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## **The Role of Government in Economic Development; A Comparative Study between Iran and Malaysia During (1981-2003)**

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### **Abstract:**

The Middle East region, especially the oil-rich Iran, is regarded as one of Malaysia's important economic and trading partners. Economic and political changes at the global and regional level have simultaneously shifted Malaysia's interests in the region. At the same time, there has also been rising interest from countries in the region to expand their economic relationships with Malaysia. Given that the determination of the elite and the government, mobilizing resources and facilities and providing a safe and peaceful environment is needed to achieve development, the political structure and the government play a significant role in this regard, because the political structure of the government has a significant effect on attracting both foreign and domestic funds or the flight of financial and human capital, prioritizing development and various economic, political and military dimensions, etc. The comparative study of government and economic development programs in the Islamic Republic of Iran and Malaysia is the most important innovation in the present research, which has so far been less studied as a comparative study. This study was carried out aimed to conduct a comparative study of the common and different aspects in the political structure and government and their role in the economic development of Iran and Malaysia, which discussions have been written using historical adaptive methods and reference to library resources.

**Keywords:** Development, Political Structure, Government, Malaysia, Islamic Republic of Iran

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### **1.Introduction**

The economic history of different countries is full of significant events in the field of government economic interventions and its im-

plementation tools. These interventions have been accompanied by significant fluctuations historically; so that it has been applied very

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strongly in some periods and with less intensity in some periods. This change has made in the field of government intervention in accordance with the time and economic conditions of the countries and its trend is in line with the general global orientations towards the field of government intervention. This study has first examined the political structure of Iran and its developments after the victory of the Islamic Revolution and then the role and position of the government in the economy. Then, the political structure of Malaysia and its developments along with the government's position in the economy are examined in the second part of the present study.

The research question describes:

"What are the most important common and different aspects between the structure and role of government in economic development programs in Iran and Malaysia?"

Other questions include:

1. What are the main pillars of power and government in Malaysia?
2. What are the most important pillars of power and government in the Islamic Republic?
3. What are the differences between the factors of progress and development in Iran and Malaysia?
4. What are the similarities between the factors of progress and development in Iran and Malaysia?

### **The Main Hypothesis:**

Following the democracy system and elections in determining the government is the most important thing, but relying on the policy of an attitude towards the East and creating a legitimate and fully developed bureaucratic power is raised in Malaysia. But in Iran, the differences include relying on Islamic teachings and characteristics such as ef-

forts to achieve social justice, sustainable economic growth and development, and so on.

### **Sub- hypotheses:**

1. In Malaysia, the prime minister as chief executive is the holder of the main pillar of power and government, the prime minister and members of the Cabinet is elected and on the basis of the election of the Federal Parliament. The most important characteristics of the government in Malaysia are: the constitutional monarchy system, the multiplicity and distribution of political power, and the separation of religion and state.
2. In Iran, the president is the holder of the most important pillar and feature of the government, who is elected by the people through direct elections. The most important features of the government in Iran include: Guardianship of the Islamic Jurist, official and complete integration of religious and governmental institutions, expanding the scope of government authority to the private sphere, and creating economic control of the government over society.
3. The most important difference between development in Iran and Malaysia is: Malaysia's attention to development pattern in Japan and South Korea and Iran's attention to the Islamic-Iranian model of progress.
4. The similarities of development programs in Iran and Malaysia include attention to national and Islamic fundamentals and identity.

The overall purpose of this study is "Comparative study of the structure and role of government in economic development in the Islamic Republic of Iran and Malaysia".

The adaptive analytical method and fishing tool are used in this study to collect data according to the theoretical and theoretical dimensions. The analytical method (due to the expression of government components and characteristics) and on the other hand, the comparative method (due to the expression of development patterns in Iran and Malaysia) was used in this study.

