



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

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This week's issue of "Our Economy and the World" includes:

- Key Global and Regional Developments over the Past Week
- Special Analysis: World Bank – The Economics of the Arab Spring and Its Aftermath
- Recent Developments in Financial and Commodity Markets

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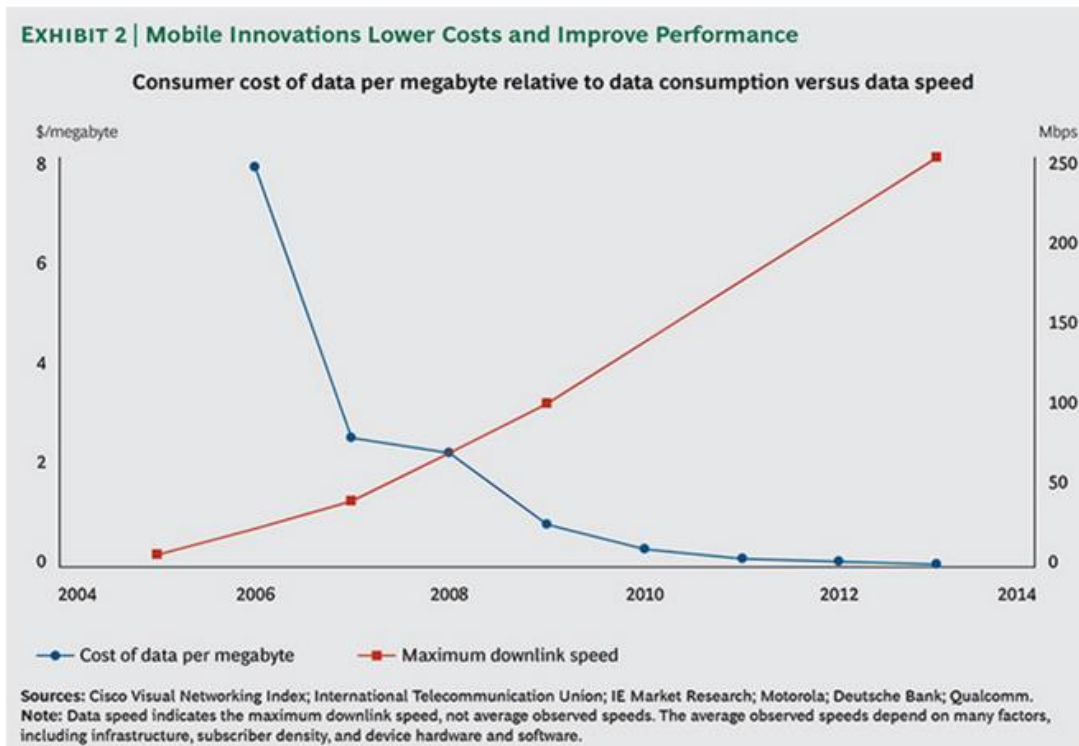
Our Economy and The World

The Weekly Report

Key Global and Regional Developments over the Past Week

World Economic Forum: How 5G will change the world

It is not an easy time to be an internationalist, to seek global solutions to global problems amid what feels like one of history’s periodic inclinations toward divisiveness. Yet, ironically, we’re on the verge of a new age of interconnectedness, when the daily lives of people across the planet will be more closely intertwined than ever. Advances in technology will usher in the age of fifth generation, or 5G, telecommunications. And, if past is prologue, this technological evolution will lead to dramatic societal changes.



[Read the full article](#)

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[Bloomberg: Iran freezes permits for new private banks, credit institutions](#)

Iran’s central bank has ceased issuing permits and licenses for new private banks or commercial lenders, following a credit crisis that has seen the collapse of a parallel financial industry, freezing the savings of thousands of depositors. Several of Iran’s commercial banks and so-called credit institutions or funds -- whose high interest rates attracted widespread popularity over the past 15 years -- have collapsed or received government bailouts in the past year, sparking protests last summer and fueling recent demonstrations against Iran’s political establishment over rising agricultural prices and its handling of the economy.

[Read the full article.](#)

[Bloomberg: Saudi 2018 growth forecast revised up by IMF as oil prices rise](#)

The International Monetary Fund has raised its economic growth forecasts for Saudi Arabia as oil prices rise, though the pace of expansion remains below government estimates. Gross domestic product will likely grow 1.6 percent this year, the IMF said on Monday, compared with an earlier forecast of 0.5 percent. The Washington-based lender also revised its 2019 economic growth forecast to 2.2 percent from 0.6 percent. The government expects GDP to grow 2.7 percent this year.

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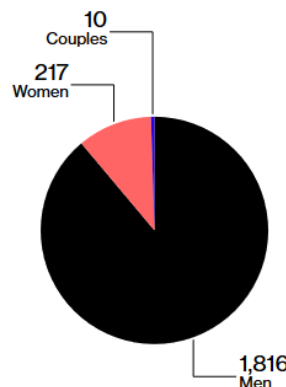
[Bloomberg: World inequality grows amid glut of new billionaires, Oxfam says](#)

The global economy created a record number of billionaires last year, exacerbating inequality amid a weakening of workers’ rights and a corporate push to maximize shareholder returns, charity organization Oxfam International said in a new report. The world now has 2,043 billionaires, after a new one emerged every two days in the past year, the nonprofit organization said in a report published Monday. The group of mostly men saw its wealth surge by \$762 billion, which is enough money to end extreme poverty seven times over, according to Oxfam.

