

The Effect of Knowledge Economy Components on Iran's Economic Complexity

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Received: 23/04/2019 Accepted: 19/01/2020

Abstract

The economic complexity index indicates the extent and variety of the export basket of a country. Studies have shown that countries that, in addition to diversifying products, have sophisticated manufacturing products are usually more economically advanced and are expected to have faster economic growth. The economic complexity indicator shows how diversification of exports can reflect the apparent economic development gap between countries. Therefore, in order to identify the differences between the levels of development in developed and developing countries, the study of the complexity index and its effective factors are necessary. At now, the question is that, how the knowledge components affected on complexity index? Therefore, the aim of the present research is to find an answer to this question why the Iran products are not complicated goods and what are the most important components affecting on production of complex commodities? Since there has not been a study in the interior and abroad that investigates the effect of knowledge components on economic complexity, the present study examines the effect of knowledge economy components on the economic complexity of Iran using Vector Auto Regressive (VAR) during the period of 1975-2016. The results show that components of knowledge economy such as trade openness, information and communication technology and innovation and invention have positive and significant effects on the economic complexity of Iran.

Keywords: Economic Complexity, Education, Freedom Economic, ICT, Innovation.

JEL Classification: P46, F41

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