

An Application of Blinder-Oaxaca Decomposition in Explaining Gender Difference of Earnings in Tehran

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Abstract

Income inequality is sometimes appeared as the gap between two gender groups. Adequate observations relevant to this type of income inequality have tempted economists to find the causes of this phenomenon and measure its width. The isolation of discrimination from that part of income gap which is explained by productivity of men and women is on the focus. Identifying the portion of discrimination (unexplained) and explained earning gender gap by using Blinder-Oaxaca decomposition procedure on the basis of two samples in Tehran is the main goal of this paper. The data have been gathered by questionnaire in 2012. Findings suggest that approximately 41% of the earning gap of sexes is attributed to the difference in human capital and another 59% is related to discrimination. Additionally, work experience is the dominant cause of gender earning gap.

JEL Classification: I24, J16, J71

Keywords: Gender Inequality, Blinder-Oaxaca Decomposition, Income, Human capital

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Effectiveness of a Time-Varying and Constant Hedge Ratio: Evidence from Gold Coin's Futures Contracts Traded in Iran Mercantile Exchange

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Abstract

In emerging markets, the growth of capital and commodity futures market would depend on effectiveness of derivatives in managing risk. For managing risk, understanding optimal hedge ratio is critical for devising effective hedging strategy. The present paper estimates the minimum variance optimal hedge ratio of gold coin's futures contracts in Iran, by using various econometric methods. It is found that by putting futures contract in the portfolio, the risk is significantly reduced. In the comparison of the estimated optimal hedge ratio among various econometric methods, CCC_GARCH, OLS and VECM have more ability in risk reduction as compared to others. Contrary to expectation, by applying conditional variance-covariance matrix, Garch model is not more efficient compared to other approaches. One reason could be the short history of the futures market in Iran which causes low efficiency in delivering the right information to investors is the market.

JEL Classification: G15, C01, C22, C11

Keywords: Optimal hedge ratio, Effectiveness of Hedge Ratio, Time-Varying and Constant Hedge Ratio, Weighted average of futures prices with different maturities.

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The Spatial analysis of the Impact of City Size Distribution on Economic Growth in Iran (2006-2011)

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Abstract

In each country, there are a few large cities along with a large number of small and medium size towns. Industrialization and the concentration of resources in large cities causes economic growth. However, resource shortages in small and medium-sized cities would decrease growth. Hence, the effect of city size distribution on economic growth is ambiguous. The objective of the study is to investigate the relationship between the city size distribution and growth in thirty provinces of Iran in 2006-11 through Solow-Swan growth model. The model has been specified as a spatial Durbin model in the form of a dynamic panel data. Results indicate the estimated coefficients are negative for both time and space lags of income per capita. The estimated coefficients of the variables of the Gini-coefficient and the Hirschman-Herfindahl index, as well as the spatial lags of these two are all positive and significant which show positive direct and spatial effects of the distribution of cities size on growth. The coefficients of other independent variables including education, inflation, budget, and fertility rate emerge significant with the expected sign.

JEL Classification: C23, C33, O47, R12.

Keywords: Arellano – Bond Dynamic Panel GMM Estimators, Spatial Durbin model, City size distribution, Economic growth.

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Determinants of Iranian Economic Growth

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Abstract

Human, social and natural resources, in addition to physical capital, are other capital inputs that determine economic growth. In this context, the current study aims to analyze the role of different capital inputs in the Iranian economic growth. For this purpose, the augmented neoclassical growth model is applied to data of 1974-2012 of Iran. Agriculture as well as mining, oil and gas production are considered as proxies for natural resources. The per capita judicial cases is also used as proxy for social capital. The results revealed returns of 0.12-0.29 for physical capital, followed by human capital receiving returns of 0.10-0.19. However very low return attributed to social and natural resources capital. Based on the physical capital contribution, domestic saving accumulation and absorbing foreign investment is recommended.

JEL Classification: O13, O47, R11

Keywords: Economic growth, Capital, Natural resources, Iran

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The Impacts of International Sanctions and other Factors Affecting Exchange Rate in Iran

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Abstract

An evaluation of the foreign exchange market in Iran implies that the fluctuations in exchange rate there have been considerably influenced by the political factors such as imposing international sanctions. Such effect has been arising particularly from fluctuations in oil revenues. Accordingly, this study has explored the effect of mutual sanctions imposed mostly in 2012 on Iran's exchange market through its cross effects on oil exports and government budget deficit and then, impacts of the sanctions before 2012 is also evaluated. To this end, the paper has employed the ARDL method to this exploration using relevant time series data from 1980 to 2014. The obtained results indicate that the sanctions imposed before 2012 have exerted directly a weak effect on the exchange rate while they have affected volatilities of exchange rate more strongly after 2012. In addition, oil export earnings and unified currency regime have positive and significant effects on exchange rate; furthermore, consumer price index and gross domestic product have also had direct and significant effects on the exchange rate.

