les Inégalités dans le Domaine de  
l'éducation au Maroc: Une Approche  
par l'économétrie Spatiale*

Discussant:  
*Ragui Assaad*

## MICROECONOMICS

Egypt Post Revolution  
and Global Oil Supply Shocks

Tunisian Room  
(Fourth Floor)

Chairperson: *Hania Sholkamy*

Speakers:

*Amr Hosny, Magda Kandil  
and Hamid Mohtadi*

The Egyptian Economy Post Revolu-  
tion: Sectoral Diagnosis of Potential  
Strengths and Binding Constraints

*Paul Cashina, Kamiar Mohaddes,  
Maziar Raissi and Mehdi Raissi*

The Differential Effects of Oil  
Demand and Supply Shocks  
on the Global Economy

Discussant:  
*Samir Ghazouani*

13:30 – 15:00

# DAY ONE

15:00 – 16:30 PARALLEL SESSIONS

<p><b>INSTITUTIONAL ECONOMICS</b> The Dynamics of Social and Political Change in the Arab World</p> <p>Main Conference Hall (Ground Floor)</p> <p>Chairperson: <i>Imed Limam</i></p> <p>Speakers: <i>Mina Balamoune Lutz</i></p> <p>Different Arab Springs? The Political Elite and De Facto Political Power</p> <hr/> <p><i>Ishac Diwan</i></p> <p>Who are the Democrats? Leading Opinions in the Wake of Egypt's 2011 Popular Uprisings</p> <p>Discussant: <i>Hadi Esfahani</i></p>	<p><b>FINANCE</b> Banking Efficiency</p> <p>The Library (Ground Floor)</p> <p>Chairperson: <i>Mouna Cherkaoui</i></p> <p>Speakers: <i>Mohamed El Arbi Chaffai and Sémia Lassoued</i></p> <p>Ownership, Technical Efficiency and Cost of Bad Loans: Evidence from the Tunisian Banking Industry</p> <hr/> <p><i>Laurent Weill and Laurent Gheeraert</i></p> <p>Does Islamic Banking Development Favor Macroeconomic Efficiency? Evidence on the Islamic Finance - Growth Nexus</p> <p>Discussant: <i>Hassan Aly</i></p>	<p><b>MACROECONOMICS</b> Fiscal Policy in Crisis</p> <p>Glass Room (Fourth Floor)</p> <p>Chairperson: <i>Taher Kanaan</i></p> <p>Speakers: <i>Brahim Mansouri</i></p> <p>Fiscal Policy, Trade Surpluses and Exchange Rates in a Situation of Trade Liberalization and Crisis: The Case of Morocco</p> <hr/> <p><i>Ebaidalla Ebaidalla</i></p> <p>Impact of Exchange Rate Volatility on Macroeconomic Performance in Sudan</p> <p>Discussant: <i>Magda Kandil</i></p>
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16:30 – 17:00 COFFEE BREAK

17:00 – 19:00 RESEARCH FELLOWS' MEETING (CLOSED MEETING) | Main Conference Hall (Ground Floor)

20:00 WELCOME DINNER | MADEENA RESTAURANT

## INTERNATIONAL ECONOMICS

Determinants of Trade

Mamluk Room  
(Fourth Floor)

Chairperson: *Subidey Togan*

Speakers:

*Zaki Mehchy, Rabie Nasser,  
and Marc Schiffbauer*

Trade Determinants and Potentials  
of Syria: Using Gravity Model with  
an Estimation of Syrian Crisis Im-  
pact on Exports

*Patricia Augier, Olivier Cadot, and  
Marion DAVIS*

Moroccan Non-Tariff Measures'  
Impact on Domestic Firms:  
A Booster through Deeper  
Integration or Protection Measure?

Discussant:

*Caroline Freund*

## LABOR AND HUMAN DEVELOPMENT

Female Education and Labor  
Participation in Egypt

Rounded Room  
(Fourth Floor)

Chairperson: *Nada Al-Nashif*

Speakers:

*Ragui Assaad and Rana Hendy*

On the Two-Way Relation Between  
Marriage and Work: Evidence  
from Egypt and Jordan

*Asmaa Elbadawy*

Evaluating the Impact of Ishraq:  
A Second Chance Program for Out-  
of-School Rural Adolescent Girls in  
Upper Egypt

Discussant:

*Insan Tunali*

## MICROECONOMICS

Subsidies, Equity, and Spatial  
Manufacturing

Tunisian Room  
(Fourth Floor)

Chairperson: *Najib Harabi*

Speakers:

*Mohammad Bakhshoodeh*

Proxy Means Tests for Targeting  
Subsidies Scheme in Iran

*Mohamed Ben Jemaa*

Productive Performances  
and Spatial Spillover: Evidence  
from the Egyptian Manufacturing  
Sector Using a Spatial Correlation  
Model

Discussant:

*Amirah El-Haddad*

16:30 – 17:00

# DAY TWO

9:00 – 11:00 **PLENARY SESSION 2: COMPARATIVE ECONOMIC PERFORMANCE IN ISLAMIST-GOVERNED COUNTRIES** | Main Conference Hall (Ground Floor)

