

The private sector, whose chief aim is profit-making, is important, since all human beings are naturally interested in making more money – albeit this within the framework of the law – and because the total activity by the society will consequently generate more national wealth, translating into higher economic growth.

Money motivates every individual to participate in the economy and contribute to its growth. It was the Western world that took advantage of the

quer the world economy after the Second World War. Later they even squashed an economic giant such as the former Soviet Union, leading to its dismantling.

Of course, the West also took note of only a part of the private sector that was beneficial to the society as well as seen to generate added value. The Western tactic was that it punished the lazy and promoted those with potential and

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Industrial Revolution, becoming an economic giant after the Second World War. However, economic progress can only occur through proper understanding of the mechanisms of the private sector.

According to Donyaye Eqtesadi, taking advantage of the great potential of the private sector helped the West to con-

higher productivity rate. So bankruptcy was used as a mechanism to filter out the 'bad blood from the veins of the economy' in order to create a healthy atmosphere for those who had the potential to carry on their activities to the advantage of the society. Also, the West created a proper system of training and education to help those who had the neces-



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sary talent but not the means to realize their true potential.

Methods

But what methods did they use to realize such potential in their society and why is it that certain developed nations or the developing ones have managed to make optimum use of economic potentials, while others

such as Iran haven't managed to do so?

The private sector in a closed (non-competitive) environment becomes unproductive and unprofitable leading to waste of national resources. In other words, a proper added value to the private sector can only be achieved by making it competitive and harnessing its true potential. For

the same reason, the West started to move in the direction of competition and not support, particularly after the 1980s.

If Iran wants to make optimum use of the vast potential of its private sector, the first thing it will have to do is to create the proper mechanisms. In other words, the private sector can only become an engine for development

and growth when there is stiff competition otherwise, it will only become a consumer in a supportive environment.

In a non-competitive environment, the private sector cannot realize its potential for creating added value because it will be entangled in a web of rules and regulations and will have no other option but to exploit other

national resources to survive, like in Iran's case, oil money.

By cutting down costs and improving technology to realize its hidden potential, the West forced the private sector to spend a great part of their profits on Research and Development. As a consequence, investment in technology experienced an exceptional growth over the past 20 years alone.

If Iran wants to make use of the vast potential of its private sector, the first thing it must do is create proper mechanisms through competition

A quick look at the process of increasing customs tariffs in Iran over the past few months clearly shows that they have gone up by between 5 and 100 percent! Increased tariff means creating a non-competitive environment in the market in which the private sector becomes more unproductive and dependent on government aid.

Globalization

In the world of today, particularly with the globalization trend in which international frontiers make no sense at all, goods are imported into the country through legal and illegal channels. By adopting methods that have not been successful in the past, the Iranian economy is unlikely to improve its performance. The best way out would be to take advantage of the existing potentials of the private sector by creating a competitive environment first. In such circumstances, there will be higher economic growth rate and greater justice.

But without proper government policy, support and supervision, the latent potential in the private sector will remain unharvested. Strengthening and improving the expertise and supervision of the executive body and establishing a legal system to this end, will help draw out the vast potentials of the private sector to the benefit of the nation.

Minister of Industries and Mines Alireza Tahmasbi has talked about finalization of amendments and revisions in the document of the comprehensive national industrial development strategy.

However, no one knows anything about these changes, how they have been made, and by whom.

As ISNA reports, the draft document of the industrial development strategy was devised during the tenure of the former minister of industries and mines by a team of experts in industry and economy. At that time, the officials stated that the industrial development strategy was submitted to the affiliated ministries after completion, just before Es'haq Jahangiri was replaced by Alireza Tahmasbi.

From the outset, Tahmasbi said that the first task would be to meticulously study and analyze the plan and the changes made with the help of experts within the framework of the multilateral view on macro economic values of the Islamic Republic of Iran as well as the 20-Year Vision.

Stating that the industrial strategy document should be finalized as a guideline in a short period of time, he laid emphasis on the importance of devising pilot schemes under the strategy. "We must have a complete and multilateral document that pays special attention to the industry at the macro economic levels and at the same time devise the details of the strategy of industrial development," he said.

