**Principles of growth and economic growth in the Middle East and North Africa (MENA)**

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**Abstract:** This paper explores strategies for institutions and policies to increase growth in Middle East and North Africa. Long-term economic growth definitely depends on the quality and strength of a country's institutions. Normally the basic institutions under the rule of law, fair trial, representative government, an effective bureaucracy, and open markets as the minimum limit, however, to build the principles of growth, long time and a lot of resources to be spent. As a result, developing countries with weak institutions, a key question is whether these countries as a growth strategy to focus on their bodies and do not wait to long-term growth emerge or sought short-term and medium-term alternatives to principles, while this solution may be permanent and may violate some of the principles of good governance? But growth may be provided for a time and create opportunity for further development. The argument of some of the MENA countries so far has invested in areas with limited returns. Other countries have found a good alternative and faster growth but, more needs awareness and effective growth strategies. This is a sign that these countries are too weak to be able to deal with future economic shocks waves.

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**1. Introduction**

In recent years, the looks sharp rise in oil prices increases the speed and acceleration of economic growth in the East, the Middle East and North Africa. MENA is calling major oil-producing countries in the Middle East and North Africa is used. Much of the area from Morocco in northwest Africa's easternmost country in the Middle East begins to extend. The region has 60 percent oil and 45 percent of the world's gas reserves. Economies are closely associated with global changes in oil prices. This area is one of the oldest areas of the world's oil recovery. Thus, more than other areas of the Earth's oil reserves in the region decreased and exhaustion drilling equipment and oil extraction is also evident.

Twenty-one countries, members of the MENA region, which includes: 6 countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates of the Persian Gulf, and 15 other countries, Iran, Algeria, Djibouti, Egypt, Iraq, Palestine, Jordan, Lebanon, Malta, Morocco, Yemen, Syria, Tunisia and Palestine. After years of slow growth during the downturn of oil, now a key question arises for the regional economy, whether new growth and will continue to be largely oil boom and later with a possible stagnation or decline in oil prices will be completed faster or slower? To avoid recession and provide high rates of long-term economic growth for the Middle East and North Africa what can be done? Which way the Middle East and North Africa in accelerating growth path are and what factors prevent growth experienced in the region?

In the past two decades, there has been increasing recognition that long-term growth would depend on the government, institutional constraints and incentives facing economic policy makers, managers imposed. However, the nature of institutional arrangements that provide appropriate incentives for the rapid growth remains uncertain. Economic Sciences complex phenomenon and its subfolders require excessive detail, knowing that these arrangements work very well in difficult devoted to specific areas. Sometimes, more or less similar results produced by different combinations, while it looks similar arrangements, different consequences in different fields produced. Of course, relevancy is the key functions that offer institutions and one might argue, is not appropriate details until the result of the first application of economic principles. In fact, there is a widespread view among many economists and political analysts, especially in multilateral institutions, the growth of it can be run institutions that recognize the key principles of good governance are achieved, in particular governing law , courts are impartial, representative government, an effective bureaucracy, and open markets with minimal regulations is required.

For example, Roderick (2005) points out, this principle requires unique plan to achieve institutional arrangements and packages politics. This approach can be used in a variety of policies that may keep growing, but does not provide any details. Some political analysts, especially in multilateral institutions, in search of "best practice" policies and institutions to provide a list of options for policymakers in developing countries. But this version is rarely effective because it works very specific results within the framework of policies and institutions. The view that growth in low-income countries need to focus on good governance principles and perhaps as deep good view was considered. The whole range of institutions and policies that are normally as the embodiment of those principles (here called "principles of growth") is known, including those that grow as your corrective processes developed countries have accepted for long periods of time. It takes a long time to grow and it is unclear principles of growth, a rising function of the progress towards better principles. In fact, minor improvements in some dimensions can slow growth rate, as strong in the absence of democracy may exacerbate the problem of capital common policy.

Also Roderick (2008) for examples see more micro level. So it is not clear focus on growth fundamentals in terms of growth in realized within the time frame possible result politically. Moreover, it seems that principles as a result of the growth process as a prerequisite for it. So, for low-income countries, seems to be the key issue is to find some of the basics of creating and maintaining growth for at least one or a few decades, creating opportunities for principles is developing. In fact, this is exactly what seems to be the fastest growing countries in the developing world do. As an alternative mechanism that could be used for the principles that are different from their own principles would operates through two important ways: Alternatives that have a shorter shelf-life expectation that the principles and possibly some rules of "good governance" that normally defined policies were vital.