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

**Speakers:** *Michele Dunne* (The Atlantic Council)  
*Magda Kandil* (International Monetary Fund and ERF)  
*Jillian Schwedler* (University of Massachusetts)

11:00 – 11:30 **COFFEE BREAK**

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

11:30 – 13:00 **PARALLEL SESSIONS**

<b>INSTITUTIONAL ECONOMICS</b> Islam, Democracy and Economic Development Main Conference Hall (Ground Floor)	<b>FINANCE</b> SMEs and Interest Financing Contracts The Library (Ground Floor)	<b>MACROECONOMICS</b> Current Account Deficit and International Reserves Glass Room (Fourth Floor)
<p>Chairperson: <i>Hazem El-Beblawi</i></p> <p>Speakers: <i>Brahim Elmorchid</i></p> <p><i>Partis Islamistes, Pouvoir et Etat Profond dans le Monde Arabe: Analyse en Termes du Principal-Agent</i></p> <hr/> <p><i>Abdallah Zouache</i></p> <p>Islam, Institutions and Economic Development</p> <p>Discussant: <i>Ishac Diwan</i></p>	<p>Chairperson: <i>Mine Cinar</i></p> <p>Speakers: <i>Fathi Abid and Jihene Rebai</i></p> <p>Expected Utility Optimal Decisions Based on Zero Inflation and Interest Financing Contracts</p> <hr/> <p><i>Yosra Nour and Sami Mensi</i></p> <p>Accounting Information System of Tunisian SMEs: Complexity, Determinants and Impact on Financial Performance</p> <p>Discussant: <i>Izak Atiyas</i></p>	<p>Chairperson: <i>Yousef Al-Ebraheem</i></p> <p>Speakers: <i>Nergiz Dincer and Pinar Yasar</i></p> <p>Identification of Current Account Deficit in Turkey</p> <hr/> <p><i>Hoda Selim</i></p> <p>The Demand for International Reserves and Monetary Disequilibrium in Egypt</p> <p>Discussant: <i>Saleh Nsouli</i></p>

13:00 – 14:30 **LUNCH BREAK**



11:00 – 11:30

## INTERNATIONAL ECONOMICS

Regional Integration and Growth

Mamluk Room  
(Fourth Floor)

Chairperson: *Raed Safadi*

Speakers:  
*Fida Karam and Chahir Zaki*

Trade Volume and Economic Growth in the MENA Region: Goods or Services?

*Nabil Boubrahimi*

*Approche de Négociation dans le Cadre d'un Accord de Libre Echange Régional Liant des Pays du MENA*

Discussant:  
*Bernard Hoekman*

## LABOR AND HUMAN DEVELOPMENT

Education

Rounded Room  
(Fourth Floor)

Chairperson: *Hassan Hakimian*

Speakers:  
*Donia Smaali Bouhlila*

Heyneman-Loxely Effect Revisited in the Context of MENA Countries: Analysis Using TIMSS 2007 Database

*Murat G. Kırdar, Meltem Dayıoglu Tayfur and İsmet Koç*

Does Longer Compulsory Education Equalize Educational Attainment by Gender, Ethnicity, and Socioeconomic Background?

Discussant:  
*Djavad Salehi-Isfahani*

## MICROECONOMICS

Water Efficiency and Agricultural Productivity in the MENA Region

Tunisian Room  
(Fourth Floor)

Chairperson: *Hala Abou-Ali*

Speakers:  
*Gholam Reza Soltani*

Agricultural Water-Use Efficiency in a Global Perspective: The Case of Iran

*Faten Jabsheh, Weam Benhbehani Noura AbdulMalek and Mohamed Chemingui*

Agricultural Subsidies in the GCC between Cost and Benefit: The Case of Kuwait

Discussant:  
*Atif Kubursi*

13:00 – 14:30

# DAY TWO

14:30 – 16:00 PARALLEL SESSIONS

<p><b>INSTITUTIONAL ECONOMICS</b> Voting Patterns in Turkey</p> <p>Main Conference Hall (Ground Floor)</p> <p>Chairperson: <i>Pierre Jacquet</i></p> <p>Speakers: <i>Cem Başlevent</i></p> <p>Socio-demographic Determinants of the Support for Turkey's Justice and Development Party</p> <hr/> <p><i>Ali Akarca</i></p> <p>Modeling Political Performance of Islamist &amp; Islamist-Rooted Parties in Turkey</p> <p>Discussant: <i>Abla Abdel-Latif</i></p>	<p><b>FINANCE</b> Mergers, Competition and Bank Efficiency</p> <p>The Library (Ground Floor)</p> <p>Chairperson: <i>Sultan Abou-Ali</i></p> <p>Speakers: <i>Nurhan Davutyan and Canan Yildirim</i></p> <p>Competitiveness in Turkish Banking and its Post-Crisis Performance: 2002-2004 vs 2008-2011</p> <hr/> <p><i>Malak Reda</i></p> <p>The Effect of Mergers and Acquisitions on Bank Efficiency: Evidence from Bank Consolidation in Egypt</p> <p>Discussant: <i>Adel Boughrara</i></p>	<p><b>MACROECONOMICS</b> The Dutch Disease and Exchange Rate Volatility</p> <p>Glass Room (Fourth Floor)</p> <p>Chairperson: <i>Abdullah El-Kuwaiz</i></p> <p>Speakers: <i>Jean-Pierre Allegret and Tahar Ben-Khodja</i></p> <p>The Dutch Disease Effect in a High vs Low Oil Dependent Countries</p> <hr/> <p><i>Sidi Mohamed Chekouri, Mohamed Benbouziane, and Abderrahim Chibi</i></p> <p>Natural Resource Abundance and Structural Change: The Dutch Disease in Algeria</p> <p>Discussant: <i>Ibrahim Elbadawi</i></p>
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16:30 – 18:00 SPECIAL EVENT: OPEN ACCESS DATA | Main Conference Hall (Ground Floor)

