



Political Economy of Development: An Analysis of the Role of State in Iranian Underdevelopment Process

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ABSTRACT

Government intervention in the economy is one of the most important issues for policy makers and researchers in political economy in recent years. Many economists believe that governments should abandon their holding activities and engage in governance activities because government interference in the conduct of activities on the one hand prevents the government from performing its governing functions properly. In addition, state ownership means competition in the economy. This in itself means inefficiency, reduced productivity and reduced production, which ultimately become obstacles to development. The present study uses Friedman's economic theory based on the role of the government in the economy to analyze the political economy of the Iranian government and to investigate the factors affecting the economic underdevelopment of this country. The structure of Iran's economy shows that Iran has not experienced a free economy due to its dependence on oil revenues since the birth of the modern government, which results from the lack of experience of commercial and international capitalism dependent on the private sector. The government has faced widespread. Secondly, due to the existence of such a nature in the historical process of Iran, its economic structure with issues such as excessive government interference in the economy, undisputed and monopoly domination of the economy, weak privatization and excessive dependence on oil revenues. Finally, in its historical context, Iran has faced crises such as trade deficit, inflation, bank debt, weak domestic and foreign investment due to the government-centered economy.

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1. Introduction

*M*uch of the economic policymaking power of policymakers in countries is spent finding a way to achieve development that is reminiscent of that process. Along with the general and global issues of this issue in Iran, we are witnessing the revival of an approach that looks at the issue of development from a political perspective and the conditions for its realization and non-realization, and the main focus of this approach is to pay attention to the role of political variables and at the top of them the role of the government as the sole holder to exercise sovereignty over the territory in the development process, known as development political economy that tests development perspectives beyond one-sided. The question of the present study is based on the role of the state economy in the underdevelopment of Iran and despite the fact that post-revolutionary governments sought development, why has Iran not yet developed? The above research should help us to understand what factors have hindered the development path from the perspective of political economy? The study seeks to understand how the political economy of the Iranian states has hindered development in one way or another and what is the role of the government in this underdevelopment? The present study seeks to investigate the consequences of government intervention in the economy based on government intervention in the Iranian economy with Milton Friedman's theory. Friedman believes that the free market has the most appropriate function for all members of a society and government intervention cannot have an effective function. He advocates free economic policies and criticizes government interventionist policies, their implications and costs for personal freedoms and economic efficiency. The research hypothesis is that the first factor that led the post-revolutionary state to intervene was the nationalization of large-scale confiscations of private property in the early days of the revolution, which in turn demonstrated the nature of Iranian state economy.

Although after the revolution, the statesmen tried to implement Article 44 of the constitution and transfer and share other sectors such as the private

and cooperative sectors, this policy led to the public-private partnership in the economy and practically hindered the development of the Iranian economy. The policy of transferring important economic sectors was approved in the parliament and implemented by the state, and the private sector and cooperatives complemented the state's role in the economy and were practically marginalized because they operated under the state and could not compete with large state-owned enterprises. Excessive domination of the Iranian state over the economy has caused the unrivaled state to be renewed and leave no room for competition between other sectors. An intervention that had little effect on the development process and only increased market costs by distorting property rights. Iran's economy was a decisive factor in the fate of the state because national sovereignty was at stake, many national powers were dismantled, and it was unable to move forward on the path of development. This structure, in his opinion, was an obstacle that had hindered the development of Iran in the post-revolutionary years.

This article seeks to analyze the obstacles to Iranian economic development in the post-revolutionary years. It first defines the development and studies it from a variety of perspectives, second, analyzes the role of the state in the absence of economic development, and finally, examines the factors influencing Iranian economic underdevelopment. In fact, would say improving the business environment along with the privatization and transfer of companies whose continuation in the public sector is not necessary along with the continuation of the program of empowering non-governmental sectors in the development of the country and structural adjustment, developing non-oil exports and paying attention to foreign markets, reforming the banking system to increase efficiency and directing liquidity towards the basic production sector can be an important factor to open a path for Iran's underdevelopment.

