

# The Provincial GDP Percapita Growth Convergence in Iran

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Since human development has direct effect on the national development, balanced growth of regions should become the priority in the government, s economic policies. This paper finds convergence of real per capita GDP in Iran during the post war period (1988-1995).

Evidence of two kinds of convergence of real per capita GDP i.e. A convergence, B convergence and c convergence is find during the post war period .The hypothesis c convergence predicts that state cross sectional real per capita GDP. depression declines over time, the hypothesis of b convergence predicts that poor provinces would tend to grow faster per capita than rich ones, so that the poor provinces tend to catch up with the rich ones in terms of the level of per capita GDP. The underlying assumption of this hypothesis is that all provinces tend to a common steady state value or real per capita GDP.

The results of testing the convergence hypothesis among 24 Iranian provinces during 1988-1995 reveal that:

For the whole period under study, the estimated B convergence parameter was (.0157) positive and was statistically insignificant, indicating weak B convergence. It means that provinces with lower initial GDP per capita tend to grow faster than those with higher initial GDP, thus narrowing the distance between and poor. Because of weak convergence it takes 64 years to vanish the gap among provinces.

The results of a convergence shows that the mean value of a convergence for 24 provinces was .38. In 1995 the GDP per capita for 11 provinces was above the average and for 13 ones was bellow the average. The A parameter for 8 of the provinces (under average), and for f 2 of the (above average) provinces was more than the mean value (.38) .

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## **RESUME**

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