**Chairperson:** *Nemat Shafik* (International Monetary Fund and ERF)

**Speakers:** *Caroline Freund* (World Bank)  
*Ragui Assaad* (University of Minnesota and ERF)  
*Rana Hendy* (Economic Research Forum)

## INTERNATIONAL ECONOMICS

Trade Productivity  
and Business Cycles

Mamluk Room  
(Fourth Floor)

Chairperson: *Ahmed Ghoneim*

Speakers:  
*Mohamed Ali Marouani  
and Rim Mouelhi*

Contribution of Structural Change to  
Productivity Growth: Evidence from  
Tunisia

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*Mustapha Djennas, Mohamed  
Benbouziane and Meriem Djennas*

Business Cycle Synchronization in  
Euro Area and GCC Countries: A  
Wavelets-GA Approach

Discussant:  
*Mustapha Nabli*

## LABOR AND HUMAN DEVELOPMENT

Effects of External Factors  
and Shocks on Behavior

Rounded Room  
(Fourth Floor)

Chairperson: *Heba Handoussa*

Speakers:  
*Elisa Cavatorta and Ben Groom*

Preferences and Exposure to  
Shocks: Evidence from a Natural  
Experiment in Palestine

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*Simone Bertoli  
and Francesca Marchetta*

Bringing It all Back Home: Return  
Migration and Fertility Choice

Discussant:  
*Jackline Wahba*

## MICROECONOMICS

Climate Change and Digital Divide

Tunisian Room  
(Fourth Floor)

Chairperson: *Sulayman Al-Qudsi*

Speakers:  
*Younes Ben Zaied*

A Long Run versus Short Run  
Study of Climate Change  
Effects on Agriculture Crop:  
Evidence from Tunisia

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*Mona Badran and Antonio R. Andrés*

Young People and the Digital Divide  
in Egypt

Discussant:  
*Lahcen Achy*

# DAY THREE

9:00 – 11:00 **PLENARY SESSION 3: OUTLOOK AND POSSIBLE SCENARIOS** | Main Conference Hall (Ground Floor)

**Chairperson:** *Mohammed Al-Sabah* (Former Deputy Prime Minister and Minister of Foreign Affairs, Kuwait)

**Speakers:** *Nathan J. Brown* (George Washington University)  
*Hazem El-Beblawi* (Former Deputy Prime Minister, Egypt and ERF)  
*Hussein El Kazzaz* (Office of the President, Egypt)  
*Marwan Muasher* (Carnegie Endowment for International Peace)

11:00 – 11:30 **COFFEE BREAK**

11:30 – 13:00 **PARALLEL SESSIONS**

<b>INSTITUTIONAL ECONOMICS</b> Political Patronage and Economic Opportunity  Main Conference Hall (Ground Floor)	<b>LABOR AND HUMAN DEVELOPMENT</b> On-The Job Training & Wages  Rounded Room (Fourth Floor)	<b>BOOK LAUNCH:</b> <b>ERF AND EDWARD ELGAR:</b> <i>Economic Incentives and Environmental Regulations</i> Mamluk Room (Fourth Floor)
Chairperson: <i>Jamel Zarrouk</i>  Speakers: <i>Amirah El-Haddad</i>  Political Patronage and Economic Opportunity: The Case of Vertical Integration in the Egyptian Clothing Industry  Discussant: <i>Riadh Ben Jelili</i>	Chairperson: <i>Aysit Tansel</i>  Speakers: <i>Christophe Muller and Christophe Nordman</i>  Wages and On-the-Job Training in Tunisia  Discussant: <i>Cem Baslevant</i>	Chairperson: <i>Ziad Bahaa El-Din</i> (Economic Research Forum)  Speakers: <i>Hala Abou-Ali</i> (Economic Research Forum)  <i>Mohamed Yasser Sherif</i> (Environics)

13:00 – 14:30 **LUNCH BREAK**

14:30 – 16:00 **PLENARY SESSION 4: AWARDS CEREMONY AND CLOSING** | Main Conference Hall (Ground Floor)

# 5 March 2013

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## **ERF Contact Information**

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