This background enables us to offer our discussion of economic growth in the Middle East and North Africa to ask that is somewhat different. In particular, it is important that the size of the Middle East and North Africa for the development of its growth relies on a replacement have tried to investigate. How each strategy will succeed? Which types of alternatives in the Middle East and North Africa has been handled? And how these countries have been successful in identifying the correct alternative? The paper attempts to discuss and consider questions. In section 2 with an overview of organizational growth and development in the Middle East and North Africa will start. In section 3, the effects of economic growth on broad principles in a country setting between the meetings were discussed. Then, in section 4, the role of alternative development in the Middle East and North African analysis was described. Section 5 is set of conclusions.

**2. Organizational growth and development in the Middle East and North Africa**

Table 1 summarizes the growth in the Middle East and North Africa since 1970 and offers them with oil-exporting countries and other developing countries in the rest of the world have been compared. Figures 1 and 2, a glimpse of the process over a longer period offer, in this figure, considering that in 1950 the Middle East and North Africa generally above-average income countries (OECD), the high-income countries have had at the time. This advantage was maintained until about 1980, and many countries in the Middle East and North Africa were better than them. A period of stagnation and decline began in these areas, which by mid-1990 ended. However, growth since then has been relatively slow, especially when weight compared to other parts of the developing world. It is true that average in the high performance segments in the two most populous nations, China and India is translating, but it highlights the standards that can be achieved, but in the Middle East and North Africa has not been achieved. Even the recent increase in oil-based senior does not seem more than, although the average for countries exporting oil or non-oil exporters, are used as standard.

Is economic performance in the Middle East and North Africa for the development of their growth? To search for possible answers to this question, using the six indicators developed by Kaufmann, Kray and Mastrouzi (2007), which is closely related to the concept and principles of absorption of its key elements was considered. The data set covers 1996-2012 and includes indicators follows that in terms of standard deviations around zero rating of the country working to be represented.

1. Vote measurement and computational responsibility for the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

2. Political stability and absence of violence observations about the possibility of destabilizing the country and overthrow the government by lawlessness and violence means was its alarm to a normal-sized homegrown violence and terrorism

3. The effectiveness of the quality of public services, quality of service and the degree of its independence from political pressures minerals, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies reflects.

4. Regulatory quality government's ability to formulate and implement policies and regulations to allow logic suggests that private sector development is promoted.

5. Rule of Law degree to which citizen’s trust and respect the rules of society and especially the quality of contract enforcement, the police and the courts, as well as the likelihood of crime and violence of the measure.

6. Control of Corruption indicator to assess the state of public power for private gain prevent, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Table 1: Economic growth in the Middle East and North Africa In summary, the 1970 offers. Source: World Population, GDP and Per Capita GDP





Fig. 1



Fig. 2

Weakness in the thigh and computational weakness and political instability that is of course an issue, but this area of governance (monitoring) does not appear to be a condition for economic growth. In fact, despite major efforts to assess whether democracy-ability of citizens to express their views to government officials responsible for their actions - a basic condition for long-term growth (Barro, 1996 Przeworski, 2004; Acemoglu, Johnson, Robinson, and yards, 2007), there is no evidence that it helps to grow at low levels, probably because in the absence of complementary institutions, high cost of coordination may Benefits counteract widespread political participation (Olson, 1982; Przeworski, 2004) even if democracy is coincident with high levels of income. Although indicators of the state of Kaufman et al. (2007) are relatively robust, they are available only since 1996. To show a glimpse of the development process in the Middle East and North Africa growth principles summarized.

The image of the data for the period after 1994 appears similar to what is produced by the Governance Indicators, but this one in general for the Middle East and North Africa compared to the rest of the developing world is more positive. More tables show that most of the improvement between mid-1998 and 2000 occurred when the Middle East and North Africa have experienced a certain economic decline. It's a very different picture of what most countries in the Middle East and North Africa is portrayed not as the "lack of supervision" pursues (World Bank, 2003). I discussed my problem here is that the structure of growth may not be wide open for a while, and in the time needed to process alternative mechanisms of joint economic and institutional development to move forward.

While the Middle East and North Africa, on average, higher than other developing countries from growth, not the growth rates they have similar ratings. This is more about a group of Persian Gulf countries in particular MENA is visible on the construction principles have been good, That is, the Cooperation Council (GCC), with the exception of Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and United Arabic Emirates and at the same time economic growth is much lower than many countries in the Middle East and North Africa and the rest of the world.

It seems that the countries with the largest oil resources to build growth principles rather than have used successfully. But the result of that investment comes slowly. As a steady increase in GDP per capita mid-1985 in the United Arabic Emirates show (see Figure 2), Growth may finally be coming to this part of the region, but even this process does not specifically support the view that the building of the growth in developing countries be treated within a few decades.