2. Literature Review

Government intervention in the economy has always been an important and controversial issue in the political economy of countries and many theorists

know Government involvement in the economy is a prominent factor in lack of underdevelopment. In this regard, in Iran, various researchers have studied the consequences of this intervention in different dimensions that can be mentioned. (Hosseini and Shaghiei, 2012) in their research examined the history of government intervention in the Iranian economy. They showed that the history of Iran is full of significant events in the field of government economic interventions and its executive tools that these interventions have always been volatile, but the so-called government intervention has been stable. (Rezaei & Gandari 2017) also examined the impact of government size on income distribution in Iran. They showed that government intervention in the economy intensified in the 1970s due to rising oil prices in Iran in order to achieve sustainable growth. But after the revolution, this trend continued and achieving oil revenues led to widespread government involvement in the economy. At this time, due to the Iran-Iraq war and the destruction of the country's infrastructure, the government thought of privatizing and transferring public sectors to the private sector. But because of the government's tight control over the private sector, this sector tended to become more characteristic and the inefficiency of the government became more apparent. Therefore, the implementation of these policies will reduce the incentive for the private sector to investment and the government became too big. (Movassaghi & Kaveh 2015) believes that the most important obstacle to Iran's development is oil revenues, Results such as slower-than-expected economic growth, constraints on the country's economic and productive diversity, Poor functioning of the social welfare system has led to high levels of poverty, class disparities and unemployment that In his opinion, it has hindered the transition to development in Iran. Also, (Mehr Alizadeh: 2021) in his research showed that government intervention in important markets of the country the stock market, finance and energy, among other things, play a decisive role, and a state monopoly governs the market. Significant control over the country's important markets has imposed significant inefficiencies on the economic system, and with mandatory

pricing and regulation, has created a difficult situation for the private sector, and the government has become an undisputed competitor to the private sector. Thus, the situation of Iran's economy is at a point far from the desired state and losses along with the destruction of resources on a very large scale in the Iranian economy. (Akhlaghi Modiri et al., 2017) also believe that the undisputed rule of the government over the banking system. thus, each researcher has examined an aspect in his research and it can be said that this research has an inseparable aspect over previous studies, so that this study studies the impact of government intervention in Iran's underdevelopment based on political economy and can be a turning point attention should be paid to finding out about Iran's underdevelopment, and on the other hand, it can be a basis for continuing research on this issue in the future.

By the early 1960s, the prevailing theory in many developing countries was to increase state intervention (Abrishami et al., 2017). This has led to two broad spectrums of this rule, which are referred to as the pros and cons of state intervention in the economy. Proponents of state intervention in the economy believe that developmentalist states have not only caused development. Therefore, the larger state is likely to accelerate economic growth. In this regard, Ram studies have shown that the state accelerates economic growth (Ram, 2016). On the other hand, the opposition's view of state intervention in the economy is different. Many theorists consider this spectrum of state to be an obstacle to development for some reason. They believe that the state raises money through taxes and borrowing. Otherwise, it will flow to private investment. The state's efforts to achieve greater equity through income redistribution have neutralized the consequences of market success and failure, which in itself undermines market dynamism and growth (Clark, 2010: 59). As the founder of the monetary school, Friedman opposes widespread state intervention in the economy and state support is minimal. Friedman believes that if the economy is left to its own devices, it will be more stable as long as the state intervenes and seeks to manage it with prudent policies. According to Friedman economics, the main reason for the

economic fluctuations in the wrong policies of a state. It does not accept the fact that the state is better able to invest and create economic stability than the private sector and does not believe in expedient macroeconomic policies and regulatory regulations (Friedman, 2019). Accordingly, the state as a factor to achieve the goals that can be achieved through private exchanges is inefficient because in practice it exploits the goals and affairs that are against the interests of the people (Ghaffari, 2004). He believed that maintaining freedom was a defensive reason for limiting and decentralizing state power. in various aspects such as architecture, painting, literature, industry, and agriculture, the dramatic progress of civilization has never been the achievement of the state but should improve the living standards of the needy by creating harmonious standards of various incomes such as housing, food, clothing, education, road construction, health issues, the quality of performance of local areas all regions in a country. However, the state may replace the recession with progress and development (Friedman, 2001). Accordingly, it can be said that reducing the role of state ownership in the economy can be a way for obstacles to the development of countries. Iran can be considered as a clear example in this regard because its economy can develop by reducing the state's role in the economy. Otherwise, the economy cannot cure underdevelopment.

