

Investigating the Effect of Smuggled Goods and the Degree of Trade Openness on Economic Growth in Iran

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Abstract

Smuggling of goods has become one of the controversial issues of recent years around the world as a threat to various political, cultural, military, social and especially economic spheres. While most economic studies focus on the theoretical aspects of smuggling and the analysis of its welfare effects, only a very limited number of studies have empirically addressed this complex phenomenon. The present study investigates the effect of smuggling of goods and the effect of the degree of trade openness on economic growth in Iran during 1979-2015 using a Vector Auto-Regressive model (VAR). The results indicate a negative relationship between smuggling of goods and economic growth and a positive relationship between the degree of openness of trade and economic growth in Iran in the long run. Also, the results indicate a positive impulsive reaction of smuggling to a standard deviation of positive shock in the index of openness index.

JEL Classification: C22, C87, E26, O41, O17

Keywords: Smuggling of goods, Trade Openness, Economic Growth, Interaction Effects, Vector Auto-Regressive model (VAR), Impuls functions

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Three-Stage Environmental Efficiency Evaluation of Iran's Power Industry: Network Data Envelopment Analysis Approach

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Abstract

The power industry of Iran needs to increase environmental efficiency through reducing pollution emissions and losses to achieve sustainable development and improving technical and economic performance. So considering undesirable outputs beside desirable outputs has important role on the power industry performance. Data envelopment analysis (DEA) widely used in evaluating the efficiency of the electricity industry. In traditional DEA relative efficiency of Decision Making Units (DMUs) are calculated with multiple inputs and outputs but ignoring the internal structure or links between organization or manufacturing process divisions is a big problem of traditional models. Network models can deal with this big disadvantage and consider inefficiency more accurately. In this study environmental efficiency of 15 Iranian electric power companies has been evaluated during the period (2010-2014) using non-radial Slack Based Measure (SBM) with three stage network structure. Power grid in the country has been made in three parts namely "production", "transmission" and "distribution". They are dependent to each other by two links namely power generated and power transmitted and overall efficiency of power industry is determined by them. Results of the study indicate that generation division effects on overall efficiency more than two others and reduces companies efficiency significantly. Khuzestan company has the highest efficiency and Gharb company belongs to the worst performance. Results of this study can recognize overall condition of electric power companies and provide policy for improving their performance.

JEL Classification: Q43, Q53, C67, C61, Q57

Keywords: Environmental Efficiency, Desirable and Undesirable Outputs, Network Data Envelopment Analysis, SBM Model, Electric Power Companies

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Identifying the Factors of Entrepreneurship Level Using Discrete Models (Case study: Shahid Salami Industrial Town of Tabriz)

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Abstract

The main purpose of this study is to investigate the effects of determinant factors on entrepreneurship level using logit and probit models in Shahid Salami industrial town in Tabriz in 2016. The data were collected from 121 economic activist who were randomly selected from the population. The data were then analyzed using probit and logit models. The empirical results indicated that the level human capital has a negative and significant impact on entrepreneurship level. In addition, physical capital, social capital, expected benefit, financial and non-financial support of the government, attitudes, self-efficacy and subjective value have positive and significant effects on entrepreneurship level. Therefore, considering the importance of entrepreneurship in the country, promotion of variables increasing the entrepreneurship level as well as a fundamental reconsideration of the quality of education in Iran has been recommended.

JEL Classification: L26, J24, C35, Z21, A23

Keywords: Entrepreneurship, Physical Capital, Social Capital, Human Capital, Logit and Probit Models

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The Effects of Changes in the Price of Crude Oil on the Tehran Stock Exchange Index: The Use of M-GARCH Approach BEKK

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Abstract

Volatility and oil shocks in the oil producing countries could be impacting the price index of the Stock Exchange. This study aimed to investigate the effects of recent oil shocks on the price index of the Stock Exchange. For this goal, two short and long-term regimes created and MV-GARCH model and, BEKK solution used for the daily data from 21 March 2001 to 22 December 2014. The results showed that in the short and long run, the oil shocks have negative effects on the Stock Exchange. In addition, the impact of oil price volatility on the Stock Exchange is negative in the long-run. Due to the fact that in the short run oil price volatility has a positive effect on the oil price index, this effect has led to fluctuations in the stock index. With this in mind a policy should be taken to prevent the transfer the fluctuation of the price of oil to the index. In this way, we can use stock insurance, stock coupons, risk buying and selling, inventing new markets, changing stock portfolios and encouraging people to invest in the stock market.

JEL Classification: B41, E62, G10

Keywords: Stock Exchange Price Index, Crude Oil, MV-GARCH, BEKK, Markov Switching

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Determinants of the Factors Effecting Underground Economy in Iran (1976-2010): A Vector Error Correction Model

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Abstract

The underground economy is a global phenomenon that exists in all countries of the world and it has attracted the attention of many researchers and government organizations in different countries. Having information of the size of the underground economy is very important from the aspect of tax evasion, the effectiveness of monetary and fiscal policy, economic growth and income distribution. Evidence indicates the increased share of underground economy in most countries of the world. In broad concept, the underground economy is those activities which are not included in the national accounts. Removing some of the economic activities from the national accounts which are used as a measure of a country's output of goods and services during an accounting period creates numerous problems. The main purpose of this paper is to estimate the size of the underground economy in the period 1976 to 2010 by the method of Tanzi and identify factors influencing it by the method of Johansen-Juselius and (VECM). The results show that the underground economy allocated a high volume of the country's economy to itself and shows a growing trend in the time period of study. In addition, both size of government and revenue have a significant and positive relationship with the size of the underground economy.

