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AL-RABAT

Arab Society for Economic Research

Curated by Al-Rabat's Editorial Team: Professor/ Khaled Al-Wazany; Ms. Hoda Hamouda; Ms. Mariam AbdelNabi and Mr. Ahmed Zaki - Contact Us

Editorial

At the outset of this issue, we must express our sincere gratitude to many followers both from within members of ASFER and often from outside of it, for the qualitative interaction that we felt, which indicated a distinguished reception for the return of the newsletter to its followers and those interested in it. The current issue of Al-Rabat continues the march of excellence in presentation and topics, and establishes the fixed doors that many members of the association responded to by providing intricate scientific materials, subject and knowledge analysis. The blog discusses the cost the world has incurred so far because of climate change as well as the cost of slowing down and reversing the current trend to meet the goals of the Paris Agreement and to avoid the worst of the crisis. The "Member Snapshot" section in Al-Rabat talks about Dr. Taher Kanaan, with a brief introduction that may not give him his right in introducing him, but sheds light on a distinctive economic cognitive personality with great giving, distinguished contributions and rich knowledge. The "Arab Economy" section sheds light on the Lebanese economy, in its conditions as they are known to everyone, and in its components that require exploring its depths and knowing its conditions in the context of what is called the "VUCA" world, the abbreviation of which aptly describes the situation that Lebanon is going through from Volatility, Uncertainty, Complexity, and Ambiguity. Professor Dr. Atef Kubursi presents a qualitative review divided into two parts that discuss what happened to the Lebanese miracle, and he reviews in depth the Lebanese experience since the fifties of the last century, and looks forward with a comprehensive analysis of this experience and what it has ultimately led to. The second part in the next issue will present a vision of the future for the Lebanese experience that was one of the few Arab experiences that almost became a real Arab miracle in light of the material and human resources available for this dear Arab country. Last, but not least, the other sections of Al-Rabat complete the march of communication with members through their news, and by providing some information about the activities of the association and other activities of interest, and Al-Rabat's team remains eager with great passion to continuing to share members' contributions and achieving its mission towards strengthening the connection between Members, disseminating knowledge among everyone, and hope that members will not hold back on us with their knowledge, news, and quality contributions. We look forward together to a new upcoming issue, full of what you support your newsletter "Al-Rabat" with.

Newsletter

- ASFER intends to hold its 17th scientific conference in partnership with the Mohammed bin Rashid School of Government on the topic "Climate Change and Its Implications for Arab Economic Development" during the period 4-5 November 2023. A number of research proposals have been received and are being evaluated by the scientific committee. For more details, please visit ASFER's website.
- ASFER announces the digitization of its Journal for Arab Economic Research and the uploading of all its issues on ASFER's website. The journal is also resuming issuances of its scientific journal with issue number 86/March 2023.
- ASFER announces that its Journal for Arab Economic Research is now rated 7/7 by the Egyptian Supreme Council of Universities' index for Academic journals
- ASFER's participation in the seventh Arab Development Report titled "Climate Change Challenges and their effects on Development in Arab Countries" in partnership with the Arab Planning Institute, the Egyptian Institute of National Planning, and OAPEC.

Members' News

- Dr. Ashraf El-Arabi, President of the Egyptian Institute of National Planning and Secretary General of ASFER, participated in the activities of the second session of the "Kaisik 2023" conference under the slogan "Cybersecurity in the New World Order", which was held on June 12 and 13, 2023, in the presence of a number of government officials and Egyptian and international experts to discuss the most important developments in the file of information security at the global and Middle East levels.
- Dr. Mahmoud Mohieldin, High-Level Champion for Egypt and president of the Arab Society for Economic Research, participated in the Bonn Climate Conference SB58, alongside Mrs. Razan Al-Mubarak, High-Level Champion for the United Arab Emirates, as preparations continue for COP28 set to take place in Dubai at the end of November 2023.

