Figure 1.20. Middle East: Oil Shocks and Macroeconomic Management

With soaring oil export proceeds, prudent macroeconomic policies are key to avoiding the boom-bust cycle associated with the first and second oil shocks (1973 and 1979).

Sources:
1. The Cooperation Council of the Arab States of the Gulf (GCC) includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.
2. Consists of Egypt, I.R. of Iran, Libya, Syrian Arab Republic, and Yemen.
3. Government spending growth over a five-year period (starting in the year indicated) as a fraction of growth in oil export revenue over the same period.
4. Investment growth over a five-year period (starting in the year indicated) as a fraction of growth in government spending over the same period.
5. Defined as one minus the ratio of cumulative current account balance over a five-year period (starting in the year indicated) to cumulative oil export revenue over the same period.
6. Oil-exporting countries only.