Table 2: The average index for the Middle East and North Africa in 1996 -2012



The above considerations do not mean that growth can continue indefinitely without the requisite principles. They show that the growth will be strong for some decades fiat started and will continue. This can be an opportunity for developing countries and the transition Modes long-term growth sustainable development principles by indefinitely in a process of reform of its institutions that are pragmatic, not. This, indeed, is what successful developing countries such as Korea and Taiwan appear to have gained. In the next section, I will provide evidence confirming that economic growth can actually help to develop principles. The question that remains then is that nature can replace that term growth, body composition and support the economic development process, what is? I explored this question in the context of the Middle East and North Africa goes back in Section 4.

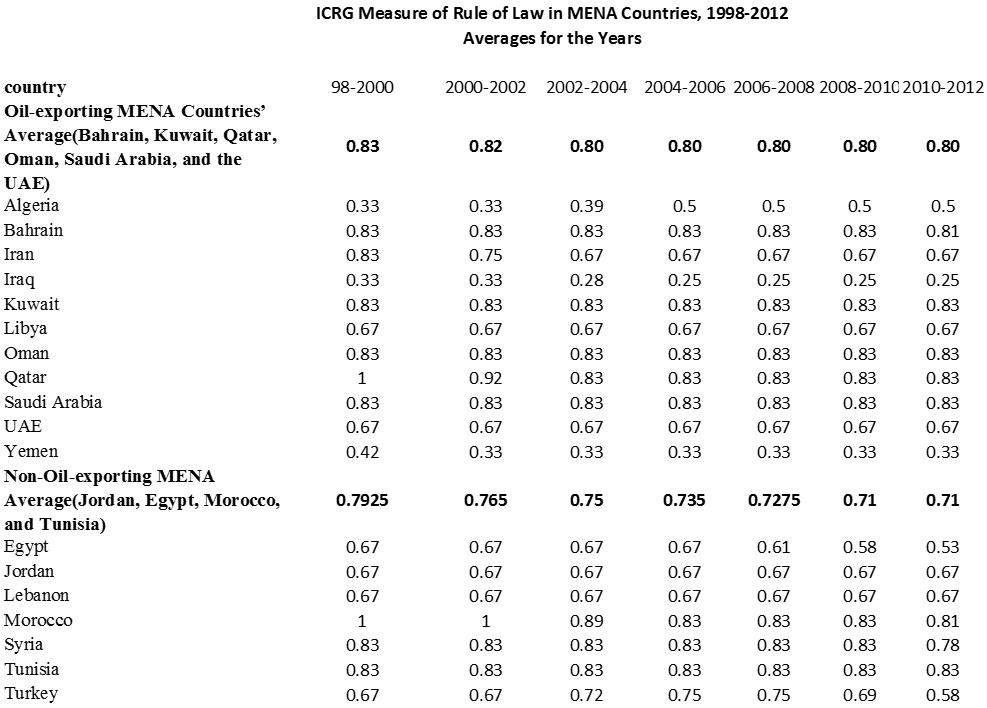
**3. Economic growth as a determinant of organizational development**

For making the case that growth may be as much due to institutional development as a result of it, we analyzed for the 2004-2012 period was the index of economic icrg law enforcement would fit in 1984-2004, this is a method of classification which contains 22 variables in the three groups of risk with risk sub-economic, political and financial, and a separate index for each sub-group. Political risk indicators include percentage points, financial risk and economic risk 50 points to 50 points. Total points received indexes are then divided by 2 and thereby combined value obtained for country risk rating. The way it is combined score of zero to 100, then the risk is very low (80-100) has a very high risk (from zero to 49.5) are grouped. Country reports include descriptive assessment. International Country Risk Guide icrg 140 countries on a monthly basis rank.

While the initial conditions in 1984 and the regional effects are manageable. Because law enforcement indicator is the average over three years to reduce the impact of rankings in particular was considered. The survey periods 1984-1996 and 1994-2012, as well as for the repeat was considered and since this legal provision is ranked from 1 to 6, regression model and estimation procedure required TOBIT is a limited thing. In addition, since economic growth is described, I got it the changed conditions of trade for a review. This is a perfect tool because of the changes to the trading conditions are unlikely to be directly associated with the rule of law, as they are correlated with growth, though relatively weaker (coefficient 0.3).