Member Snapshot

Taher Hamdi Kanaan holds a PhD in Economics from Cambridge University - UK, and is currently the Chairman of the Board of Directors of the Arab Center for Research and Policy Studies in Qatar. He has held several positions, including: Minister of Planning in Jordan for the period (1986 - 1989), Minister of Occupied Land Affairs in 1985, Director General of the Industrial Development Bank for the period (1989 - 1994), and Head of the Arab Fund Team for preparing the basic program for agricultural development in Sudan for ten years (1976 - 1985). He has also held the position of Head of the Finance and Development Division (1978 - 1982) at the United Nations Conference on Trade and Development (UNCTAD) in Geneva, and held the position of Head of the Development Planning and Policy Department at the United Nations Economic and Social Office in Beirut, and a researcher in future projections at The United Nations Conference on Trade and Development (UNCTAD) in New York. In addition to his voluntary and scientific activity, he was a member of the United Nations Committee of Experts on Public Administration and Economics of the Public Sector for the period (2005 - 2008) and a member of the Advisory Team, and a contributor to preparing Arab Human Development Reports in the years (2002, 2003, 2004, 2005, 2008), and a member of the United Nations Committee on Development Policy (1996 - 2000). And a member of the Board of Trustees and Management Committee of the Arab Organization for Combating Corruption, and a member of the Board of Trustees and Executive Committee of the Institute for Palestinian Studies. He has published writings, researches and books, among which are "The State and Market Economy: Readings in Concepts and Experiences of Global and Arab Privatization", "Sufficiency, Efficiency and Equity in Financing Higher Education in Jordan", "The Three Spaces in a Production State", "Pillars of Autocratic Rule System in Jordan: The Arab-Israeli Conflict And foreign intervention", "The promises of Arab youth awaiting fulfillment", "The schism between education performance and growth of employment opportunities, The Jordanian case".

Professor / Taher Kanaan

Chairman, Arab Center for Research and Policy Studies, Qatar

Former Minister, Hashemite Kingdom of Jordan

Founding Member of the Arab Society for Economic Research

Blog

The cost of climate change, and the cost of fixing it

Ahmed Zaki

Climate Change is one of the most defining issues of our time. It requires an unparalleled urgency and scale of holistic and inclusive action if humanity is to avert the very worst of the crisis, which we are already alarmingly close to. Multi-faceted as it is, climate change has a significant economic and financial aspect. One way of looking at the economics of climate change is looking at how much climate change has cost us, how much it is expected to continue to cost us and how much we need to invest to meet the Paris agreement goal of limiting warming to 1.5 degrees from pre-industrial levels.

One way of assessing the cost of climate change so far is by measuring the total cost of losses and damages from climate related events over past decades, which hints to a worrying trend of increasingly costly and increasingly frequent climate induced disasters. According to the World Meteorological Organization, economic losses from climate related events for the decade beginning 2010 were estimated at almost $1.4 trillion; an almost ten times increase from $175.4 billion in estimated damages for the decade beginning 1970. This is one of many metrics one can use to estimate economic losses resulting from climate change. Estimates from Swiss Re place at least 4% of Global GDP at risk of being lost by 2050 due to climate change.

But the brunt is not borne equally between the world's rich or poor. Poorer regions like Sub-Saharan Africa and South Asia both face the worst impacts of climate change and find themselves forced to place their already fragile financial systems under more stress to afford mitigation and adaptation costs to protect their vulnerable communities, lands and waters. According to the United Nations Environment Programme (UNEP), South Asia and Sub-Saharan Africa need to spend in the range of 1.69% and 2.1% of their annual GDPs respectively to fund climate adaptation needs. Most of the funding these regions will rely on for such projects will be based on debt instruments that come with increasingly stringent terms and continue to place an increasing share of the world's developing nations under further debt distress.

Turning the tide in the fight against climate change is a predominantly economic ordeal. The science underpinning emissions reductions and climate adaptation is at a sufficient level of advancement to meet Paris agreement goals. The finance currently available for climate action needs is a long ways away from where it needs to be. According to Climate Policy Initiative, average annual climate finance between 2011 and 2020 was around $650 billion. That said, figures from the Sharm El-Sheikh Implementation plan - COP27's cover decision - place annual global climate finance needs at $6 trillion. The High-Level Expert Group co-chaired by Nick Stern and Vera Songwe estimates the energy transition in Emerging Markets and Developing Economies except China to cost between $1.3 - $1.7 trillion a year.

The clear and sizable gap between where climate finance is and where it needs to be is alarming. But the economics of climate change are rapidly evolving, and recently, we have been seeing signs of strong progress. The cost of large-scale solar photovoltaics, a key element in the green energy transition, has fallen by 89% between 2009 and 2019, according to the UN's Human Development Report 2022. In many cases, renewables have become cheaper than the cheapest fossil fuel available. And as a result, 2023 marked the first year where investment in renewable technologies outpaced investment in fossil fuels, going from a one to one ratio five years ago to 1.7 dollars spent on clean energy technologies for every dollar spent on fossil fuels.

With COP28 taking place in the United Arab Emirates, climate finance is expected to be front and centre in the negotiations. To keep the world on track, we will need an almost complete overhaul of our financial systems that would create a faster, more efficient and more equitable framework for sustainable development and at its core climate action.