3. Iranian political economy of development

Political economy is the main focus of state planning to exploit structural capabilities in any society in which to achieve the promotion of welfare and social security. The main theme of the political economy has emerged in the United States since the 1930s, the welfare state, and is the product of the post-World War II era, which has had a special and thought-provoking place in the development agenda of nations. The state has not only maintained its role and position in the international political economy, but also has an effective position to regulate the equation of power, welfare, production, and employment in the internal structure of countries (Bargh Lameh: 2006). In

this regard, the most important theory in understanding the problems of Iran is the theory of political economy which shows the individuals' financial dependence on the state. The accumulation of economic power and financial resources in state agencies has created a structure that underlies individual, moral, and political corruption. The structure of the authoritarian state economic order is one of the important principles of this structure (Sariolghalam, 2014). In this regard, the complete domination of the state capitalism in Iran, along with its continuation and consolidation from Reza Shah's era, began with the birth of the oil state which, despite all the expert criticism of its inefficiency, demonstrates the power of ideological values and their decisive influence on the political system. This influence has played a significant role in how the state economy is formed in Iran (Ghani nejad, 2016). After the revolution, Iran's political structure has shifted from an integrated structure under Pahlavi rule and monarchy to a multi-center structure with multiple and contradictory sources of political and spiritual orientation, which hinders continuous economic reforms due to internal conflicts and factional politics. In this regard, due to the relatively developed nature of money and capital markets in Iran, state intervention in the economy is facing short-term crises that have led to numerous instabilities in the political and economic structure (Alizade & Hakimian, 2014).

3-1 Obstacles to the development of the Iranian economy after the revolution

The path of development in Iran after the revolution took a different path due to its strategic differences. Besides, no efficiency was achieved in the liberated or privatized sectors. Therefore, inevitably, the existing tendencies turned to the state to improve the prevailing critical situation. However, due to the lack of appropriate contexts and the excessive size of the state (even in the context of implementing adjustment policies) could not answer the problems (Hashemian, 2014). Therefore, In terms of political economy, several factors are involved in the lack of development of Iran's economy after the revolution and cannot be limited to a few factors. But the main factors of this trend can be

the weakness of privatization, oil revenues, economic-institutional structure (state) of the monopoly state, and state policy conflicts in the field of globalization, each of which is briefly examined as follows.

3-2 Poor Privatization

The recent experience of some developing countries shows that the state in these countries has acted as a development-oriented state and has also played a major role in the development path. Western countries have been able to achieve development and prosperity, and in this way, the actions of enterprises and the private sector have relied on a market economy. But many developing countries believe that they cannot take the time to develop. All these analyzes show that such strategies have been observed in many developmental states and this has paved the way for understanding Iranian underdevelopment (Delfrouz, 2018). Iran suffers from an economy in which institutions operate in traditional ways and are updated and prepared to play an effective role in the new economic situation of the drawer. Dummy privatizations have led to the emergence of quasi-privatization, an increase in liquidity and inflation, and dissolving development. No appropriate development policy and strategy in the political economy of Iran have led to widespread unemployment, inadequate distribution of income, sharp and exponential increase in liquidity, lack of optimal use of production capacity and waste of capital resources (Azimi Arani, 2014). Iran has not seen a strong and independent private sector that can manage state-owned enterprises in the current climate of the world yet. The competitiveness of the private sector has reduced more or less due to the shadow of some macroeconomic turmoil in various areas such as chronic state budget deficits, annual liquidity growth (above 20%), inflation at high-interest rates, costly business with cumbersome regulations and administrative bureaucracy, money laundering, capital flight, and smuggling imports (Niko Eqbal, 2017). These problems have eliminated the role of the state in selecting advanced technology and reduce the state's ability to attract

international investment. As a result, there will be no employer to accumulate capital (Su, 2009: 153). Many economists consider economic policies such as the policy of economic stabilization and adjustment, liberalization, privatization, and structural reform to be the only way to develop Iran's economy because they believe that by abandoning enterprises and limiting state activity to "national affairs," economic development can be better managed. In this regard, the failure of the state to manage large economic units and even banks caused a wide range of economists and state officials to accept the recommendations of the International Monetary Fund and the only way out of the stagflation is to transfer ownership of large enterprises to the private sector. (Derakhshan, 2020). This policy strategy was not implemented and despite the approval and implementation of Article 44 of the Constitution and the transfer of state-owned enterprises to the non-state sector in the last decade could not do the job of privatization of the economy because more than 80% of divestitures led to the rise of the quasi-private sector in the Iranian economy. It undertook measures such as improving investments and maintaining employment, and many of the state's goals, such as receiving annual taxes and installments, also encountered serious obstacles. This issue resulted in sluggishness and cessation of the implementation of these policies (Nikoo eqbal, 2017). After the revolution and the redistribution of the state, in addition to the two components of increasing the general state budget and regulations, the third component, state ownership, was greatly increased due to the adoption of the new law (in terms of ownership and management) and the private sector was reduced. The Iranian constitution does not recognize the large and centralized private ownership of financial and production institutions (Ghaffari et al., 2019). Also, the new constitution caused the country to witness a shift from a capital-dependent economy to an Islamic redistributive economy.

