Evaluating the Rate of Return to Education: Problems, Challenges and Prospects

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Abstract
The main purpose of this paper is to evaluating the effects of some methodological problems and issues on the estimates of return rate of education to achieve accurate and reliable figures. After intensively and critically reviewing the empirical studies, opportunity cost, selectivity and endogeneity and the hierarchical structure of data have been recognized as critical problems and issues dominating the estimates, then their effects on return to education have been examined using data from the economic and social characteristics of household survey 2012 conducted by the Statistical Centre of Iran. The key findings are: 1. return to education for the head of households in Iran is positive but less than the estimates of some other countries; 2. the rate is higher for females as well as for employees in urban areas; 3. return to higher education is more than that for general education; 4. the estimates are very sensitive to the issues of opportunity cost, selectivity and endogeneity, and the hierarchical structure of data, so that ignoring these problems leads to underestimates of the return to education. Such problematic estimates then might be very misleading in resource allocation which would affect the development goals of a country. At the end, some specific topics for future research are also offered.

JEL: C21, C24, I21, J24, J31
Keywords: Hierarchical structure of data, Multilevel modeling, Opportunity cost, Rate of return to education, Selectivity and endogeneity.

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Abstract

In this paper, we examine influence oil shocks on macroeconomic variables and Dutch disease phenomena when these variables encountered positive oil revenue shocks. Statistical model which is copula approach is used to show when Iran's macroeconomic variables encountered positive oil revenue casus Dutch disease and oil revenue has non-symmetric influence on the growth economic. In another word, growth economic is independent of positive and negative oil revenue shocks.

JEL Classification: C4C49
Keywords: Asymmetric effect, Copula, Dutch diseases, Economic growth, Tail dependency.
Learning, Mental Models and Economic Performance by Institutional and Cognitive Science Approach

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Abstract
Undoubtedly, attempt to cross the status quo and reaching desired situations is one of the most important causes of raising these kinds of topics. On the other hand, the key to achieve desired changes lies on the type of individual's learning. Hence in this paper, by using the method of documentary study, after reviewing cognitive science and cognitive economics issues; we intend to review the opinions of Douglas C. North who is one of the well-known institutional scholars in the field of "institutional change". Then, criticize and review his viewpoints by using Howard Gardner's ideas who is one of the famous cognitive scientists and the inventor of the Multiply Intelligences theory. The result of this study showed, although on many aspects like importance of learning process or its impacts on changes and also believes system Gardner's opinions confirm or complete North's attitudes. But in some viewpoints like ability of learning through the life and assuming the same chances for learning in various situations, he criticizes North attitudes, which are thinkable.

JEL Classification: D83, B25
Keywords: Cognitive economics, Cognitive science, Gardner, learning, North.

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Impact of Real Exchange Rate Changes on Value Added of Manufacturing Subsectors in Iran

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Abstract
Real exchange rate is one of the most important macroeconomic variables which affects various economic sectors. As the effect of real exchange rate variation is not equal in different sectors and due to importance of industrial development in economic development of country, this paper have investigated the effect of real exchange rate changes on 8 manufacturing subsectors over the period 1353-1390. The structural time series approach has been used in this paper. The results show that exchange rate devaluation has different long run effects on subsectors of manufactures. So that, those manufactures which had dependence on import of inputs and foreign capital goods benefited and those manufactures with lower dependence on foreign inputs destroyed.

JEL Classification: D51, F31, L60
Keywords: Real exchange rate, Value added, Industrial subsectors, Iran, Structural Time Series Approach

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Determinants of Iran’s Emigration Flows: An Application of the Dynamic Panel Data Approach

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Abstract
Emigration is such an important topic that has been attained a lot of interest especially in the last three decades. According to the statistics announced by the United Nations, outbound emigrants in recent years have been far from inbound emigrants in Iran. Therefore, investigating the role of various main determinants in the flow of outbound emigrants is so important and could be considered in order to make a policy for emigration control. In this study, we have made an indicator named quality of life by using factor analysis. Afterwards, the effect of quality of life indicator in addition to the other considered variables which investigate the economic and politic factors on emigrating from Iran to the selected OECD countries have been studied between 2002-2011 by the augmented gravity model and dynamic panel data. The results of this study indicate that quality of life, institutional and political factors have the greatest effects on emigrants respectively. In addition, the lag of emigration has positive and important effect on emigration and with increasing the distance the quantity of the Iranian emigrant will be decreased.

