

**King Fahd University of Petroleum & Minerals
College of Industrial Management
Department of Finance & Economics
Dhahran – Saudi Arabia**

**ECON 206
The Economy of Saudi Arabia
Course Syllabus
Second Semester (Term 122)
Academic year 2012-2013**

Course: ECON. 206 The Economy of Saudi Arabia
Section: 03 Times: 01.10 pm – 02.25 pm Days: SM Room: 24/256
Instructor: Dr. Muhammad Saifur Rahman (office 24/101-2)
Telephone: 4449 E-mail murahman@kfupm.edu.sa
Office Hours: 11:00 am – 11.30 AM SMW or by Appointment

- TEXTBOOK: 1. Karl E. Case and Ray C. Fair “Principle of Macro & Micro Economics”, 8th Edition 2007 by Pearson Education Publishing Company, Inc.**
- 2. Dr. Mohammed A. Ramady, “The Saudi Arabian Economy (2005)”**
- 3. Dr. Abdullah Al-Obaid and Dr. Abdul-Qader Attaih, “The Saudi Arabian Economy (1994 in Arabic)”**
- 4. SAMA annual reports and Development Plans.**
- 5. Handouts**

Course Description:

This course is designed to familiarize students with the features of the Saudi economy. Special emphasis is placed on the sources of economic growth and the pattern of structural changes that have taken place and the different national economic problems and issues facing the economy. In addition, the course will deal with the different economic sectors of the economy and their contribution to the GDP. Finally, the role of the government especially in the area of economic planning will be discussed.

Course Objectives:

- To provide the students with an introduction to the major issues facing the Saudi economy such as inflation, unemployment, budget deficits, and economic growth.
- To understand and explain the linkage between the various sectors of the economy.
- To understand how best to achieve rapid growth and development in the future.

AACSB Perspectives:

The AACSB expects business curricula to incorporate various issues such as the influence of ethical, political, social, legal and regulatory, as well as environmental and technological issues critical to contemporary organizations. These issues are integral part of the discussions and presentations of the materials addressed in this course.

Communication Skills:

Student oral communication skills are developed through class participation and discussions. Written communication skills are enhanced via essays and multiple choice questions.

Course Policies:

1. University attendance regulations are strictly enforced which means **WF** will be given for excessive unexcused absences (more than nine). Being late at the start of class and leaving class without excuse automatically is considered as being absent.

2. Mid - Term examination will be given plus a final examination. The format of the examinations is as follows:

Multiple Choice Questions: 100%

3. **No make-up** examination will be given and any evidence of any form of cheating on any examination will result in a grade of **“F”** for the course.

Grade's Distribution:

Midterm Examination (See Syllabus Below)	25%
Final Examination (See Syllabus Below)	30 %
Group Term Paper	20 %
Assignment	25 %
Total	100 %

Tentative Course Outline for ECON 206 (Saudi Economy)

Date	Topic	Suggested References
Week 1	<p>Review of Principles of Economics</p> <p><i>Microeconomics</i></p> <ul style="list-style-type: none"> - Opportunity Cost - Comparative Advantage - Elasticity - Market Structures and Market Mechanisms - Policy Implications of Tax & Subsidy <p><i>Macroeconomics</i></p> <ul style="list-style-type: none"> - Keynesian Vs. Classical Economics - Nominal Vs. Real GDP - Inflation and Unemployment - Interest and Money Supply - Inter-connection between Good and Money Market - Fiscal and Monetary Policies - Multiplier Concept - Business Cycles (Boom Vs. Recession) - Phillips Curve 	<p>Case, Fair and Oster, Principles of Microeconomics, Principles of Macroeconomics</p> <p>PowerPoint Slides in Blackboard</p>
Week 2 &3	<p><u>Economic Growth & Development:</u></p> <ul style="list-style-type: none"> - Definition of both Growth & Development - Benefits & costs of economic growth - Determinants of economic growth <p>Models:</p> <ol style="list-style-type: none"> 1) The Harrod-Domar(Brief) 2) The Lewis Development Model (Brief) 3) Mechanisms of Oil based growth model 3) The Long-Run Economic Growth: <ol style="list-style-type: none"> a) Malthusian Model(Brief) b) Solow Growth Model. c) Lucas Growth Model 	<p style="text-align: center;">Hand outs in Blackboard</p>
Week 4	<p><u>The Structure of Saudi Economy</u></p> <ul style="list-style-type: none"> - Structure of Resources - Structure of GDP - Structure of Aggregate Demand - Structure of Aggregate Supply - Structure of Government Budget 	<ol style="list-style-type: none"> 1. KSA Supreme Economic Council http://www.sec.gov.sa/?lang=en-US 2. Ministry of Economy & Planning http://www.mep.gov.sa/

Week 5,6,7	<p><u>The Oil Sector :</u></p> <ul style="list-style-type: none"> - Brief economic history of the Saudi economy (Pre- Oil Era VS. Oil Era) - The importance of Oil sector and its contribution to the GDP - Past , Present , and Future impact of Oil on the growth & development of the economy - Determinants of Oil demand & supply - The Optimum Saudi Oil Policy - The Kingdom’s role in OPEC & in the Oil market. 	<ul style="list-style-type: none"> 3. Ministry of Petroleum & Minerals Resources : http://www.mopm.gov.sa/ 4. SAUDI ARAMCO http://www.saudiaramco.com/irj/portal/anonymous 5. OPEC http://www.opec.org/ 6. Energy Information Administration (USA) http://www.eia.doe.gov/cabs/saudiarabia/background.html

Mid-Term Examination. Date: TBA

Time : TBA, Location : TBA

Midterm Vacation [23-27 March 2013]Classes resume 30th March 2013

Week 8&9	<p><u>The Government Sector:</u></p> <ul style="list-style-type: none"> - Fiscal Policy - Monetary Policy - Government Development Plans <ul style="list-style-type: none"> - Industrial Development - Agricultural Development - Human Development - Infrastructural Development of economic resources - Achievements of the Development Plans. 	<ul style="list-style-type: none"> 7. IMF http://www.imf.org/external/country/sau/index.htm 8. The World Bank http://www.worldbank.org/ 9. Organization for Economic Co-operation and Development (OECD) http://www.oecd.org/ 10. The Economist http://www.economist.com/saudiarabia/
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Date	Topic	Suggested Web-sites
Week 10	<p><u>Non – Oil Sector :</u></p> <p>A. The Industrial Sector:</p> <ul style="list-style-type: none"> - Basic VS. Transforming Industries - Saudi Industrial Policy - Industrial Strategies in Saudi Arabia - Industrial Development Motives in Saudi Arabia - The rule of Industrial sector in the economic development - General Obstacles facing the Industrial Sector 	<ul style="list-style-type: none"> 11. al bab http://www.albab.com/arab/countries/saudi.htm 12. Ministry of Finance http://www.mof.gov.sa/en/default.asp
Week 11	<p>B. The Banking Sector : Saudi Financial System :</p> <ul style="list-style-type: none"> - SAMA - Commercial Banks - Specialized Credit Institutions 	<ul style="list-style-type: none"> 13. SAMA http://www.sama.gov.sa/

	- Capital Market	
Week 12	C. Other Non-Oil Sector : - Agriculture - Water	
Week 13	Privatization	
Week 14& 15	Saudization and the Labor Market	
Week 16	The Balance of Payments and Inflation	
Final Examination: Saturday , May 18, 2013, Time 8:00 AM-10.00 AM Location : TBA		

Additional Topics that could be added to the syllabus (if time allowed)

A. Zakat and Tax System

B. GCC Economic Integration