The average initial conditions provided by the law of three years and openness (imports plus exports in GDP) at the beginning of the measurement period. Our initial level of GDP per capita in regressions tried, but they were not significant. Tools area that does not show any significant ones so the final for high-income countries OECD, MENA and East Asia and the Pacific were retained and development of countries in the regression does not count because they are too short history of the development. It is clear that growth tends to result in significant development of the rule of law and a fast-track procedure. Interestingly, as a few Cross tools to grow by an estimated coefficient increases considerably. The results imply that for a typical developing country, an increase of one percent economic growth rate during 1985-2012 in law enforcement can index about 0.7 or an average of 0.35 per decade.

This means that a developing country with a score of 4 in 2005 would have law enforcement with a score of 5 or 6 (of developed countries) early to conclude if 2% during the period 2012-1985 had grown faster. It highlights the positive role that can be replaced in a low-income country by supporting growth in the absence of principles for decades and long-term opportunities for the creation of institutions of good governance play a vital role.



Growth of 2 percent for more than two decades in the Middle East and North Africa kind of experience that is above average for non-oil developing countries, over the past two decades has, while this issue in order to help them raising the high standard of its growth. MENA false positive rate observed in our previous regression confirms that countries in the region succeeded in raising the index, especially between the mid-1980s, law enforcement and mid-1990 respectively.

In 1990, on institution-building in OECD high-income countries for them at two levels (range 1-6 index) higher than the developing countries in terms of the rule of law had been placed. However, this advantage appears to have fallen one step years. Many developing countries are creating institutions are changed to the course rather quickly. As a result, the initial level from its current level the index has a relatively small effect, especially when the checked more than two decades. This suggests that the current institutional endowments are not good, and trying to make the institution (or neglect and failure) plays an important role in the final result. It also helps release in a scientific way. Moving from a closed economy to an open economy with 20% of businesses with more than 70 percent of trade can index an average of 0.65 for the two-decade rule of law. Finally, it seems in improved law enforcement in East Asia largely has been achieved through the processes of growth and trade. In fact, other factors may have an adverse effect on the development during 1995- 2012.

**4. Growth in the Middle East and North Africa alternatives and principles**

As seen in the above section, several MENA countries managed to improve significantly in 1980 and 1990 have been our principles. Some, especially the United Arabic Emirates and areas of Bahrain and Qatar seems to start to take advantage of profitable investment institutions have, although it is difficult to separate the effects of oil price increases of the past decade. Dividends for others remain quite vague. Middle East and North Africa that have managed to grow fairly rapidly are not those who normally have the best growth principles. In fact, they typically have violated some important aspects of these principles, in particular the need to "free market with minimal requirements". This variable is available for 1995 onwards and I've used the average for 1995-1997 to reduce possible errors in particular. Because, like law enforcement, market liberalization may facilitate economic growth, see the mid-term for restrictive policies should be strengthened to be a negative correlation between the two variables, but if the correlation is positive. At least we can say that over the past two decades, with low growth limits have always been together across the spectrum. In fact, the fastest growing non-oil Tunisia and Turkey, which have maintained moderate levels of interference, was important.

It is also noteworthy that during this period, non-developing countries without oil exports to the MENA average grown faster than all the countries of the Middle East and North Africa, while policies generally have been limited. The fact that many countries in the Middle East and North Africa Recent rapid growth of the policy is relatively limited use may be clues about why construction growth of the region does not produce the end result is wide give. It is also possible to grow faster alternative that some countries have adopted a shed. To gain some insight into the possible factors entered, it is helpful to compare the non-oil countries area that have experienced high growth rate compared to the rest of the group. Both countries are largely dominated government policy of import substitution industrialization (ISI) had followed in 1960, and began liberalization in the 1970s and 1980s. However, in no case a fast release or not complete. Instead, they have some type of strategy of "dual path", a mechanism that after the successful adoption it publicly in China. According to this strategy, a country with massive market interventions and public domain companies began to release fringes and allows it to be expanded next section based on higher productivity.

Many government interventions as a means of maintaining political and economic risk management, and conclude reform is acceptable. The government's strategy enables the requirements to be learned from doing the proper functioning of the market, regulations, and institutions necessary to develop new markets. However, intervention as a means to support new markets and entrepreneurs continues, the support is especially needed because the market economy was initially suffered from defects. Of course, this can be economic interventions in the wrong direction in terms of performance and organizational development moves, unless the policies are guided by a performance measurement criterion. That's why the dual track strategy works best when you have a policy with a focus on export revenues are combined. In fact, both Tunisia and Turkey moved towards reliance on export promotion in 1980 and much better than, which is also a dual track strategy began in 1974 but it did not mix with the top export promotion. Egypt's foreign aid beneficiaries and requires much less significant for the development of exports from Tunisia and Turkey.

