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Mahmood Haerian Ardakani
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THE ROLE OF OIL EXPORTS IN THE ECONOMIC DEVELOPMENT OF IRAN 1960-1992

A thesis submitted in fulfilment of the requirement
for the award of the degree

Doctor of Philosophy

from



University of Wollongong

New South Wales
Australia

by



Mahmood Haerian Ardakani

BS in Economics (Iran)
MS in Industrial Management (USA)

Department of Economics
February, 1996

DECLARATION

I hereby certify that this thesis has not been submitted previously as part of the requirements of another degree and that it is the result of my own independent research.

Mahmood Haerian Ardakani

DEDICATION

To my parents, my wife, and my daughters, Maryam, Samar and Sara Haerian for the devotion and support given during the research project.

THE ROLE OF OIL EXPORTS IN THE ECONOMIC DEVELOPMENT OF IRAN 1960-1992

ABSTRACT

The main purpose of this thesis is to investigate the impact of oil exports on the process of the economic growth in Iran during the period 1960-1992. The study uses single and simultaneous equation regression models to test export-led-growth models in the context of the Iranian economy.

The results would seem to suggest that the Iranian economy has been financed with large amounts of oil revenues in the past three decades, especially after the jump in oil prices in 1973. However, the regression analysis suggests that the Iranian economy did not gain as much from these price rises as the other oil producers because of the negative effects of the political turmoil during the last year of the Shah's rule in 1978, the transition of power to the Islamic government and, most of all, because of the heavy damages of the Iraqi-Iranian war.

Despite these negative effects the oil sector has played the role of the "leading sector" in the last three decades. The results of the simultaneous equation models suggest that Iranian exports to its major trading partners had a significant impact on the growth of the Iranian economy. The simultaneous regression results also suggest the absence of the feedback effect between the Iranian economy and other economies under study except Brazil, Romania, Singapore and Turkey.

The study predicts that the oil sector will continue to play a leading role in future Iranian economic development.

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Praise be to God Who taught man what he knew not (The Holy Quran, 96-5).

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