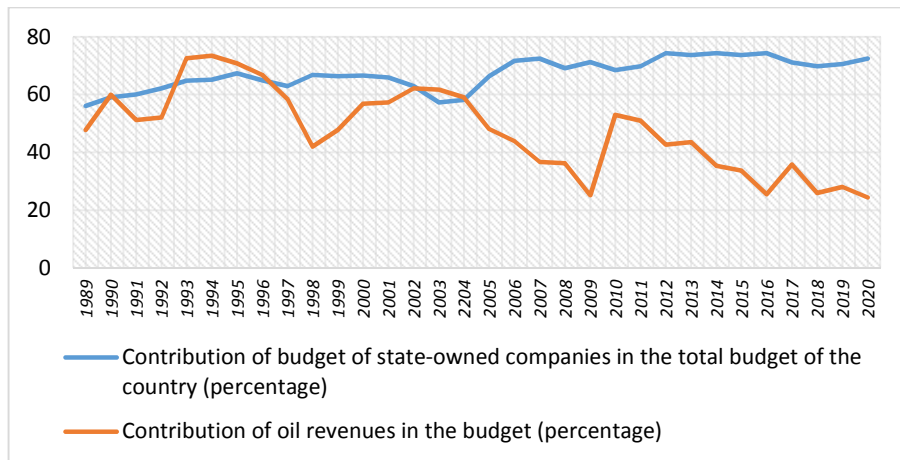


Figure 1. Privatization index in the Iranian economy

Source: Statistics of the Central Bank

As the above figure shows, privatization and reduction in the size of the state were considered by the officials theoretically. However, the policies of privatization and downsizing of the state could not be implemented practically. The formation and continued growth of the quasi-private alliance of the political economy forces influenced the macroeconomic policy-making process and the privatization process in Iran. Since privatization required the weakening and formation of equal conditions and competition in the economy, its conflicts with the benefits obtained from economic rent have caused the continuation of the state economy, quasi-privatization, and the lack of private sector development in the economy despite the implementation of policies for privatization (Ahmadi & Sattari, 2013). Initiatives such as the privatization of the state due to the change of power between the factions have led to economic and political instability. It in turn has led to a tense atmosphere and consequently decreases in investment in various sectors (Habibi, 2008). Besides, factors such as the redistributive nature of the state after the revolution, the incorrect implementation of Article 44 of the Constitution, the increase in the public budget, and the

increase in state regulation have led to the expansion of the state and the downsizing and neglect of the private sector. Accordingly, achieving development is not possible without changing the nature of the state in Iran. This issue can be one of the factors of Iranian development failure in recent years (Rezaei et al., 2017).