JEL Classification: C22, F31, F51, F59

Keywords: Iran, International Sanctions, Oil Exporting, Government's Budget deficit, Exchange Rate

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The Impact of Financial Development on Shadow Economy in Iran: Tests for Cointegration with Structural Break

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Abstract

This paper employs data for the period 1974 to 2013 to examine the impact of financial development on the size of shadow economy in Iran. Zivot-Andrews unit root test were used to test for variables stationary and we used Saikkonen and Lutkepohl test for co-integration between the variables that emphasized structural break in variables. According to the cointegration test results, this paper used the dynamic OLS method developed by Stock and Watson for estimation long-run relationship between model variables. The results show that the financial development has negative and significant effect on the shadow economy in Iran and reduce the size of shadow economy. Also GDP per capita and openness have negative effect on Shadow economy and the population and inflation have positive effects on the Shadow economy in Iran.

JEL Classification: C32, E26, G32

Keywords: Shadow Economy, Financial Development, Zivot-Andrews Unit Root Test, Saikkonen and Lutkepohl Test, DOLS Method

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Impact of Cutting Cash Subsidy Transfer to the Rich in a Nonlinear Programming Model for Economic Input-Output Analysis

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Abstract

This paper measures the distributional and welfare impact of cutting commodity subsidy and paying cash subsidy. We introduce an extended Input-Output model employing a non-linear programming approach. The model is calibrated based on 2004 Iranian Micro Consistent Matrix with 56 commodity groups, 10 rural, and 10 urban household groups. Then we calculate Rawlsian welfare, Bentham welfare, and Cobb-Douglass welfare functions. Then the 2010 version of Iranian Economic Reform Plan to cut commodity subsidies and pay them in cash is simulated. We translate the 2010 cash subsidy policy to scale of 2004 data and with special attention to different household dimension. Simulating the policy, we found that equal payment to all individuals can lead to 47% rise in Rawlsian welfare index, and 3.6% higher welfare in Bentham welfare function. Paying cash subsidy to seven expenditure-deciles of households can improve the Rawlsian and Bentham welfare index by 73% and 1.9%, respectively. Although this policy is preferred by equality measures, it decreases the welfare of top 30% rich between 13% to 16%.

JEL Classification: H24, D63, D31, C67

Keywords: Cash subsidy, social welfare, income distribution, Input-Output model, nonlinear programming

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Fiscal Policy of Iran`s Economy in a DSGE Model (Focusing on Non- Ricardian Households)

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Abstract

This paper designs a medium scale dynamic stochastic general equilibrium (DSGE) model for Iran`s economic. According to the model, it is distinguished that taxation rule combination has a significant role in fiscal policy effectiveness. In order to show the combinations, several distortionary taxes are used, which are the rate of labor income taxation, the rate of capital taxation and the rate of consumption taxation. A government expenditure shock affects both Ricardian and Non-Ricardian consumption. The results of simulation reveal that the shock reduces the consumption of Ricardian households for a short time then, it rises to higher than the stable one. Non- Ricardian households reduce their consumption for several periods and when income increases, they start to increase consumption, too.

JEL Classification: H30, D50, C53, C15

Keywords: Fiscal Policy, Fiscal Policy Shock, Ricardian Households, Non-Ricardian Households, DSGE

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Experimental and Theoretical Study of the Effect of Property Right on Intertemporal Behavior

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Abstract

Empirical and experimental studies show that time preferences for long run are smaller than for short run. In the other word individuals in their intertemporal behavior are present bias. So the saving level becomes less than its optimal level. In this study, we assume that property right could eliminate deferent transaction cost between consumption and saving. We investigated our hypothesis by experimental method. In our experiment, 130 students participated and they answered the "MPL" tests in two group. The first group had not receive commitment. We gave the second group commitment about payment. And found time inconsistent behavior in both groups. The parameter of long run time preference was the same in both first and second group. But the present bias parameter was smaller for the first group. This means that those who have received commitment are less present bias in their intertemporal behavior.

JEL Classification: C91, D01, D23, D12

Keywords: Time Preference, Present Bias, Cognitive Bias, Property Right, Experimental Economics

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Investigation the Long Run and Short Run Impact of Banking and Economic Factors on Public Bank's None-Performing Loan

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Abstract

Banking system has been faced recently by none-performing Loan in Iran and it has many consequences such as lack of liquidity and reduction in the volumes of credit in Iran's banking system. This study investigates the impact of banking and economic factors affecting on none-performing Loan in seven public banks in the framework of dynamic panel data model with using one-step generalized method of moment(GMM) estimator during the time period of 1380 until 1393 based on the importance role of none-performing Loan in the banking system. The results indicate that economic variables (economic growth, inflation rate, real interest rate and public debts) have a significant role in explaining long run and short run changes in public bank's None-performing Loan, whereas management and efficiency among bank's factors have a significant role in explaining changes in public bank's None-performing Loan. Based on the results, changes in public bank's None-performing Loan compare with economic and banking factors, are more sensitive to economic condition.

JEL Classification: E5, C23

Keywords: None-performing Loan, one-step GMM, public bank, dynamic panel data

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ABSTRACT OF ARTICLES