### 1. Theoretical Framework:

According to Classical Economic Freedom Theory, interference actually causes resource allocation in an undesirable way. Furthermore, government performance is often associated with a kind of inefficient leadership, and economic incentives are disrupted and the efficiency of the system is reduced due to many of the monetary and fiscal policies adopted. According to believers of this view, the activities of the private sector can be considered as some of the weaknesses mentioned. They believe that the government should reduce its involvement in financial markets, tradable goods, and the labor market, because, regulation of interest rates and controlling the entry into the financial markets prevents the efficient performance of these markets, and these regulations prevent the free flow of capital in the economy. Adam Smith identified three major duties for government, national defense, administration of justice, and the provision of public goods (Smith, 1987, p. 213).

1. National defense: Smith assigned to the government "the duty of protecting the society from the violence and invasion of other independent societies", which is possible only by the Police Force.
2. Administration of justice: The government supports every member of the society from the injustice or op-

pression of every other, that is, the establishment of justice. "Where there is large ownership, there is a huge inequality, therefore the acquisition of large and valuable property will lead to create a government where private ownership or at least financial ownership is not worth more than two or three working days, there is no need for government." (Smith, 1987, p. 135)

3. The provision of public goods: Smith in his book entitled "The Wealth of Nations" states that Where there is large ownership, there is a huge inequality, therefore the acquisition of large and valuable property will lead to create a government where private ownership or at least financial ownership is not worth more than two or three working days, there is no need for government."

Therefore, it can be concluded that the classics considered government intervention in other cases as an unauthorized and harmful thing, except in the case of natural monopolies, which they believed were a kind of market failure is considered in the resources allocation and recommended public ownership (Parliamentary Research Center, 2004, p. 4)

After Adam Smith's theories were mentioned, John Maynard Keynes's theories should be mentioned, that has recommended government interference while accepting the principle of private ownership, in fact, this economist decided to present different political recommendations from the classics due to a severe worldwide economic depression that took place between 1929 and 1932 and the

failures of the capitalist economic system<sup>1</sup> based on the classical teachings. John Maynard Keynes believes that these shortcomings

can be solved and it led the economic system to a better situation in terms of resource allocation and creating full employment. "According to Keynesian economics<sup>2</sup>, the market system itself will probably not guarantee full economic growth and employment for a long period of time. Key factors in determining income and employment were total demand and total expenditure, and there was no guarantee that private spending should be sufficient to ensure achieving full employment, and economic growth. The government was committed to ensuring economic stability, full employment and economic growth through monetary and fiscal policy. Until the early 1960s, Keynesian economics didn't play a significant role in money and monetary policy in determining economic activity. According to quantity theory<sup>3</sup>, the behavior of money supply has a significant effect on determining the performance of the economy" (Jafari Samimi & Mohammadi Khayareh, 2014, p. 4). The government can also increase the propensity to consume<sup>4</sup> by adopting an effective financial method of how to distribute individual income and drive the total expenditures in the direction that meets the interests of the country and the economic situation and full employment. Therefore, Keynesian recommends adopting the policy of government intervention and guidance in economic affairs with clarity and certainty

through monitoring investment aimed to keep economic activity stable at full employment (Qadiri Asl, 2002, pp. 538-539). In general, we can summarize the role of gov-

ernment in Keynesian economics in government fiscal and monetary policies. Mainly, fiscal policies relate to the budget policy that can be used to compensate for the structural decline in total demand by increasing government spending (expansionary fiscal policy<sup>5</sup>) and tax measures (income redistribution<sup>6</sup>). The monetary policy, which is carried out by central bank, regulates the volume of money to such an extent that it prevents the structural increase in interest rates and put it at the right level to encourage enterprise investment and household consumption. These policies have been widely implemented in industrialized and developed countries, as well as in many developing countries, for two to three decades after World War II. The developments made by the mid-1990s were accompanied by the emergence of New Keynesian economics and the formation of a new consensus on monetary and macroeconomics. Inflation targeting<sup>7</sup> was accepted by a number of developed countries in the early 1990s, and economic modeling used in policymaking was extracted using the foundations of microeconomics. A dramatic change has made in monetary theory and policy making with a new approach to monetary economics and monetary modeling based on microeconomics and entering nominal rigidity<sup>8</sup> and incomplete competition in the general equilibrium models of real business cycles. In recent years, the gap between macroeconomic models in universities and practical policy models has narrowed. Other developments include Taylor rules estimation (Taylor,

1. A capitalist economic system is one characterized by free markets and the absence of government intervention in the economy.