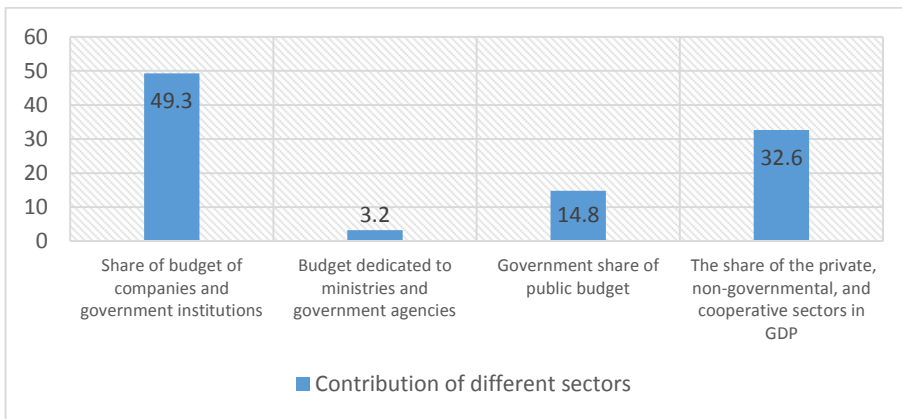


Figure 2. Contribution of different state departments in the Iranian economy

Source: The Iranian Plan and Budget Organization, macroeconomics

3.3. Rentier State

Iran has a rentier and single-product economy that has transformed citizens' lives and economic statuses. Oil revenues have led to growth and development. This feature has affected all economic and social affairs. Revenues from the exploitation of oil resources are part of the Iranian state's revenue. These revenues are received by states in various ways and various forms such as royalties, underwriting, land rights, property interest. Payments to the state are also made in foreign currency, and the sale of crude oil and petroleum products also constitutes a major share of state revenues (Amini and Shirazi, 2017). Oil, by its pervasive radius, pervades the economy of a society and affects all infrastructures. To get rid of and depend on it, such as prescribing for economic improvement and comprehensive

development, it is necessary to limit the state's extensive actions and avoid interference in various matters, because rent-seeking is contingent on state interventions, providing the ground for the expansion of opportunistic activities (Mosallanejad and Ahmadian, 2017). The Iranian economy has added to this inefficiency by relying on a single-product economy and dependence on oil money and tax-free. Feeding Iranian economic infrastructures with oil revenues for reducing the motivation of domestic investment and disregard for foreign investment has been one of the factors of poor economic management and state policy for three decades (Mahdiar Ismaili, 2017). In Iran, due to the monopoly nature and size of the state, oil revenues are an obstacle to development because oil revenues increase the size of the state when it is in the hands of the state.

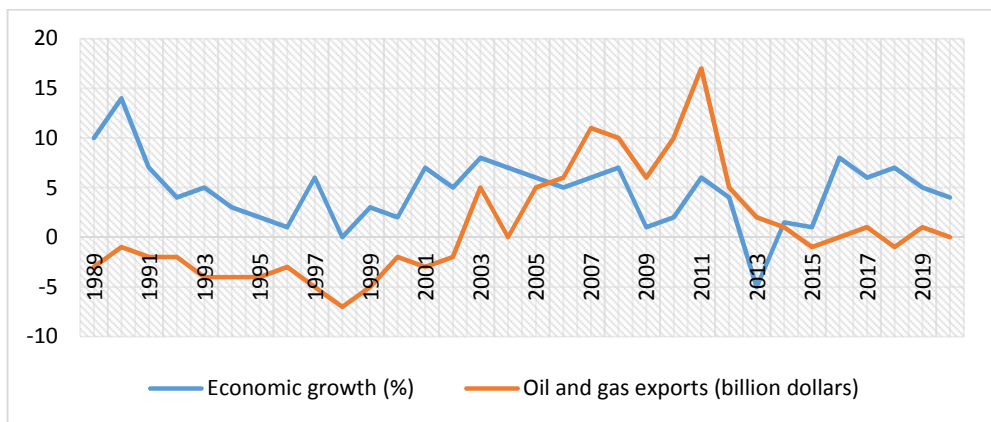


Figure 3. Oil and gas exports and the Iranian economic growth

Source: Statistical Center of Iran

Over the recent century, oil revenues have been the most important factor influencing the quantity and quality of the Iranian economy. On this occasion, it is not possible to know the characteristics of the political system and its function in domestic affairs and foreign relations without considering the effects and consequences that prevent or possibly promote state revenues

from oil sales in economic and social structure, especially concerning the type of initial capital accumulation (Azghandi, 2010). One of the main features of the program was to equip the state's revenue sources to achieve a budget without oil. However, not only has the program not reduced the dependence of state budgets on oil revenues, but it has also seen significant growth in this regard. (Mehrazma, 2008). Fluctuations in world oil prices have also provided the main factors of economic instability and intensification of state interventions in Iran's economy (Baz Mohammadi and Cheshmi, 2006). Therefore, it turns out that the state in Iran will remain a rent-seeking state due to its warranty state structure. Also, due to such an economic nature, it will continue to have a high unemployment rate. The state in Iran, like all states after the social revolution, is a principled state that has not led to the emergence of a new ethic of production, development, and launching the process of agricultural and industrial development before the end of oil revenues. In his opinion, this trend does not concern the development of the country, so the fate of this state will be strongly affected by the fate of oil prices (Aminzadeh, 2008). Therefore, if the state plays a more facilitating and regulating role and provides a private environment, the economy will be in a better position. As a result of this thinking, the implementation of various projects, the establishment of many state-owned companies, and the creation of a state-dependent private sector. This sector is also a state contractor that appears in the role of an employer, relying on oil revenues. These policies are not desirable in comparison with Turkey, as state policymakers need to realize that sustainable growth depends on the private sector, which is reflected in global competition, and that only by improving productivity can welfare be sustained (Sarzaim, 2016).