All economic views should be taken into consideration when revising the national industrial development strategy document

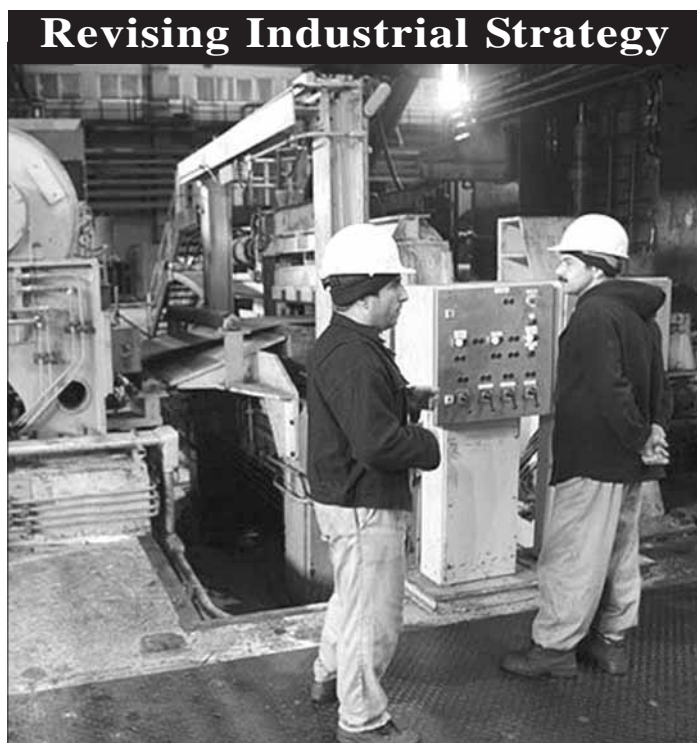
The minister argued that while the strategy devised by the former government paid attention to micro and macro economics, it largely failed to take into consideration the sectors in-between. "So we are determined to make certain changes in the document in order to complete the strategy."

Anomalies

Former minister Jahangiri had said earlier that Iran's move towards industrialization would be based on a strategy that could not be challenged by anyone, although it did suffer from certain anomalies that would have to be revised accordingly.

In addition, Mohammad Jafar Eslami, former deputy head of planning, development and technology in the Ministry of Industries and Mines had also asserted that it is not possible to reject a government document, while admitting that certain sections of the document might have to be completely changed or revised.

According to Eslami, the industrial development



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strategy was completely independent of the plans previously specified for every industrial sector and that no new plans had been considered for this particular strategy. Also, the previous strategies were in the form of research projects but the newly devised strategic plan was a legally binding document.

After the government of President Mahmoud Ahmadinejad took office last year, talks about making certain amendments to the industrial development strategy document were placed high on the agenda.

For this reason, the Ministry of Industries and Mines set up a special workshop with the participation of different people including its own ministers, as part of efforts to finish the task. According to certain critics, the meetings were not well-organized and couldn't provide the expected results. For instance, it was com-

pulsory for certain officials to participate in the discussions on a regular basis, but some of them never showed up. Besides, the huge task of making certain changes in the strategic document will need at least one complete year to achieve the expected results.

Criticisms

The task of revising the industrial strategy document was only an attempt to correct its pitfalls. In the midst of this, a neo-classic economic slant to the document is still one of the criticisms made against it. Critics are convinced that other economic views should also be taken into consideration when revising such as important document.

Another criticism is that it has largely failed to pay attention to the policymaking procedures concerning

the technology, as an important component of the national industrial development strategy.

The methods used to devise the plan have also been criticized. Critics maintain the plan has no 'solidity'. Additionally, it doesn't have a proper structure for priorities either. They argue that industries with priority will have to be specified and programs will have to be sketched out according to the priority order.

As per the critics, certain discussions such as high tech industries also have no proper policies. They argue that in the industrial development vision, industries based on modern technology have been introduced as priority for the country whereas in the main text of the document little attention has been given to them, which needs to be sorted out to avoid confusion.

The industrial development strategy aims to increase the international competitiveness of the country's business environment in order to generate more wealth, create more jobs and promote Iran as an attractive place to invest and do business. The initiative aims to assist individuals, firms and industries to identify opportunities, to develop national capability

The industrial development plan aims to increase the international competitiveness of the country's business environment in order to generate more wealth, create jobs and promote Iran as an important place to do business

to respond to the opportunities, and to exploit the existing opportunities both inside and outside the country.

The strategy embraces all sectors of the economy as well. It is a key component of sustainable development, and complements and is complemented by a range of efficient policies such as those relating to regional development, human capability, regulation of business, provision of infrastructure services and the protection and sustainable use of natural resources.

Therefore, as the critics maintain, given the fact that the Iranian economy is state-run or state-owned, it is also crucial to have specific policies and plans in place as part of national efforts to include the private sector in the comprehensive strategy of industrial development.