2. Keynesian economics are various macroeconomic theories about how in the short run – and especially during recessions – economic output is strongly influenced by aggregate demand (total spending in the economy).

3. In monetary economics, the quantity theory of money (QTM) states that the general price level of goods and services is directly proportional to the amount of money in circulation, or money supply.

4. Propensity to consume, in economics, the proportion of total income or of an increase in income that consumers tend to spend on goods and services rather than to save.

5. Expansionary fiscal policy is when the government expands the money supply in the economy using budgetary tools to either increase spending or cut taxes—both of which provide consumers and businesses with more money to spend.

6. Income Redistribution is an economic practice which is aimed at leveling the distribution of wealth or income in a society through a direct or indirect transfer of income from the rich to the poor.

7. Inflation targeting is a monetary policy where the central bank sets a specific inflation rate as its goal. The central bank does this to make you believe prices will continue rising. It spurs the economy by making you buy things now before they cost more. Most central banks use an inflation target of 2%.

8. Nominal rigidity, also known as price-stickiness or wage-stickiness, is a situation in which a nominal price is resistant to change. Complete nominal rigidity occurs when a price is fixed in nominal terms for a relevant period of time.

1993) and extraction of Taylor's principle. Nevertheless, new approaches are created in the monetary economy with the monetary policy of the emergence of the global financial crisis in 2007, the most important of which is the emergence of a new school called the new money-seekers and the entry of financial market stability-related issues in modeling Dynamic stochastic general equilibrium modeling (abbreviated as DSGE, or DGE, or sometimes SDGE)<sup>1</sup> of new Keynesians. (Jafari Samimi and Mohammadi Khayareh, 2014, pp. 4-5).

These shortcomings were more significant in newly independent countries, which were mostly developing countries, because the prevailing economic theories of the late 18th century that were introduced with a "growth-oriented" approach failed to address many of the shortcomings developed in the economies of developing countries in the 1980s and 1990s. The leaders of these countries were under intense pressure, countries that had just emerged from the yoke of colonialism and their independence revolutions, on the one hand they were associated with idealistic ideals that focused on human beings and on the other hand, with the promise of improving the welfare status and living standards. The most important goals of the leaders of these countries included trying to speed up compensation for backlogs, efforts to create welfare, to increase the power and strength of the national economy, and to deal with the realities of the relatively long period of colonialism and quasi-colonialism in an active way. Issues have been raised at academic circles about the favorable level for government intervention as well as the favorable convergence of the economy in such situations in the late 1990s and early 1990s. A new approach emerged (which was the result

of the convergence of realism among theorists of different schools) following the results of the follow-up of the dominant economic models. The results in Latin America were based on following the dominant market economy models and these countries were dealing with these acute and urgent issues (problems created during the great depression and then after the International Economic Crisis during the war years). World War II and its aftermath), as well as the results of newly independent (or in other words, developing) countries that have often taken steps to implement these models, following the traditional market economy models after the World War II (Hunt, 1997, p. 59). On the other hand, one of the reasons why theorists of different economic schools have gradually turned their attention to the effective factors and variables on the economic reality of countries is the results obtained in countries that follow the socialist system and they focused on centralized planning. Due to these events, the attention to the issues in the field of government intervention gradually turned from the issue of government intervention or non-intervention to the manner and scope of government intervention, and many studies in the field of the government theories focused on effective government intervention. Therefore, many studies have been carried out by experts in different countries, and based on these studies, as well as past and current theories, the method of government intervention was discussed in the economic and social fields among the theorists of different schools. These studies, which became known as studies of the characteristics, conditions, and issues related to "good governance," attracted the attention of politicians and planners of different countries.

Most economists with different theoretical

1. Dynamic stochastic general equilibrium modeling (abbreviated as DSGE, or DGE, or sometimes SDGE) is a method in macroeconomics that attempts to explain economic phenomena, such as economic growth and business cycles, and the effects of economic policy, through econometric models based on applied general equilibrium theory and microeconomic principles.



orientations and ideologies agreed that all states should intervene in the economy under the following conditions.

