

STRUCTURAL ANALYSIS OF TEHRAN PROVINCE BASED ON INTERREGIONAL IO MODEL*

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ABSTRACT

Among the 30 Provinces, Tehran is the largest one. More than one fourth of GDP and almost 18% of total population are concentrated in Tehran Province. Service sector constitutes more than 70% of GRP which is highest among other provinces and well above the national average. The major problem which Tehran province has been facing is that the main part of service activities do not originate within the province but rather belong to activities outside the province. This then has created an unbalanced spatial distribution of wealth followed by fast urbanization, migration, shortage of housing, and pollution. To tackle these problems, decentralization has become the upper most important issue for regional as well as national policy makers. To deal with these problems, apart from the political and social factors, the first step is to identify the sector (sectors) whose activities are located outside the province, but which use service as an input within the province. We think that developing a two-region type IO Model (Tehran Province and Rest of Economy) will enable us to empirically deal with these issues. Applying 50 sectors interregional IO model in the framework of simulation of regional policy, we observe that among the 50 sectors of the Tehran Province, crude petroleum and gas sector, appears to be the one of the main sectors causing such unbalanced spatial regional activities.

Paper to be presented at Input-Output Meeting on Management and Environment, Seville, July 6-8, 2008, Spain

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