Abstract

Now seems almost impossible, imagine an economy without the use of policy tools and intervention policy makers. So, what is important is cost reduction resulting from the policies and increasing their efficiency. However, both domestic and foreign macroeconomic policy changes can significantly affect agricultural sector, but Policy makers usually change macroeconomic policies with little consideration of the impact on the agricultural economy. This study the short and long-run effects of changes in monetary policies and macroeconomic variables, including agricultural commodity price, interest rate, exchange rate, money, GDP and subsidies, on the Iran's agricultural sector income are investigated in a cointegration framework. For this purpose, are used from autoregressive distributed lag (ARDL) approach and Johansen Model with annual data for 1976– 2008. Results show that there exist the long-run equilibrium relationships among selected macroeconomic variables and income agricultural sector. Interest rate and exchange rate, that could be expected Theoretically, have in the short and long-run respectively, negative and positive relationship with income agricultural sector. Also, the price of agricultural commodities and money supply have in the long-run negative effect, but in the short-run negative effect on income agricultural sector. Also, in the short-run, farmers will benefit from increases in money and agricultural commodity prices, whereas over long horizon agricultural will be worse. Results show that, in long-run, GDP have negative effect on agricultural income. Also, the payment subsidies to the agricultural sector has not significant effect on income farmers over the past three decades.

Key words: commodity price, exchange rate, interest rate, Vector autoregressive model.

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Determination of the relationship between macroeconomic variables and income agricultural sector

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