JEL Classification Codes: F22, O15, C43
Keywords: constructing an index, dynamic panel data model, emigration, governance indicator, quality of life index

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Abstract

This paper investigates the impacts of economic and financial developments on environmental pollution for 6 OPEC countries using panel cointegration and panel long-run estimator (DOLS) over the period 1980–2008. The results show that both economic and financial development have significant effects on the environmental quality in selected OPEC economies. The findings do not support the existence of environmental Kuznets curve in the case of 6 OPEC countries. While conform existing an inverted U-shaped relationship between financial development and environmental pollution.

JEL Classification: C23, G21, O1, Q56;
Keywords: DOLS method, economic development, environmental quality, financial development, OPEC countries.
Analysing the Countervailing Power Hypothesis in Iranian Industries

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Abstract
The concept of countervailing power is a term to describe the situation in which the market power of one side (sellers) may be balanced by the market power of another side (buyers) in a given market. The purpose of this paper is to test this hypothesis and to determine whether the market power of sellers has had a restraining influence on increases in buyer market power in Iran’s large industries. To this end we use a panel of 4-digit ISIC industries data over the period 1995-2010. The findings of this paper support the countervailing power hypothesis in Iranian large manufacturing industries in which the industries with more market power on the seller side and less market power on the buyer side enhance the performance of the firms.

JEL classification: L11, L6
Keyword: Countervailing power, Market structure, Buyer concentration, Seller concentration, Lerner Index, monopoly, Iran and ISIC

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Abstract

Estimating the Rate of Time Preference for Iran: A Recursive Algorithm

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Abstract

The rate of time preference plays an important role in discounting instantaneous utility in economic growth models and also in calculating social discount rate in cost-benefit analysis. In empirical researchers, this rate is assumed to be constant. However, the rate of time preference might vary over time. This paper develops a new algorithm to estimate this rate as a varied coefficient for the Iranian economy over the period 1965-2010. In our algorithm, we use a recursive method to estimate the initial values for the rate of time preference as a function of consumption. Given the effect of the rate of time preference on saving, and knowing their initial values, we use a filtering method to estimate these rates as a function of life expectancy. The average value of time preference rate over the period under consideration is 2.38 percent. This rate is found to be higher during the period of economic uncertainties such as Iran-Iraq imposed war. However, the rate is decreasing after the end of war.

JEL Classification: H43, Q01

Keywords: algorithm genetic, Iran, life expectancy, rate of time preference, saving.

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Modelling of the Lucas Critique Using Fuzzy Set Approach

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Abstract
In structural time series regression models, binary (classic) dummy variables are used to quantify the effects of economic structural breaks, changes or qualitative variables. The binary dummy variable can be challenged using this dummy variable in which 0 or 1 represent absence or presence of structural breaks (or changes), but presence of the structural breaks (or changes) may not have uniform effect throughout the period and thus use of zero or one does not provide enough fluctuation. The main aim in this paper is to present a suitable method for endogenously modeling structural breaks on structural coefficients. Doing so, instead of using the binary dummy variable, we have used a fuzzy dummy variable which provides more flexibility. First we have presented the fuzzy dummy variable based on fuzzy set with introduction of a method driving the fuzzy set membership concerning qualitative shocks. Then, we have estimated the Iranian aggregate supply and real money demand functions using both binary and fuzzy dummy variables. Estimated results and the comparison indicate that, first; using the fuzzy dummy variable in econometric modeling proveds more accurate (less specification error) estimation. Second; although the Lucas critique may result the structural breaks in econometric modelling, but for a stationary dependent variable, this effects will die down over time and reduces the strength of the Lucas critique reduce.

JEL Classification: C10, C52
Keywords: classical dummy variable, fuzzy dummy variable, Lucas critique, structural break.

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Abstract

Money demand in dollarized economies appears to be highly unstable and the model making it very difficult to forecast. This paper utilizes cointegrating analysis and application "Autoregressive Distributed Lag Method" (ARDL), the money demand function measured of the Iran dollarized economy. The study findings represent a long-term stable equilibrium relationship between real money demand and variables, GDP, the exchange rate on the informal market, inflation and ratchet. The results of this study indicate the occurrence dollarization and irreversibility of it's in the Iranian economy, because coefficients for the exchange rate and ratchet variable are negative and significant in the demand for money.

JEL classification: E41, F31

Keywords: Dollarization, Money Demand Function, Ratchet Effect, Irreversibility, ARDL Method

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