

Quantitative Analysis of Services & Sub- Service Sectors in the Iranian Economy

Topic: Sector specific analyses: services II

Author: Seyed Iman Azad

Co-Authors: Ali Asghar Banouei, Narges Moradkhani

Despite the giant share of services sector in the world economy, its importance appears to be different in the process of development. Although, this sector has a very high share in the Iranian economy, some researchers and policy makers look at it as being non-productive. In this article, we maintain that such thinking regarding this sector cannot reveal the real picture of the importance of the services sector in the fast structural changes of the global economy. In order to analyse the role of services sector, one needs new classifications and concepts which are currently used by many analysts. In this article, we classify the services sector to in four sub-sectors such as: Producer Services, Distributive Services, Social Services and Personal Services and then use two approaches to quantitatively analyse the structural changes of the Iranian economy with respected to new classifications. The first is comparative static approach based on national accounts of SCI during 1961-2006 and the second is static approach based on 2001 I-O Table of Iran. The results which are presented and analyse in the sixth consecutive periods, show that the Iranian economy signified as a services economy from the fifth and sixth periods (1997-2004 and 2005-2006). The structural changes whit respects to the four sub-sector of services reveal that except the second and third periods where the social services has dominant share, the distributive services appears to have giant shares in other periods. Using IO model as a static approach, we find that key sectors are mainly sub-industrial sectors in traditional linkages where as sub-service sectors are propellant in modern linkages.

Keywords: Tertiary Sector, Distributive Services, Producer Services, Personal Services, Social Services, Traditional & Modern Approaches.