The free existence of oil in the hands of the state in Iran in the form of a double-edged sword has accelerated the process of modernization on the one hand and has given the state a source of authority independent of society on the other. For this reason, the nature of the state in Iran has been "hesitant." That is, it ostensibly wants development, but in practice is not willing to

accept a reduction in its authority in the development process. It seems that as long as oil is the dominant factor in securing the national resources of states in Iran, it destroys the nature of the state, and as long as the state feeds on oil resources and revenues, Iranian political system will remain in the stages of "refusal of development"(Renani and Moayedfar, 2018) they consider oil to be the most important scourge of the Iranian economy, believing that Iranian development is impossible without getting rid of its dependence on oil, and the existence of oil revenues in the Iranian economy throughout history has hindered development. This has transformed the Iranian state to a "distribution" one. Despite the desire of the state to reduce its presence in the economy, it still plays a significant role and has marginalized the private sector. In such a society, after going through the period of the normalization process, nationalization has taken place in the state of its state economy (Renani and Moayedfar, 2018).

3.4. The economic-institutional structure of the state

The structural features and cultural diversity of underdeveloped societies have made it impossible to obtain a clear theory or approach to the underdeveloped issues of these societies. Although at first it was thought that the problems of these countries are mainly economic, several studies have shown that structural underdevelopment, no efficient and accountable institution, and particularism are the main causes of the backwardness of these societies (Ghavam, 2010). Moving Iran towards development requires an institutional approach. Without considering the institutional issues, a correct and comprehensive analysis of the problems of Iran's economy cannot be realized. According to this view, weak institutions will have a significant effect on economic performance. It should be noted that in the current period, we are witnessing a continuous and direct decline of the state in promoting economic programs and the role of the state is moving towards a regulatory role (Renani et al., 2010). The vast underground economy is due in part to the extent of state interference in economic affairs. Due to the

inconsistency between the various elements of the state, each of the centers of official power has provided the ground for the organized underground activity to the detriment of the national economy and in favor of influential factors (Hadi Zanvar, 2009).

Table 1. Components of economic freedom

Type	Score	Rank
The state size	5.48	133
Legal structures and property rights	4.57	106
Strong currency (currency widely used in international transactions)	8.03	103
Freedom of international trade	4.97	152
Rules (credits, labor market)	5.62	145

Source: www.fraserinstitute.org

Institutionalists believe that if we look at the underdevelopment of many societies, we find that underdevelopment is not always due to lack of economic resources, but in many cases political instability, institutional inefficiency, and social and economic sharing structure (Edward, 2005). This is while the fiscal policies of the Iranian state and the regulation of the financial flow, collection of taxes, and earning of income and expenses should be in such a way as to create the least disturbance in the production and trade of income and value of people's assets. Maintaining the overall balance of the financial flow of the Iranian economy is considered (Movassaghi, 2006). The construction and formation of power in Iran are based on the concentration of political power and its expansion through economic classes loyal to the state. Such a pattern has been prominent since the Islamic Revolution. During this period, the new state elites began to develop a special role and work of the state. This was done through national revenues and control of the royal family and its affiliated economic classes. (Mosallanejad, 2017). Therefore, due to the lack of transparency in the development, the lack of developmentalism of the state, the institutional and structural weakness of the

state in Iran, over-financing of public benefit projects, and no incentives for the private sector, no achievement can be imagined for the Iranian economic development. The dependence of the business class and merchants on the state due to the economic structure dependent on the state and the authoritarian state are the main reasons for the underdevelopment of capitalism in Iran (Homayoun Katozian, 2012). Katouzian mentioned that Iran's short-term society has been the cause of Iran's underdevelopment throughout history (Katouzian, 2021). Varahrami and Qalambour (2020) stated that, by increasing taxes in oil-rich countries, in addition to being a factor for development in Iran. It can also fuel economic crises.

