

The Effect of P Change in Opulation Age Structure on Government Budget Deficit

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Abstract

The aim of this thesis is to investigate the effect of changes in population age structure on the budget deficit and forecast its evolution using MIDAS method and time series data during the years 1367 until 1393. One of the criteria for assessing the economic strength of a country is to consider government revenues and expenditure and hence the budget balance. In this paper the effect of changing age structure on government budget deficits will be examined.

To this end a relationship for tax revenues and a relationship for government consumption expenditure is stipulated. For this purpose, we have estimated the corresponding function using the relevant data in the period the first quarter of 1367 to the fourth quarter of 1392. The results show that age structure of population have positive and significant effects on government consumption expenditure and tax revenues and thus budget deficit. Next, we forecasted the consumption expenditure and the government tax revenues for 1393. The budget deficit forecasted by the model is 130063.3 b.Rials for 1393 and compared to its real data which is 131016.1 b.Rials, indicate that the model forecast is satisfactory.

JEL Classification: H62, F14, H29, J10, C53

Keywords: Mixed Frequency Data Sampling (MIDAS), age structure of the population, tax revenue, government consumption expenditure, budget deficit

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An Investigation of the Effects of Innovation and Government Size on Intra-Industry Trade Based on The Shumpeter's Model

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Abstract

Intra-industry trade has become one of the most important issues of international economy during the last decades. This shows that Iran needs a suitable pattern for improving its commercial relations with the main trading partners and achieving its economic goals. Given the influential contributions of innovation and government size to the production of goods and services at international economy, this article aimed at investigating the non-linear relationship between innovation and intra-industry trade on the one hand, and the relationship between government size and intra-industry trade on the other hand. They have been reported to be the key variables of the linear and logistic transformation models from 2000 to 2015. Results have indicated that there is a non-linear relationship between innovation and intra-industry. The government size variable also increases intra-industry trade and trading partners in both models. Other control variables (GDP per capital, Linder variable and geographical distance) have the expected impacts on intra-industry trade

JEL Classification: C₂₃, F₁₄, L₆₀, H₅₀

Keyword: Government expenditures, Innovation, Intra-industry trade, One and two-way Panel-Data

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Identification the Hypotheses for Explaining Public Sector Growth in OIC Member Countries

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Abstract

The main purpose of this article is to answer this question that by considering the hypotheses all together for explaining public sector (government) growth, which one is suitable to explain the public sector growth in Organization of the Islamic Conference (OIC) Member Countries over the periods 1996-2014? For this purpose we focused on 12 hypotheses, including: Wagner hypothesis, Baumol hypothesis, globalization, fiscal decentralization, income inequality, Kau and Rubin, financial illusion, size of the country, democracy, demographic and political institutions and conflict. The method used is Bayesian Model Averaging approach (BMA), due to convenience feature to consider the uncertainty assumption of model. With estimation of 100000 regressions and Bayesian averaging of coefficients, hypotheses for explaining public sector are specified. Based on the results, population (As an indicator of the country size) and dependency ratio (as a demographic variable) with positive and negative signs have a certain effect on public sector size, respectively. The impact of land area (As another indicator of the country size) and economic globalization on public sector size are relatively important with positive signs. Also, negative and important coefficients of dummy variables used in the model shows that countries with a federal structure (fiscal decentralization indicator) and countries with presidential systems (as a political institution) have a smaller public sector size than the other countries studied.

JEL Classification: C11, F1, H5

Keywords: Public Sector, Bayesian Model Averaging Approach (BMA), Organization of the Islamic Conference (OIC) Member Countries

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The Impact of Specialization and Diversification in Urban Economic Activities on Labor Productivity in the Provinces of Iran (2000-2013)

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Abstract

Economic specialization and diversification in an urban area are main factors forming agglomeration economies. Agglomeration economies increase productivity of clustered firms in an area. This research investigates the impact of specification and diversification in economic activities on labor productivity in the provinces of Iran during 2000-13. Therefore, first, urban economic specification and diversification are measured using appropriate indices. Then, the indices are entered in the productivity model as an independent variable. Since used data has locational dimension and the spatial dependence diagnostic tests are significance, the specified model is estimated through spatial econometric techniques.

The results show in both spatial lag and error, specialization and diversification of economic activities, as well as capital stock and government budget have a significant positive with productivity. But human capital has a U-shaped relationship with productivity. In addition, the estimated coefficients of spatial lag and spatial error are positive and statistically significant and indicate spatial dependence of expenditure in the provinces of Iran.

JEL Classification: R12, L25, O47.

Keywords: Urban agglomeration, local agglomeration, economic specialization, economic diversification, labor productivity

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Modeling the Value Added Tax on Bank Services in the Framework of the Dynamic Stochastic General Equilibrium Model for Iran

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Abstract

In the Iran Value Added Tax System, some goods and services, including bank services, are exempt from paying tax. Based on theoretical literature, the exemption has created several distortions in the economy. Using Dynamic Stochastic General Equilibrium Model, this paper in order to understand the importance of VAT exemptions in macroeconomic fluctuations and the fundamental role of financial intermediaries in economic shocks, investigates the effects of levying VAT on bank services and by using the annual economic indicators of Iran during the period 1365-1394.

