

[Download This Paper \(Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1)[Open PDF in Browser \(Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1&type=2\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1&type=2)[Add Paper to My Library](#)Share:    

One Hundred Years of Oil Income and the Iranian Economy: A Curse or a Blessing?

CE Sifo Working Paper Series No. 4118

39 Pages

Posted: 22 Feb 2013

Kamiar Mohaddes (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=1191710)

University of Cambridge - Judge Business School; University of Cambridge - King's College, Cambridge; Australian National University (ANU) - Centre for Applied Macroeconomic Analysis (CAMA)

M. Hashem Pesaran (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=117828)

University of Southern California - Department of Economics

Date Written: February 21, 2013

Abstract

This paper examines the impact of oil revenues on the Iranian economy over the past hundred years, spanning the period 1908-2010. It is shown that although oil has been produced in Iran over a very long period, its importance in the Iranian economy was relatively small up until the early 1960s. It is argued that oil income has been both a blessing and a curse. Oil revenues when managed appropriately are a blessing, but their volatility (which in Iran is much higher than oil price volatility) can have adverse effects on real output, through excessively high and persistent levels of inflation. Lack of appropriate institutions and policy mechanisms which act as shock absorbers in the face of high levels of oil revenue volatility have also become a drag on real output. In order to promote growth, policies should be devised to control inflation; to serve as shock absorbers negating the adverse effects of oil revenue volatility; to reduce rent seeking activities; and to prevent excessive dependence of government finances on oil income.

Keywords: oil price volatility, oil income, rent seeking, inflation, macroeconomic policy**JEL Classification:** E020, N150, Q320[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1)[Open PDF in Browser \(Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1&type=2\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2221860_code459177.pdf?abstractid=2221860&mirid=1&type=2)

0 References

[Fetch References](#)

0 Citations

[Fetch Citations](#)**Do you have negative results from your research you'd like to share?**

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](https://www.elsevier.com/legal/cookiepolicy) (<https://www.elsevier.com/legal/cookiepolicy>)

[Cookie Settings](#)[Accept all cookies](#)