- Monopolies
- External consequences
- Scale-based savings
- Indivisibility of economic activities
- The field of public goods, such as health, public education and...so on.

There is a consensus among economists that adhering to the market force's performance freely in each of these cases will lead to serious problems and crises in the economy, and it will greatly jeopardize the performance and well-being of each cases, unless governments intervene and prevent side effects due to market performance. In a report in 1997, the World Bank emphasized the positive role of government in economic change and developments and argued that this role went beyond what exists within the state framework. The World Bank introduces an interventionist approach to economics in this report and proposes an approach called "market-oriented government." According to this approach, the government is an institution that must provide appropriate conditions for the efficient performance of the economy through various measures, especially legal and regulatory measures, and at the same time intervene in various fields of the market due to institutional and organizational conditions in underdeveloped countries, where is unable to meet the demands of society. (World Bank, 1997, pp. 67-165).

### **The structure of government and economy in the Islamic Republic of Iran**

A new development period has begun in the evolution of the power structure, the experience of the modern government and eco-

nomics development in Iran after the victory of the Islamic Republic, which challenged the development of the modern state and economic development in Iran with new challenges, especially in the fields of the separation between state and religious institutions, the concentration of power, government intervention in the private field, economic domination of the state over society, the decline in investment and economic productivity, and international tensions.

After the victory of the Islamic Revolution, the true dependent structure of the country's economy was shown. The first predictable reaction of the economy in the critical conditions of the revolution and the war was the bankruptcy of the banking system due to the excessive payment of credits and the sharp outflow of capital from the country. The capitalists affiliated with the imperial regime sold out, abandoned, or abandoned their movable and immovable<sup>1</sup> assets and bringing manufacturing institutes to a standstill. The United States has exacerbated post-revolutionary problems through economic sanctions and the dependent economy came under intense pressure. These cases provided suitable contexts for continued government support at the time. Hence, a significant development was made in the field of government interventions day by day and the nationalization process of many sectors of the economy, including banks, insurance companies, and some large industries, as well as Assignment of ownership of industrial, agricultural and service units to revolutionary institutions (National Iranian Industries Organization (NIIO), Mostazafan Foundation of Islamic Revolution, ...) during the years 1979 - 1981. (Razzaqi, 1997, p. 23). By doing so, the government effectively took over the administration of the economy and all affairs

1. In English common law, real property, real estate, realty, or immovable property is land which is the property of some person and all structures (also called improvements or fixtures) integrated with or affixed to the land, including crops, buildings, machinery, wells, dams, ponds, mines, canals, and roads, among other things.

until the end of the war. After the end of the war, the nationalization process failed to have a positive effect on the dependent structure of the economy. During this period (1988 onwards), in order to create "normal" conditions, and considering the lack of change in consumption patterns, it was necessary to continue to meet the country's needs through imports by exporting significant volumes of oil and given that Iran's complementary economic circles were located in capitalist countries, foreign monopolies sought to achieve their former position both by buying oil and by selling goods. The lack of organizing economy in terms of the scope and dimensions of the duties of the governmental and non-governmental sectors was raised as another problem. Due to economic status, the volume of liquidity was disproportionately increasing with the volume of economic activity following an increase in government spending, and on the other hand, inflationary conditions shifted the income of the underprivileged, especially those whose incomes were provided by wages, to other income groups. The weakness of the country's tax system also made the situations worse. Recognizing the behavioral foundations of non-governmental sectors explained and improved the role and position of these sectors clearly and introduced it as a solution to solve the country's problems. So, the anti-government orientations were raised and the government was asked to recognize and plan all the obstacles to the investment of the non-governmental sector so that it would be possible to make a proper profitability with capital. Also, it was possible by implementing economic adjustment and liberalization policies. In fact, the general flow of economic reform, which was known in industrialized countries as "supply-side policies" and in developing countries as "adjustment policies"

has a significant effect on the intellectual flow of economic reform in Iran. The tendency of the private sector to invest in the industrial sector increased along with the implementation of adjustment policies in the First Economic Development Plan after the revolution. By the way, industrial production licenses increased significantly, and although not all of these licenses led to production, a large number of projects were completed, and this led to increase the employment growth rates since 1991 (Hashemian, 1997, p. 101)