3.5 The performance of monopolistic states

The Iranian economy is plagued by states and the monopoly of their economies. Even several changes in governance over the past hundred years have not made much difference in this view. Countries around the world, from South Korea to Japan and Singapore, moved to compete for further development. In the last four decades, all the Iranian economic pillars have moved in this direction. State pricing, production of state-owned and quasi-private companies, and most importantly bureaucratic atmosphere have fueled this space as a result, business rules in the Iranian economy has not been able to develop to the extent that state policies have been an obstacle to development (Ghaninejad, 2016). The state tends to have the largest share of the economy for some reason. Despite nearly four decades of privatization efforts, it remains one of the state's most institutionalized problems. The large size of the state in various economic sectors is one of the main factors hindering development in Iran. Nili and Moslehi (2006) showed that the state domination in the field of public budget (ministries and state institutions) and the enterprises (companies, banks, and state-affiliated for-profit institutions) affect the economic growth and reduce investment growth. One of the reasons for the preference of state monopolies is the rules and regulations of public resources. Public organizations and NGOs in Iran,

in addition to the higher expectations they have of the operation of state-owned enterprises, have more control over their decisions and performance. It is estimated that the underground economy, owned by state monopolies, accounts for about 25% of the economy. This has also led to reduced economic growth and development. Besides, the Iranian state-centered economy and the expansion of the state in the economy is a factor affecting the underdevelopment of Iran (Jafari and Ghanbari, 2017). The Fraser Institute stated in a report that the size of the state increases with the increase of expenses, taxes by the state, and the size of the companies controlled by the state. This, in turn, replaces state decisions with other economic sectors. Gradually, this process leads to a slowdown in economic growth, weakening of the private sector, and domination of the economy. Therefore, due to such a structure, Iran dominates the major sectors of the economy, which has influenced the growth process (Fraserinstitute.org, 2020).

Table 2. The state size in the Iranian economy

	Period	Oil revenue boom period	The period of revolution and war	First plan	Second plan	Third plan	%
Period	-87 1974	-68 2006	-72 1989	-78 1994	-83 2000	-94 2019	2020
Central state size (1)	45.1	27.3	17.4	22.1	20.6	30.2	26.4
Current expenditures of GDP	29.4	20.3	11.4	15.4	15.5	17.5	19.4
GDP of construction expenditures	15.8	7.0	5.1	6.6	5.0	6.5	6.9
Public sector size (2)	45.6	28.2	18.8	23.8	22.6	22.7	28.6
Current expenditures to GDP	29.9	21.1	13.2	16.3	16.3	19.3	20.1
Gross fixed capital formation to GDP	15.8	7.0	5.8	7.5	6.4	6.2	8.5
Public sector size (3)	63.1	40.8	39.3	50.6	53.0	45.6	72.2
Current expenditures to GDP	45.0	29.4	30.9	40.0	43.3	38.2	61.1
Gross fixed capital formation to GDP	18.1	11.4	8.5	10.7	9.7	12.4	11.1

Source: Central Bank of the Islamic Republic of Iran

According to research, one of the problems of underdevelopment in Iran is the lack of developmentalism of the state that the domestic and foreign policies of this non-developmental structure and agency have many consequences for the political economy of development in Iran. Non-developmental policies have led to problems including the continuing devaluation of the national currency, economic instability, economic actors' no long-term planning and their tendency to short-term activities, the weakening of production, strengthening of brokerage and trade activities and direct state intervention in the economy are the state's interventionist economic policies. Therefore, in the current situation of the Iranian political economy, it is possible to have a policy and plan a suitable model for development when it pays attention to this issue, including the power structure in the country, the intellectual and personality characteristics of the ruling elites (Mosallanejad and Ahmadi Moin, 2017). He considers the state as the main reason for Iran's underdevelopment and states that Iranian society is a state one with an inefficient administrative system. The bases of unhealthy economic movement and the owners of capital in such an unhealthy economy were looking for instant profits and windfall incomes. He adds that the most important institution that hinders development in Iran is the state. Despite the tools it has for development, the state has woven such complex regulations around its wildlife that it is a principled obstacle to development (Sadri Nooshabadi and Hajiani: 20 14).