[Read the full article.](#)

Inequality Amid Inequality

The vast majority of the world's 2,043 billionaires are men



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Special Analysis-World Bank

The Economics of the Arab Spring and Its Aftermath

Summary of Findings

The study rules out high and rising inequality as a reason for the Arab Spring uprisings. It finds that expenditure inequality in most Arab countries was low to moderate in the years before the uprisings (Hassine 2014), although it may have been substantially underestimated in the data because of missing top incomes, as shown for Egypt (van der Weide, Lakner, and Ianchovichina, forthcoming) and other countries around the world (Atkinson, Piketty, and Saez 2011). Wealth concentration in publicly traded companies also did not appear to be higher in MENA than elsewhere in the world, and the gap between MENA's and other regions' foreign tax haven bank deposits, represented as a share of GDP, had disappeared over the course of the previous two decades (Johannesen 2015). In an important development, expenditure inequality declined during the 2000s in Tunisia and Egypt, the two countries where the Arab Spring revolutions first took place (Hassine 2014). An analysis of welfare dynamics during the years preceding the uprising suggests that the real problem had been erosion of middle-class incomes (Dang and Ianchovichina 2016), which either declined or lagged behind incomes of other welfare groups. The middle class was getting squeezed and the middle-class consensus was eroding, especially in the Arab Spring countries.

The second part of the study provides clues to solving the Arab inequality puzzle by exploring alternative measures of welfare that capture people's views about their well-being. On the eve of the Arab Spring, people felt stuck. The middle class, in particular, was growing more frustrated with the quality of life in their countries. Life satisfaction scores declined markedly before the Arab Spring events, especially for the middle class in the Arab Spring countries. Arampatzi et al. (2015) associate this unhappy development with perceptions of declining standards of living, especially the deteriorating quality of public services and labor market conditions, and the growing dissatisfaction with corruption linked to the inability of people to do well without *wasta*, that is, connections with powerful political and business elites, particularly in the Arab Spring countries. These grievances negatively affected life satisfaction and were symptoms of a broken social contract.

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TABLE O.1

Annual Growth in Mean Consumption, by Income Group before 2010
percent

Country/economy	Bottom 40%	Middle 40%	Top 20%
Syrian Arab Republic	14.9	5.7	31.5
Tunisia	5.1	2.4	-5.4
West Bank and Gaza	3.8	-0.3	2.2
Jordan	2.0	-0.7	-2.8
Egypt, Arab Rep.	-4.0	-1.6	-1.5
Yemen, Rep.	-10.3	-3.8	17.3
Average	1.9	0.3	6.3

Source: Dang and Ianchovichina 2016.

Note: The 40th and 80th percentiles of the income distribution in the first period are used as the thresholds that, respectively, identify the bottom 40 percent and the middle 40 percent of the population for both periods. The period length varies across countries and refers to the period 1997–2004 for Syria, 1998–2006 for the Republic of Yemen, 2004–09 for Egypt, 2006–08 for Jordan, and 2005–10 for Tunisia.

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Recent Developments in Financial and Commodity Markets

Project Syndicate: Oil’s uncertain comeback – Mohamed El-Erian

Unless there is a notable geopolitical shock, traditional oil producers should treat the recent oil-price gains as a temporary windfall, not a permanent state of affairs. To prolong the price recovery as long as possible, they should reinforce their collective production discipline. As global economic growth picks up practically everywhere, oil producers are becoming increasingly hopeful that the recent impressive price recovery will continue. But, if those hopes are to be fulfilled, not only will producers have to control what they can (by maintaining production discipline); what lies beyond their control (output from shale and the value of the dollar) will also have to work in their favor.

[Read the full article](#)

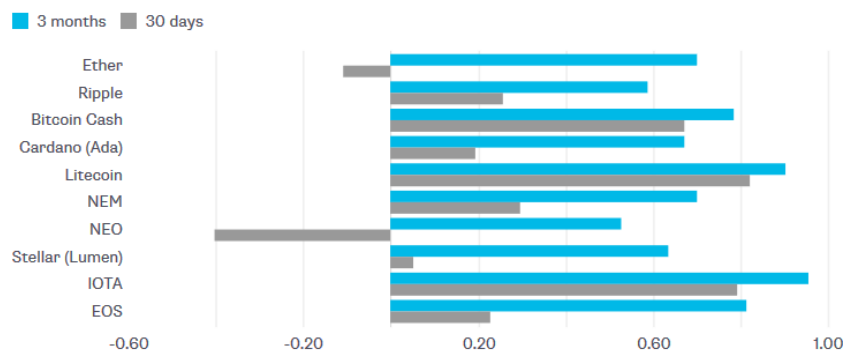
Bloomberg: Cryptocurrency markets aren’t all the same

There's a compelling reason to consider what's going on with cryptocurrencies a purely speculative boom-and-bust roller-coaster: Over a three-month period, the prices of all the top coins and tokens are rather strongly correlated, going up and down in unison. What does that make them if not the 21st-century incarnation of tulip bulbs? It's not so simple, though. In the last 30 days, which include a spectacular decline in the dollar price of Bitcoin, the correlations haven't been so reliable. In some cases, they appear to have broken down. I don't think that's an accident. Apart from relatively ignorant speculators, the cryptocurrency-trading community includes people who are genuinely interested in various applications of the blockchain technology and who are making informed bets on its particular flavors.

[Read the full article.](#)

They Aren't All the Same

Correlations between the prices of Bitcoin and other top cryptocurrencies (by market cap)



Source: Coinmarketcap.com

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