Therefore, after the end of the war and the start of reconstruction, the "minimal government" approach was promoted, and since 1993, the price liberalization and economic adjustment policies has been pursued in order to reduce the government's role in the economy. Simultaneously, the liberalization of prices led to the loss of market control power of many trade unions and cooperatives and distribution centers, which were considered as competitive industries, and accordingly the government's belief in failure increased. Of course, the performance of the private sector did not improve significantly, although there was a negative orientation towards the government and a belief in its inefficiency, due to the persistence of governmental monopolies and the existence of even unfair competition in the economy. Generally, no significant measure has been taken, despite extensive efforts to steer the economy toward a free environment, to eliminate government monopolies and related issues in a comprehensive manner. In addition, no good performance was observed in the liberated or privatized sectors. (First Plan Performance Report, 2014, p. 11). Given that interdependence of government institutions and civil society is considered as one of the basic characteristics of modern government, economically, it means that the government doesn't

play an important role in economic field of society, but there is a strong relationship, dependence and communication between the government and civil society. From this perspective, the developments in the economic structure of Iran during the Islamic Republic have in fact moved in the opposite direction to the requirements of the modern government and there is a gap between this and the modern government model. Certainly, the main reason for poor economic performance, decline in efficiency, emergence of economic shortages and bottlenecks, rising production costs, rising inflation, the unemployment crisis and the spread of cancer, corruption and rent-seeking in the Islamic Republic can be any change in structure. Generally, the experience of an absolute state continues in the Islamic Republic. There is a significant difference that its direction is more towards returning to the creating an old power than moving towards creating the modern government. Here are a few things in comparison with the power structure in the Pahlavi period:

1. The absolute state had a secular nature in the Pahlavi era. But during the era of the Islamic Republic, power and law have a divine origin in the final analysis, which it has been assigned to the representative of God, that is, the institution of religion, and specifically the Supreme Leader.
2. In the Pahlavi era, the absolutist government took necessary measures for the authoritarian modernization of society, but during the era of the Islamic Republic, the absolute government mainly focuses on "Islamizing" society.
3. In general, the Pahlavi political system considered the Western world to be a supporter of its political goals and had defined its political identity in this regard and could support western countries and the Eastern bloc simultaneously, and use this support to advance the country's economic plans. But the Islamic Republic has built its political identity based on a conflict with the Western world, and believes that its worldview and the nature of its goals as contrary to the interests of the Western world. For this reason, the experience of an absolute state in the Islamic Republic has been and is systematically in line with international crises. This issue has created major problems for the country's economic and political development.
4. Some plan such as the discovery of the hijab were carried out in a commanding manner in the Pahlavi era, with the exception of a period during the Reza Shah era. Generally, government intervention in the private affairs was relatively limited. But in during the era of the Islamic Republic, there was no clear border between the private and public fields, and the institution of government is intervening extensively and systematically in the personal field in order to "Islamize" society.
5. In the Pahlavi era, the traditional classes of society were marginalized, the gap between them and the government was widened, and thus the social foundations of the government were shaken. Instead, in the era of the Islamic Republic, the Islamization of society process,



extensive government intervention in the personal field and its continuous struggle with the outside world, has alienated the government from the modern strata and classes that are the engine of economic and political development of society. In fact, the Islamic Republic has been forced to accept some of the concepts of the modern state. On the other hand, the power structure in Islamic Republic can act as an obstacle to the formation of a modern government and the economic and political development of the country due to the above factors and characteristics (Bashirieh, 2008, p. 313).