3.6. State political conflicts in globalization

Factors such as deregulation in foreign relations, trade in goods and services, replacement of tariff barriers instead of non-tariff barriers and trade liberalization cause the concept of a closed economy to disappear and the concept of globalization of the economy within the national economy of the Islamic Republic of Iran is realized. In other words, taking the economy out of the sphere of state authority, which is one of the most important preconditions for integration in the world economy markets. Otherwise,

globalization will have a negative impact and therefore the Iranian economy cannot follow the path of development (Pour Ahmadi, 2005). In this sense, one day Iran can become Japan in the Middle East and the next twenty years, according to the vision document, find the first place in a region where society will gradually grow, not become a more powerful state because the state is large and monopolistic. Development is incompatible; therefore, Iranian development is at the center of denationalizing the economy and limiting the state to the field of monitoring and providing security because, based on human experience, the state cannot produce wealth and if it enters this field, it will fail. Wealth creation and development are achieved through creativity. This is also the result of proper, stable, and stable structures. (Sariolghalam, 2020). As a result, the Iranian state, with reliance on oil revenues, without fundamental changes in social and economic structure, with political and social instability, state weakness, and the lack of consensus of its political development elites cannot achieve development (Movassaghi, 2006). Therefore, the potentials of a developed and development-seeking society can be sought in a limited state and a free economy, which in the age of communication and globalization, the scope of state is becoming less and less. If resistance to internal pressures for political development and transformation is possible by resorting to the power apparatus, resistance to such pressures from the global arena with such and such a means will not be possible and at this stage, issues related to Iran's development will enter a new phase. So that today's development is no longer possible without opening the doors of the country in various fields to the inevitable process of globalization (Bashirieh, 2018).

Accordingly, from a global perspective, two major developments are emerging that make it necessary to review the structure of the state in Iran. The process of global convergence has led to the integration of national economies into the global economy. On the one hand, the state faces a decline in oil revenues, the inefficiency of the administrative system, and unpreparedness, along with the inability of the citizens to pay taxes, and on

the other hand, the integrated process of the global economy with rapid technological change. The state should act in a more complementary and less substitute institutional position for the enterprise and the market (Farahanifard, 2002). It can be said concisely lack of a long-term policy system, political elites' belief in a structured and targeted policy system, and the dependence of Iran's economy on oil and the lack of a proper model for managing oil revenues has provided the space for government intervention in Iran. (Mir Mohammad et al., 2020).

4. Conclusion

The size of the state and its monopolistic nature is one of the main factors in the lack of development of Iran's economy in the years after the revolution, which has prevented the realization of development with its widespread intervention. The Iranian economy has not experienced a private sector capable of competing in the field of the economy during its time, and the monopolistic and interventionist state has been a rival in this field. The Iranian economy is trapped in the circle of a state-based economy based on extensive involvement in all dimensions, and because of such a structure, although it is ostentatious to development, it seeks full domination of the country's economy and does not want development logic and strategies to cede economic sector. Accept the private sector as well, and has become a flagship of economic development due to the benefits of its oil revenues. The lack of economic knowledge of managers and excessive dependence on oil and the monopoly of states over the past 40 years has led to the Iranian economic development gets faded. In this regard, although the statesmen desire the Iranian development, their political performance resulted in the quasi-privatization of the Iranian economy so that more than 80% of these transfers were under the control of the state and deprived the private sector to compete. Thus, private enterprises were not able to compete with the state. As a result, these policy solutions could not create development for Iran and have practically hindered Iranian economic development. Global demand for

oil as the main artery of Iran's economy, on the other hand, forces the Iranian state to change course. Failure to do so will lead to numerous crises for the state and the economy, and the Iranian economy will not be able to develop. Therefore, to cross the path of development, an oil-free economy along with a free market economy and reducing the role of state ownership can be an effective policy solution for this issue. By implementing this important, the path of development in Iran can be paved. In this regard, the implementation of the following policies can be helpful:

- 1- Improvement of the business environment along with privatization and the transfer of companies whose continuation in the public sector is not necessary.
- 2- Continuation of the empowerment program of non-state sectors in the development of the country.
- 3- Structural adjustment, development of non-oil exports, and attention to foreign markets, reform of the banking system to increase efficiency and direct liquidity to the production sector.
- 4- Sufficient attention to the 20-year vision document and general policies of the Fourth Economic Development Plan, which explicitly manages oil revenues with an efficient presence in the realm of state affairs within the framework of Article 44 of the Constitution on the implementation of privatization, financial discipline, budget He pointed to the balance between state resources and expenditures on oil.

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Conflicts of interest

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