

Privatization Barriers in Iran

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Abstract: Privatization in Islamic Republic has been done to accelerate the growing of national economy, improve the application increase the ability for competition, reducing the financial responsibility of government, expanding the ownership in public level and provide the social justice. But in Iran, because of political-economical no stability in competition of government wit private sector and political procedures of interest groups in economy, we never have a safe and stable private sector. In order to revive, the private sector in Iran there are some barriers from which, we can mention the law barriers. This one is the result of some or lack of government believes to private sector, economy based on market or seriously changing of regulations directions, or even the law, monopoly ness, unrespectable to ownership right, unlogical and unfair competition of economical units of state with systematic private sector by misusing the foreign exchange and rail facilities. Privatization in Iran can be done through several ways such as transferring public state companies by stock exchange, caution and proceedings or by installment or by giving to workers or embryos and selling the shares do people.

Key words: Market economy, deregulation, ability to compete, changing to ownership, structure reform

INTRODUCTION

Privatization is a practical, financial and legal procedure (IMF, 2007). In most of the countries in order to reform the econ omy and official system they try to use the privatization (Garebaglian, 1990). Strategic goals of privatization will lead to economic-social cultural development of country and region, eliminating the monopoly, increasing the competition, activity, reducing the present costs of companies and establishing a small state (Komeidjani, 2002). Historical studies of privatization in Germany, England and France that have some differences in economical, social, cultural and behavioral structures (Safarzadeh, 2007) show that from state economy to market economy and forming the market system we should consider there following principles:

- Internal activities of enterprise in order to increase the interests by managers of enterprise
- Providing a condition or a bed as engine of privatization-by state

Privatization in Iran: In 2001, by establishing to privatization organization, there have been great changes in the process of privatization in the country (Davar,

2007). Serious failures of state in privatization, during the 1st and 2nd program of developing country and the problems about transferring production units includes the no adjustment of present condition or tax laws with attracting or absorbing the interests, useless regulations, contract ional activity of banks, pessimism of private sector about state sector, unlogical expectations of state, wrong performance of some executives privatization the state units (Heidari and Alipoor, 2007). In Iran, some events like rejecting American privatization in 1961s and failure in 1st and 2nd program after Islamic Revolution along with the others, roots in fundamental and ownership principles Son in starting a new phase of Privatization process in 2001, we should consider some cases like ownership, providing a situation to form it, establishing the supporting system and seriously supporting of judiciary legislature and executive branch in order to have a private ownership without any deficiency (Anonymous, 2006).

Methods of privatization in this country during 1991-2001 includes the selling state institutes in Tehran Bahadar stock exchange, selling the company shares to employees and managers that can mostly be done through the former ownership developing organization of production sectors.

MATERIALS AND METHODS

Goals of privatization: According to economical aspects and situation of each country, we will have different goals in privatization. By the way, in all the countries which faced with privatization, the min goal is to improve and optimize the economical situation (Komet and Jean, 2001). Along this goal, we can mention the other goals like:

- Increasing the national production and productivity
- Availability of state to financial sources of private sector
- Encouraging the competition, increasing national welfare and practical activities of economy
- Unwasting the national expenses (Arzadvari, 2007)

Goals of privatization in Iran: Privatization process of Islamic Republic of Iran will follow these goals:

- Accelerating the growing of national economy
- Expanding the ownership in public level in order to observe the social justice
- Increasing the economy applications and material, personal and technological productivity
- Increasing the ability to compete in national economy
- Reducing the financial and managing responsibility of state in economical activities
- Increasing the public level of employment
- Encouraging people to save, invest and improving the family incomes
- Increasing the share of private sector and cooperative in economical activities (Order of Islamic Republic leader about 44 principle of Constitution).

Methods of privatization in Iran:

- Transfer the state companies through stock exchange
- Transfer the state companies through caution
- Transfer the state companies through proceeding
- Selling by installment

RESULTS AND DISCUSSION

Barriers of privatization in Iran: Knowing the preventing factors to establish and settle the open economy system in Iran needs us to understand the history and culture of Iranian people, political and economical events of past periods or this century that will be like this:

- Historical preventing factors such as settlement of absolute governments, centralization or uncentralization, in the whole levels

- Discovering the oil and huge incomes of oil from 1908. The government has earned about \$ 400,000,000,000 foreign exchange during the late 40 years (1995-1995)
- Establishing a share system, state economical system and centralized one in Iran neighborhood
- Having short-sighted and self centralized bass and managers in industry, lack of social and political philosophy, understanding the historical role and social responsibility
- Offering extravagant ideas about Islamic directions in disturbed social and political situation of early days in revolution (Rashidi, 2006)

CONCLUSION

Barriers in reviving the private sector:

- Law barriers as a result of some sanctions and regulation of state
- Lack of believes about private sector and economy based on market in system
- Relative fall in specialization, interests and applications in public sector that prevents us to solve some economical problem
- Personal interest and Purpose of powerful and wealthy group
- Seriously changing of obligations, directions and directive
- Opposite behaviors and mostly heterogeneous behaviors of managers in privatization
- Being indifference to basic and necessary functions of open-economy system such as respect to ownership right, neutral justice system
- Unreasonable and injustice competition of economy units, related to government and public sector, with private sector organizations
- The most severe limitations of private sector activities relates to monopolies that have been established practically or lawfully for government and the related organizations. Sometimes, it has clearly negative effects on economy and causes the economy to grow slowly (Joseph, 2001)

In general, privatization process with a long-sightedness and factors like eliminating the limitation of market economy, expanding the market, deregulation. (simplifying the process), transferring the shares and states wealth, etc. provides an economy for competition that leads to changing the role of state, the better use of sources, increasing the functionality, improving the public peoples financial problem and providing new financial

facilities for social consumption that will lead to public welfare and provides a situation to reach the economical improvements.

In the other sight, improvement of societies based on reforming the peoples ideas about economy, enterprise and economical behaviours.

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