Arab Economy

What happened to the Lebanese Economic Miracle? Part I

Professor Atif Kubursi - Honorary Professor of Economics at McMaster University - Canada

Lebanon's current economic problems are the natural outcome of the unmanaged mercurial successes experienced in the 1950s through the mid-1970s despite the dismantling of the custom union with Syria, the traumatic consequences of a civil war that lasted 15 years, the massive and incoherent reconstruction effort that followed it and, in a less obvious way, the confessional structure of the economy that is still one of its dominant organizing principles.

Understanding and accounting for past successes and failures and the processes that supported and sustained them is a necessary prelude for understanding the economic causes and consequences of the civil war, the difficulties encountered in reconstructing the post-civil war economy, reconstituting the Lebanese polity, the resilience of the Lebanese economy in the face of imminent and real dysfunctions and the current unprecedented economic crisis and collapse. Such an understanding could also be helpful in restructuring the future Lebanese economy and society on more solid and sustainable foundations than has hitherto been the case. There is nothing magical or miraculous about the sources of the past economic success and growth in Lebanon. In fact, most of the sources and causes of this growth can be explained in terms of standard economic factors.

Generating a budget surplus is a good measure of the ability of an economy to save and to expand its productive capacity. A central feature of the Lebanese economy, one that goes way back to the early 1940s, was the high ratio of investment to GDP. In fact this ratio, on average, had rarely fallen below 20% throughout the 1950s until the eve of the civil war. Starting with a capital to output ratio of about 2.47, this investment ratio could have theoretically supported an annual GDP rate of growth of about 8 percent; a rate that was in fact typical of the Lebanese economy for much of the pre-war period. This high investment to value added originating in these sectors explains the relatively high capital – labour ratios in the commodity producing sectors of Lebanon before the war. This, in turn, explains the relatively high labour productivity indices that were generally observed in Lebanese manufacturing and agriculture before the civil war.

Another central feature of Lebanese development before the war was a young and growing population heavily investing in education and supplying a dynamic, well trained and highly motivated labour force. Lebanon had the highest adult literacy rate (73.5%) in the Arab region and one of the highest among developing countries. This domestic skilled manpower was supplemented by a large pool of educated and experienced Palestinian skilled professionals in addition to large group of cheap semi-skilled Palestinian workers trained by UNRWA at little or no cost to Lebanon that were augmented by an equally large group of unskilled seasonal immigrant Arab workers from neighboring countries, particularly from Syria. Estimates of the foreign labour force in the early 1970s put the total number at about one third of the national labour force.

The Lebanese economy was and still is a confessional economy that grew out as a natural outcome of an extensive intersection of interests of the then basically dominant Maronite Christian bureaucrats and Sunni Muslim trading families that culminated in the National Pact that still characterize the polity. The confessional divide segmented markets that were basically small and inefficient into smaller enclaves with costlier transaction costs and instilled a precarious political system prone to violence.

Lebanese prosperity also had much to do with the fact that Lebanon had a jump start in economic and social development over neighbouring countries that were then rich in resources but relatively poor in skills, global communication and developmental experience. The advanced educational system in Lebanon and the extensive connections the Lebanese had garnered with the West over the past two centuries bestowed on Lebanon some real advantages allowing it to act as the indispensable middleman in much of the contacts of the Arab Gulf and other Arab countries with the West and even Japan. The war undermined most of these favorable factors and processes and, in addition, created some very negative mechanisms and attitudes of its own that proved to be difficult to reverse or moderate.

ASFER members' contributions

- Mahmoud Mohieldin: Climate Action in times of Pandemic and War On June 10, 2023.
- Khaled Wasef Al-Wazany: A new Global Financial pact within the umbrella of the COP on June 26, 2023.
- Professor Abdelhamid Zigalaie has released his new book "Arab Economic Integration: A necessity of the future" which tackles the issue of Arab economic integration, an issue that has been of major concern for decades and one that has seen tumultuous changes in sentiment between a penchant for pan-Arabism on the one end and isolationist nationalism and economic competition on the other end. The book tackles Arab economic integration as an imperative step rather than a choice and as an anchor for drawing the roadmap for Arab economic development heading into the future. To access the book.

Professor/ Abdelhamid Al-Zigalaie

Arab Economic Integration: A necessity of the future

Links and Resources

- Fourth General Lecture - ASFER 2023
- Journal for Arab Economic Research
- Become a member
- For more on ASFER, visit our website

Economic Reports on the Arab Region

- The Unified Arab Economy Report - The Arab Monetary Fund
- Egypt and the International Monetary Fund - IDSC
- The Arab Economy Horizons - Arab Monetary Fund