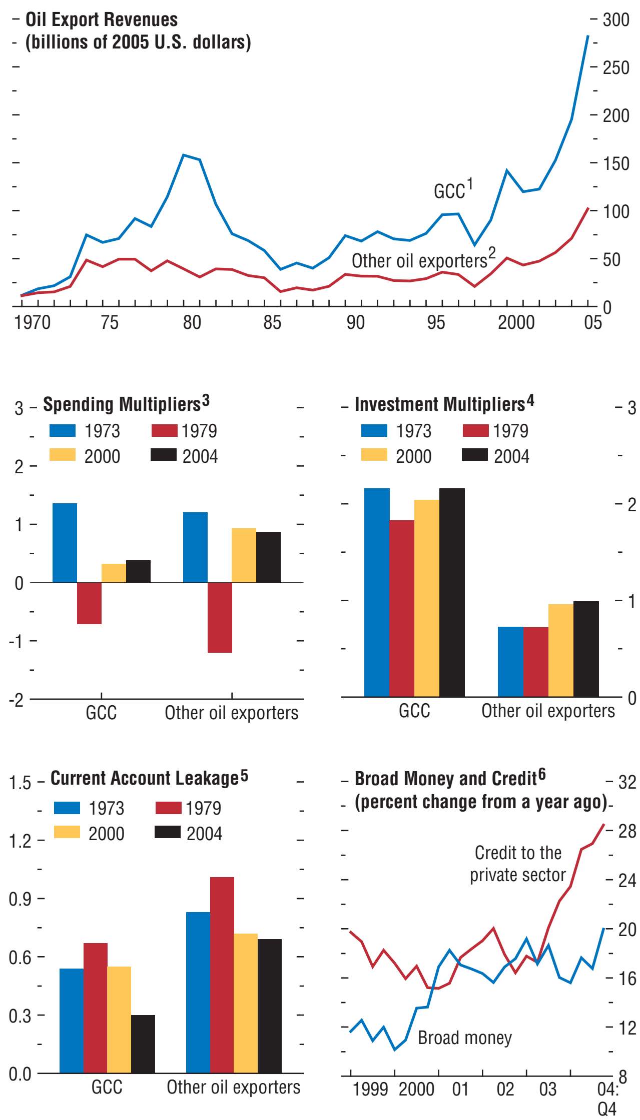
## Figure 1.20. Middle East: Oil Shocks and Macroeconomic Management

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: IMF, *International Financial Statistics;* and IMF staff calculations.

[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.