

Measuring Social Welfare Resulting of Iran's Sugar Imported Tariffs Comported to an Export Tax Policy In Brazil Using a Game Theory Approach

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Abstract

Sugar is one of the processed foods in the world and, its raw material is from the agricultural activities. It is a strategic product. The aim of this study is trying to analyze the relationship between imports and exports of sugar between Iran and Brazil, using the game theory approach. Also, the effect of change in global prices and tariff on imported goods in Iran, on social welfare in Iran and Brazil were studied. The examined data in this study, were evaluated during 1981-2012 period. The results of the welfare calculation using the game theory approach, are suggesting an increase of 22 percent in global prices for Brazil and the reduction of 10 percent in tariff orders for Iran, which leads to a welfare excess of \$ 759/5 for Brazil and \$ -194 for Iran.

JEL Classification: C70, C32, D6

Keyword: Nash equilibrium, Simultaneous equation, Strategy, World prices.

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Analysis of a planner institution to avoid time inconsistency of civil budgeting (Case Study: Isfahan Municipality)

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Abstract

From the public budgeting sector perspective, time inconsistency, is testable by significant deviation of budget efficiency performance from the approved. One way to avoid the problem of time inconsistency is to follow, the delegation approach. According to this approach, for any executive monetary or fiscal decision making and planning, an independent monetary or fiscal planning institution or sector is established, a part from the executive one. Objective evidences such as these institutions in metropolitan cities of the country, are formation of the planning deputies as a new municipal organization of the metropolitan cities such as Isfahan municipality. In this survey, we first, estimated approved and budget efficiency performance of fourteen municipalities with central municipality of the Isfahan metropolitan city from 2009 to 2012 by parametric method of Timer and WinQSB software. Two tailed T-test, at 95% confidence interval and Pearson's correlation coefficient are used for significant deviations of the approved budget efficiency from the performance by SPSS 18. Kolmogorov -Smirnov test is also used for data normality test. The results indicate that, Isfahan deputy of planning was not able to avoid the phenomenon of time inconsistency during 2009 and 2010. But, after two years, during 2011 and 2012, delegation approach was able to avoid it.

JEL: G2, G31, H7

Keywords: Time inconsistency, Delegation, budget, linear programming, efficiency.

Economic Analysis of Solar Energy System for Southern Iran's Villages

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Abstract

Developing electrical Energy is one of the basic needs for development, so equipping the rural regions and villages is one of the main responsibilities of third world countries. In this study, we used economic evaluation indexes to compare electrification to Baghtaj village by power grid expansion and application of solar photovoltaic systems. Economic evaluation indexes suggest that in the absence of government subsidies for these two methods, none of these ways are economical and they have negative net present value. In order to achieve the goals of social justice government must implement such projects even with negative net present value. In such circumstances, government should subsidies these projects to achieve a positive net present value. In this study a photovoltaic system, has been suggested because it has less negative net present value.

JEL Classification: Q41.P48

Keywords: New Energy, Solar Energy, Solar photovoltaic system, electricity Grid, Economic analysis.

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An inquiry into the impact of current and capital government spending on the Iranian GDP in the short-run and long-run

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Abstract

A number of economists argue that the capital expenditure has a positive impact and the current spending has negative impact on output while others believe that the government expenditure, regardless of being current or capital spending, has a negative impact on the economy. In this direction, this paper tries to investigate the impact of current and capital government expenditure on output using ARDL approach with annual data for the Iranian economy during 1346-1393. The results indicate that in the short-run both current and capital expenditure, with one delay, have a significant negative impact on GDP while in the long-run both current and capital governments have a significant positive impact on GDP. We also show that the size of the estimated parameter of the capital expenditure is twice larger than the size of the estimated parameter of the current expenditure. Using Lumsdaine-Papell test, we show that there is a structural break in the Iranian economy in 1352 (at that time the first oil-shock happened and the oil revenue increased and as a result both government expenditure and inflation increased). In order to accommodate this break we add a dummy variable to the model and we also show that when both current and capital spending are accompanied by inflation will have a negative impact on output.

JEL Classification: E62, H72, O40

Keywords: current spending, Capital spending, ARDL model, Barro growth model

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The Role of Price, Income and Efficiency in Iran's Energy Intensity

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Abstract

Changes in energy intensity can be seen as related to three factors including income, price, and autonomous energy efficiency improvements (based on technical changes and structures). The main goal of this study is to identify the factors determining the energy intensity and evaluating the importance of such factors in explaining changes in energy intensity for the Iranian economy. As additional purpose, the role of the improvement of energy quality in enhancement of total factor productivity and the reduction of energy intensity is investigated. Hence, methods such as index decomposition technique, ARDL and SVAR (Blanchard-Quah approach) econometrics methods are used for this purpose. Energy intensity decomposition between 1974-2012 shows that energy consumption inefficiency is the most essential factor forcing the energy intensity. According to estimated models results, there is a linear positive relationship between energy intensity and real income per capita, and the income elasticity of energy demand is larger than unit. Growth in the industry share of production, increase in total factor productivity, and growth of the relative price of energy in long or short term reduces energy intensity. Considering the level of importance, factors related to total productivity, price factor, structural factor, and finally income factor will have more impact on the energy intensity, respectively. Moreover the impact of energy quality improvement on reduction of energy intensity via increasing TFP was confirmed.

