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TITLE: ASSESSING THE SUSCEPTIBILITY OF ELIMINATION IN ENERGY SUBSIDIES ON THE LIVING STANDARD OF HOUSEHOLDS IN IRAN

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ABSTRACT:

Analysis of Growth and Distribution Multipliers Based on SAM Model: The Case of Iran, India, Malaysia and Indonesia A. A. Banouei, S. I. Azad, and J. Banouei Faculty of Economics, Allameh Tabatabaie University, Tehran, Iran Abstract In this paper we use the standard SAM Model to analyze the socio-economic aspects within two kinds of Potential Economic policies. The former is visualized as a resource direction from production activities to growth and distribution. The latter starts from current transfers of Government to households. On account of several factors, the latter economic policy appears to be more prevalent than the former in Iran. As compared to the other countries, this can be considered. The main focus of this paper is to measure the potential socio-economic impacts of the two economic policies in terms of growth and distribution multipliers for the Economies of Iran, India, Malaysia and Indonesia, and then to quantitatively address the following question: "With respect to the potential implementation of the above policies which economic countries structure of are more flexible and what prospects can one visualize for the Iranian economy?" For this purpose we use the aggregated three sector SAMs of Iran (2001), India (1999), Malaysia (2000) and Indonesia (2003). Keywords: SAM model, growth multiplier, distribution multiplier Abstract of paper to be presented at the 17th International Input-output Conference, Sao Paulo, Brazil 13-17 July 2009. Assessing the Susceptibility of Elimination in Energy Subsidies on the Living Standard of Households in Iran S.Parvin and A.A.Banouei Faculty of Economics, Allameh Tabatabaie University, Tehran, Iran. Abstract Recent works indicate that the Iranian economy has the highest energy intensities among the other economies. Many analysts reached the conclusion that the existence of high energy subsidies could be the main factor responsible such high energy intensities. As a remedial measure and also in order to compensate the budget deficit in the current fiscal year (2009-2010) the government opted to eliminate all energy subsidies. To what extent implementing such a policy could affect the living standards of different socio-economic groups of households in Iran is not clear to policy makers. In this paper we intend use SAM-based price model and path decomposition of price influence to quantitatively this issue. The 2001 SAM, with is specifically designed for this purpose, has many features: The subsidized



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basic commodity groups (energy and non-energy) are classified in production account. Households are grouped in to rural and urban ,and than further broken down into deciles .The overall results reveal that the susceptibilities of eliminating energy subsidies raise the cost of living standard of rural households more than that urban of an households and are also more noticeable in the case of households than in the case of rich households.