

SALEH GHAVIDEL**Department of Economic Azad University Firozkooh Branch Iran, Iran (Islamic Republic of)****DUTCH DISEASE IN IRAN****Abstract:**

All models of Dutch disease study assume that natural resource revenue will be spent on imported consumer goods. In Iran, a large part of oil revenues to be spent on imports of intermediate goods for manufacturing sector. In this research, we studied 3-sector model same as Corden and Neary Model (1982). "Booming sector and de-industrialization in a small open economy" and examined Dutch Disease in Iran economy. The results represent that by the increases in natural resource revenues, the value of the national currency, will be increased (real appreciation of exchange rate). However, it has a little effect on the decrease of the tradeable sector (manufacturing sector) and increase of the non- tradeable sector (especially construction sector). Once again the Dutch disease still exists, but the injection of oil revenue to the tradeable sector, its effect is hidden. The main reason is of the use of natural resource revenues to intermediate goods used as raw materials in tradeable sector. So that the tradeable sector also declined with the decline in oil revenues.

Keywords:

Dutch disease, natural resource, resource curse

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