JEL Classification: Q43, O4, O13

Keywords: Energy Efficiency, Energy Intensity, Energy Quality, Total Factor Productivity, Decomposition Technique

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The Short and Long Run Causality between Financial Development and Economic Growth in Iranian Provinces

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Abstract

The relationship between economic growth and developments in the financial sector has been one of the most discussed topics in economics. This paper investigates the short-run and long-run Granger causality between financial development and economic growth in Iranian Provinces during the period 1991–2011. More specifically, in the first stage, we use a Fully Modified Ordinary Least Squares (FMOLS) method to estimate long-run panel data model. In the next stage, Generalized Method of Moments (GMM) is used to examine Granger Causal relationship between each pair of variables. The results suggest the existence of bidirectional short-run and long-run Granger causality between financial development and economic growth.

JEL Classification: G21 ·R11 ·C23

Keywords: Financial Development, Economic Growth, Granger Causality in Panel Data, Fully Modified OLS, Generalized Method of Moments.

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Sustainable Urban optimal energy supply planning using goal programming model: The case study of Isfahan City

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Abstract

The growing need for local energy has necessitated local energy planning in energy macro planning process. External direct effects of production and energy consumption are effective locally, so it might not be seen in energy macro planning processes effectively. It is endeavored to evaluate energy supply continuation, the possibility of long term access to resources and a decrease in pollutants locally. Isfahan is used as a sample in our study. In this research, consumption demand, which is met by electricity grid, in the city of Isfahan is assessed through an optimal combination of alternative energies including solar, wind and gas in a time period of 10 years. The aforementioned model evaluates an optimal combination of production using minimum cost, considering limitations related to pollutant emissions and demand satisfaction. It is performed through annual consumption of electricity, potential amount of alternative energies, capital costs and variables of grid and new alternative technologies. Goal programming model is applied for solving the aforementioned problem of optimization. Conclusions drawn reveal that production of solar and wind energy should increase by 7% of the consumption in 10 years and this will decrease pollutants in future. Electricity grid will be used to compensate for the shortage of supply of electrical energy therefore the amount of pollutants will decrease dramatically bearing the same capital cost as in the past.

Classification JEL: C61, Q42, R11

Keyword: goal programming mode, local energy planning, Urban economic

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Spatial analysis of the increasing in food prices in Iran

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Abstract

It is expected that inflation in a country with one currency is convergent in all regions. This has been associated with “convergence” directly. In policymakers’ viewpoint, convergence is a serious topic. Although the topic of inflation is investigated in macroeconomics, some inflation indexes, for instance inflation of food prices has attracted special attention. Generally, the issue of food inflation convergence has not been considered fully. The present study seeks to present an analysis of inflation distribution dynamisms in the provinces in Iran using the data on price indexes of consumer products and services during the time period April 2007-March 2013. In this study, each province is considered independently. Therefore, unique information is obtained which is applied in estimation and explanation of dynamisms of inflation changes. “Kernel conditional density” estimator was employed to analyze distribution dynamisms and two graphic methods were used to visualize “conditional density estimators”. It was shown in the study that there is no “spatial dependence” among the provinces and the hypothesis regarding the existence of independence of provinces is not rejected but there are convergent trends among the provinces.

JEL Classification: R12 ,C14

Keywords: inflation rate convergence, distribution dynamics, kernel density function, spatial autocorrelation

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Comparing Effectiveness of Liquidity Growth on GDP, Private Investment and Employment with Assets Market Bubble

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Abstract

One of the major questions in the Iranian economy is that the liquidity injected into the Iranian economy effects more productive activities or speculative activities. This study was conducted to compare the effects of liquidity growth on real sector and assets market bubbles in Iranian economy during the period 1994(2)-2012(1). For this purpose, price index of four major assets in Iranian economy (currency, housing, stocks and gold coin) were firstly combined through principal component analysis and one composite index called assets price index was provided. At the second stage, assets price index is estimated by ARDL method and residual change of the calculated equation is considered as bubble component of the assets market (speculation activities index). At the final stage of the study, the equation of assets market bubble component along with production equation, private sector investment and employment. It is estimated within the framework of simultaneous equations through 3SLS systematic method. The findings of the study indicate that the effect of increased volume of liquidity on the assets market bubble is greater than GDP and investment in private sector furthermore, increased liquidity has no significant effect on the employment during such a period.

JEL Classification: E52, E50, E59, C53

Keywords: Liquidity, Real Sector, Assets Market Bubble, Simultaneous Equations System

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Does Diversification Reduce risk in Tehran Stock Market when it is Volatile?

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Abstract

Empirical researches have shown that in highly volatile market, conditional correlation between returns is stronger, so diversification cannot reduce risk. To test this claim in Iran's financial market, quintiles of stock return distribution have been estimated by Kernel density and GARCH models. Then, average conditional correlation, error variance and conditional CAPM has been calculated to test the reducing of Non-systematic and systematic risk. Results show that average correlation in the upper tail is not significantly different from the middle one and the average of error variances and the portfolio beta are very unstable and can be much higher in the lower tail and middle than those in the upper tail of the distribution.

JEL Classification: G11 C32 ,C30 ,G32

Keywords: highly volatile stock market, conditional correlation, conditional CAPM, bull and bear market

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