Moving from exempt treatment to hypothetical full taxation, the response of macroeconomic variables to various shocks is also examined. To optimize the parameters of the model, we used the Bayesian and calibration method. Finally, accuracy of the model is evaluated using the Brooks & Goleman test and impulse response functions. The model is then simulated under reasonable assumptions regarding parameter values. The results indicate that implying VAT on banks, through reduces their costs, leads to increase in bank resources and lending power so supply of credits, investment and production increases. Simulation results show that shifting the VAT policy from exempt treatment to full taxation leads to bank facilities to increase and as a result, output is higher under full taxation.

JEL Classification: H20, E58, E52, H25, H30

Keywords: dynamic stochastic general equilibrium, Macroeconomic fluctuations, DSGE, VAT, Exemption

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Criticizing Subjective Origins of Interest Rate, a Rational Approach Based on Islamic Philosophy

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Abstract

There have been different views trying to approve or reject interest by defining the origins of interest as well as criticizing and investigating such origins. Pros approaches mostly focus on objective origins of interest, i.e. productivity of capital and population as well as subjective origins, i.e. time preference, diminishing marginal utility rule and liquidity preference. However, the focal point of course is the narrative reasons taken from religions and rational reasons which root in philosophy.

This article is trying to criticize the subjective origins of interest based on Islamic philosophy. In this regard Time preference, as the "inter-temporal" factor, diminishing marginal utility and liquidity preference as the inter-temporal preference could not be moved in during the time. In other words, according to Islamic Philosophy result, Economics' temporal phenomena need inherent power and ability for their movements. This would be done using Islamic philosophy concepts such as nature, essence, objective or subjective essence, respecting subjective time theory.

JEL Classification: P4, H43, P2, E43, E49

Keyword: Interest; Islamic economics; time preference; liquidity preference, Origin of interest

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Simulation of Changes in the Supply and Unemployment of Highly Educated Population in 2016- 2025

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Abstract

The current study has been simulated the population of higher education and unemployed highly educated people by dy dynamic system method for the period 2016-2025 in Iran.

Simulation of a higher educated population is based on changes in the total population, supply of the population of students, economic factors affecting the higher education demand and the ratio of labor force to the number of students. Results show in the baseline scenario (continue the status quo) student population will be decreased from 4.8 million in 2016 to 3.5 million in 2025. The main reasons for the decline in student population, are decrease in the high school student population and reduce in the number of people 18 and 19 years old.

Baed on the simulation of the model the number of educated unemployed population increase from 1 million in 2016 to 2.4 million in the year 2025 even if the economy achieves a high economic growth.

JEL Classification: I23, C61, C63

Keywords: dynamic system, supply and demand for higher education, unemployment

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Telecommunications and the Iran Productivity Revival: A Disaggregated Analysis

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Abstract

This article investigates the effects of investments in telecommunications on the productivity of the Iranian economy. The input-output data used in this study are from the Statistical Center of Iran and the Islamic Parliament Research Center of Iran for the years of 2001 and 2011. The input-output tables were aggregated in 19×19 tables to make them comparable with one another. Our analysis is based on the work of Peterson (1979) extended by Correa (2006). The results suggest that investments in telecommunications have made a positive contribution to productivity growth, both at the sectoral and national levels.

JEL Classification: D24 .D57 .L96

Keywords: Communication, Input-Output, Productivity, Iran

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Social Preferences Modeling in Experimental Economics: Introduction and Experimental Evaluation

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Abstract

Economic analysis is usually based on the assumption that individuals seek to maximize personal or individual interest. There are, however, evidence and phenomena in some of the economic experiments that cannot be interpreted and explained solely on the basis of personal interest. To explain contrary result of experiments some models arise by considering those motivations beside the selfishness such as fairness, reciprocity and altruism. Three types of these models are introduced in this paper. The first and second models are based on fairness and inequality aversions. In the third model, it is assumed that individuals maximize total payoff. To test the validity of models, a two person distributional experiment is designed in the form of a dictator game. The test was performed for two groups of students. The results show that a significant proportion of individuals choose fairness outcome versus self-interest, in the expense of own payoff. To evaluate the robustness of result, the experiment was repeated for another group, with the difference that this time, if the fair one is chosen, not only will the person receive less money, but also the total surplus reduces. Nevertheless a significant proportion of people choose a fair option.

JEL Classification: C7, A13, D63, D64

Keywords: Self-Interest, Fairness, Efficiency, Experiment, Dictator Game

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Economic Value of Rice Multiple Attributes Based on Stated Preference Approach of Consumers in Sari City

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Abstract

Rice is the most important agricultural product that plays an important role in feeding the world and Iran agricultural economics. Rice consumers are looking to buy more utility attributes of the product. Thus, measuring the attributes that create desired utility is necessary. In this study, using choice experiment approach, consumer preferences and willing to pay for various attributes of rice is examined. Data was analyzed through 120 questionnaires in sari with orthogonal design in the Sari city by the conditional logit model. The results showed each household of Sari to improve his rice consumption is willing to pay on average 17850 Tomans per kg. Knowledge of the basic attributes of rice and individual preferences can lead to changes in the structure of researches and production of this strategic product.

JEL Classification: Q19, Q10, D11, D03, D00

Keywords: Choice Experiment, Willingness to Pay, Rice Attributes, Conditional Logit Model

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