

Population, Income Inequality and Economic Growth in Iran: A Co-integration Analysis

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Abstract

During recent decades there has been an increasingly accurate awareness of a direct impact of population on the macro economy. Despite important studies that uphold positive effects of population on the economic growth, several studies argue that population have negative effect on the economic growth? The classical economists advanced the hypothesis that inequality of income distribution in the society is useful for both workers and investors. This paper examines the causal relationship of population, Income Inequality and Economic Growth in Iran. For this purpose, we use the Autoregressive Distributed Lag (ARDL)-bounds testing approach. Results indicate that, in the long run, population has a positive and significant effect on economic growth. On the other hand, the impact of population and economic growth on GINI coefficient is negative and statistically significant. Also, the results of Granger causality test show that there is a long run causality relationship from population to economic growth.

Keywords: Economic growth, Income inequality, Population, Autoregressive distributed lag.
JEL: O40, C32, D.