This may be confusing because countries such as Jordan and Morocco, which had first and rating of market institutions and policies, are better than Tunisia and Turkey, have grown almost as quickly. In general, it seems they have the opportunity to improve their market have had a more comfortable and as a result, they have to do better than those who have pursued a dual track strategy practice. In particular, both of them with higher per capita income in Egypt and Tunisia began in 1950 and through the intervention of the two countries are not that experienced in 1960. But during the decades immediately after Egypt had no growth, and both fell behind Tunisia. One possible answer to this puzzle is that a combination of inadequate growth combined with the lack principles as a mechanism to promote the export of dual track. Jordan and Morocco, but this does not guarantee that economies for efficient operations because they are relatively weak fundamentals and markets remained incomplete. Policymakers in any country a deeper understanding of how an economy works do not offer, and solutions to these problems slowly become apparent. Also, machines and equipment for intervention in the market they are not extensive and severe, Egypt, Tunisia and Turkey.

It may seem like this is useful, because it might tilt the building, waste, and corruption that arise under interventionist policies be avoided. However, the institutional capacities to identify and address economic problems do not develop. This capacity can be of great help, especially when power structure based on the legitimacy of the government's economic action, and as a result, policy makers have an incentive to use administrative experience and the ability to review and correct any wrong economic problems politically. After gaining power, economic prosperity, political power in Egypt, Tunisia, and Turkey under greater pressure to find ways of improving growth, they were followers of political constraints. It seems that a similar political pressures in Jordan and Morocco, have been weaker in which the power of the rulers of the traditional political structure is originated. Syria and Sudan are interesting a case discussed so far is that, unlike other countries. Both of policies dirigist from 1990 until now, when they have begun to reform their use was ignored.

Syria is a private Kennedy was trying to "export-led development of the state" in which state-owned companies now rely on export markets participated. It is possible that ideological bias prevent policy makers from identifying and implementing effective policies. As a result of policy choices and low growth may result in the geopolitical location of Syria is such a high level of defense spending it? Sudan, on the other hand, privatization and foreign investment are strong with the help of such as China, Malaysia and India to follow, which themselves depend on a variety of alternatives for their rapid growth.

Among oil exporters, we see clearly the Persian Gulf Cooperation Council building principles considerable growth using their oil rents and the interaction between workers and foreign trade are concentrated, but the jury to the benefits of this strategy is slow. It seems that natural selection has chosen a strategy of growth in these countries. Their traditional around tribal connections have been made, which is expected to consider the Kings after their well-being. When significant oil reserves in these countries after the Second World War was found, Kings export earnings to raise the standard of living of its citizens by paying subsidies for consumers and providing better public services they use.

**5. Conclusion:**

Over the past few decades, many countries in the Middle East and North Africa in an effort to build good governance as the foundation for long-term sustainable growth. Some have tried to do this by promoting the rule of law, the Court of efficient, effective bureaucracy, and open markets with minimal regulations are necessary. These elements, which may be seen as the main dimensions of growth, can lead to long-term economic development, if support them in position to reach a certain level of quality and sophistication. The strategy in the oil-rich region of small countries (GCC) at the furthest point is gone, but its success has been limited. Adopt appropriate strategies for those countries because they have the resources to establish and wait for growth, while consumption will benefit from high standards. The group's ability to continue long-term success of the strategy depends on long enough to complete its institutional development and find ways of stimulating growth.

Other countries in the Middle East and North Africa to create growth principles but lacks great resource rents were decided (like Jordan and Morocco) where the income or growth were to slow down. Choice of development strategy of finding alternative mechanisms that may be in violation of the principles of good governance and is unlikely to remain in place long-term, but cannot solve the economic problems in the secondary and the rapid growth will bring the best method. This could be the opportunity to develop the country's resources and ultimately create its principles. Tunisia and Turkey have been more successful in implementing such strategies. Other countries, particularly Egypt and Syria, including alternatives that follow have not been incorporated in the arrangements that they can comply with certain conditions. Finally, some countries in the Middle East and North Africa, particularly Iran, have developed their own new alternatives, but mainly as a result of unwanted processes and results of the combination.

Based on the analysis of this paper, it seems that many countries in the Middle East and North Africa are aware of the lack of effective growth strategies. This situation requires institutional uncertainty that is well known for its ability to deal with the economic shock waves that the most likely we will face in the next decade was not the prognosis. This article analyzes the growth strategies in important benefits that can enrich policy debates and research programs to increase the economic growth process. Thinking about growth strategies based on the principles of the alternatives could movers aware of the decisions and can enhance the effectiveness and coordination of policy outcomes. Outlook for the long-term average against the organizational issues and to choose between alternative institutional arrangements with different time horizons provides.

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