JEL Classification: H26, O17

Keywords: The underground economy, Tanzi method, Iran, VECM

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Price Limits and Stock Characteristics: Evidence from Tehran Stock Exchange (TSE)

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Abstract

Price limits are boundaries applied by market regulators to restrict daily upward and downward fluctuation of security prices within a pre-specified price range. In this study, we have used the data of trades of all companies listed in the Tehran Stock Exchange during 2006-2015 to study the characteristics of stocks that hit price limits frequently using a panel regression model with fixed effects and generalized method of moments (GMM). In fact, this study aims at investigating the price limits in Tehran Stock Exchange by a novel and distinct approach. In general, risky stocks exhibit more price volatility and thus are more likely to experience price-limit hits. In summary, the results reveal that, in Tehran Stock Exchange, the stocks of companies with higher residual risk, higher trading volume and book to market value, as well as smaller market capitalization with respect to other stocks hit price limits more frequently.

JEL Classification: G10, G14, G18

Keywords: Price Limits, Tehran Stock Exchange, Panel Regression, Generalized Method of Moments

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The Effects of Knowledge-Based Economy's Components on Entrepreneurship in a Group of Selected Countries

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Abstract

Many countries in the world have long been trying to find a solution that would allow them to achieve economic growth and development through which more wealth, prosperity and utility can be achieved. Economists consider entrepreneurship the most important solution, which has recently attracted the attention of many countries. Knowledge-based economy is one of the most important tools resulting in economic growth and development by enhancing entrepreneurship. The aim of the current study is to investigate the effects of knowledge-based economy's components, based on the definition provided by the World Bank (training and human resource, innovation system, information and communication technology (ICT), and economic and institutional regimes) on newly-developed entrepreneurship in 10 resource-driven countries (including Iran) and 18 innovation-driven countries. This study has been conducted using panel data techniques and generalized method of moments (GMM) during the time span extending from 2008 to 2015. The findings of the study show that for the resource-driven countries, all of the components of knowledge-based economy, except the ICT variable, have significant positive effects on entrepreneurship. In the innovation-driven countries, all of the components of knowledge-based economy have had significant positive effects on entrepreneurship.

JEL Classification: I25, O15, C23

Keywords: Knowledge-Based Economy, Entrepreneurship, GMM

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Effect of Exchange Rate Pass-through on Import Price Index: Smooth Transition Regression Approach

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Abstract

The main objective of this research is to study the Taylor hypothesis (based on the role of the inflation environment) in Iran. For this purpose, seasonal time series data of the Iranian economy have been used during the 1988:Q1-2015:Q4 period and smooth transition regression model has been used. The empirical findings show that the import price in the high inflationary regime is lower than the low inflationary one, and Taylor's hypothesis is confirmed. The degree of exchange rate pass-through to import price index under the low inflation regime is 0.30414 and 0.09061 in short and long run, respectively. In a high inflation regime, it is 0.58202, 0.72016 respectively in short and long run. Therefore, inflation control policies can have a positive impact on reducing the exchange rate pass-through to the import price index.

JEL Classification: F31, F41, E31

Keywords: Smooth Transition Regression, Exchange rate Pass-through, Import Prices Index, Consumer Price Index, Iranian economy

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Convergence or Divergence in Per Capita CO2 Emissions Among OPEC Countries Focused on Regularity Quality and Government Effectiveness (GMM Approach)

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Abstract

The control and decreasing CO2 emissions are needed in global and regional agreements among countries. Because of the high share of fossil fuels in energy consumption, the OPEC countries emit more CO2. Understanding the distribution of CO2 emissions in this group of countries, have an important role in policy designing to control and decrease in CO2 emissions. The aim of this paper is to test convergence or divergence in per capita CO2 emissions among OPEC countries focused on the quality of institutions. In order to achieve this purpose, we used GMM by a green growth Solow model for panel data from OPEC countries over the period of 1996-2016. The results show the absolute and conditional convergence hypothesis is rejected. The technology has a negative and urban population and natural resources rent have a positive effect on per capita emissions. Also, the regularity quality and government effectiveness have a negative and a positive effect on per capita CO2 emissions, respectively. In accordance to divergence in per capita CO2 emissions, the authorities of OPEC countries should consider negotiations focused on quality of institutions to control and decrease in CO2 emissions.

JEL Classification: C54, F53, F64, Q47

Keywords: Convergence, GMM approach, Per capita CO2 emissions, Quality of institutions

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The Application of Continuous Wavelet Transform in Discovering the Dynamics of the Causal Relationship between Liquidity and its Components with Inflation: a Case Study of Iran

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Abstract

This paper provides a fresh new insight into the relationship between Liquidity and its Components with inflation in Iran applying Continuous Wavelet Transform and Frequency-Time Domain Analysis. According to the results: (1) in the long-run, there is a stable, strong and in-phase relationship between money growth and inflation so that an increase in the money growth with a lag about 2.5 years leads to an increase in inflation. (2) In the short-run and two-month scale, the increase (decrease) in quasi-money growth is accompanied by a decrease (increase) in inflation. However, in the medium-run and long-run, inflation leads to quasi-monetary growth pointing out the fact that these variables are anti-phase in the medium-run and in-phase in the long-run. The relationship between liquidity growth and inflation in the short-run and medium-run is heterogeneous and depends on the relationship between liquidity components and inflation. In the long-run, liquidity growth follows the inflation and it will be affected after 2 years.

JEL Classification: C49, E31, E51

Keywords: Inflation, Liquidity, Causal Relationship, Wavelet Coherence, Phase Difference

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