The early eleventh period began with the victory of the revolution and the drafting of the constitution, in which individual rights and freedoms were recognized and it was announced the formation of free associations and parties. There was public participation in the widest form in society in such an atmosphere. But this participation was not organized, but it was mass and inspired by religious ideas and influenced by the charismatic personality of the revolutionary leadership. When such conditions prevailed in society, the non-governmental organizations created their main mission in the early months after the victory of the revolution either forget their main mission, organizing the participation of the people, or they don't have the opportunity to pursue it. For this reason, recent organizations have soon forgotten their main function, and have pursued a charitable approach or pursuit of specific goals. It should be noted that it is obvious that such a situation will prevail after the victories of the revolutions, but organized participation replaces the populist movement over time. But, the

occurrence of the imposed war and the need to maintain mass mobilization in society for the continuation of the war, the approach of some organizations to the armed war and the physical assassination of the leaders of the revolution all and all led to the mass participation, the non-institutionalization of the activities of non-governmental organizations, and the closure of the political space. A new era in the history of the revolution was began after the acceptance of Resolution 598 by Iran and the end of the war, the demise of Imam Khomeini, and the beginning of Mr. Hashemi Rafsanjani's presidency. The priority of economic modernization occurred at this time due to the thoughts of the then president, the need to rebuild the ruins left over from the war, the transfer of the mission for implementation of the first socio-economic development plan (1989-1993) to Mr. Hashemi's government after the revolution. The priority of economic modernization over political during these eight years has made significant changes in the social and economic fabric of society. The most important development in the management structure at this time was relying on technocrats to carry out modernization from above and in the political field gradually replace the clintalistry system instead of the mass system. The contraction of civil society and the activity of bands, circles and groups who are holder of power vertically in society instead of civil society organizations, parties and groups of the organization was the most important feature of this period (ibid., 157). Of course, at that time, despite overtaking economic development over political development, economic modernization was associated with some consequences such as replacing scientific management instead of value management that finally the suitable way was paved for the formation of some non-governmental or-

organizations such as associations and organizations in universities, in parallel with the Islamic Association of Students and the Party of Construction Agents in society; However, the performance of these organizations was more in the direction of stabilizing and strengthening the same clintalistry structure. (Rahmani, 2012, p. 118). The victory of Syed Mohammad Khatami in the June 1997 and its consequences made the Iranian revolution the third stage of its political life. A special feature of this period was the approach to democratic discourse and the attempt to replace civil society with mass society. Such a change, on the one hand, was made structural-demographic changes that took place in the second decade of the revolution and, on the other hand, was the product of the views of then president on the two categories of development and consolidation of the revolution. Iran's economic modernization played the most important role after the end of the war in structural changes. The new middle class was grown after the end of the war and the beginning of Mr. Hashemi Rafsanjani's presidency, priority of economic programs with a huge amount of investment, receiving large foreign loans and injecting them into

society after the war, efforts to reduce the distance between villages and cities, making a change in the consumption pattern and finally the change of the cultural atmosphere of the society (Rabiee, 2001, pp. 193-204). The middle class was the class whose most important demand was for participation in political affairs through democratic and non-governmental institutions. The chart below shows the latest development:

Increasing demand for participation through non-governmental organizations → growth of the middle class  
→ economic modernization

In addition to significant changes in the structure, the demand for participation in political affairs through non-governmental organizations increased due to some changes during the first two decades of the revolution in terms of population, such as increasing population of Iran, most of Iran's population was young, urbanity growth and finally most importantly the growth of literacy rates in urban Iranian society, especially at secondary levels, especially at the secondary and university levels. (See table below):

**Table 1.**  
*Comparison of literate population growth in the years 1976-1996*

Rural areas (%)	Urban areas (%)	Literacy rate (%)	The total population is 7 years and older	Literacy growth rate (year)
29.7%	65.2%	47.5%	26.044.615	1976
32.7%	69.8%	52.5%	38.708.879	1986
56.26%	72.91%	79.51%	52.294.979	1996

Source: Statistics Center of Iran, quoted by Rabiee ;Developments in Valuable Sociology, p 137

**Table 2.**  
*Comparison of rural and urban population in Iran during the years 1976-1996*

%	Suburbanite	City dweller	The whole population	The desired year
45.7: City dweller 54.8: Suburbanite	17.854.064	15.854.680	23.708.744	1976
54.8: City dweller 45.2: Suburbanite	22.349.351	26.844.561	49.455.010	1986

61.3: City dweller 38.7: Suburbanite	36.817.879	36.817.879	60.055.488	1996
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Source: Statistics Center of Iran, quoted by Rabiee; *Developments in Valuable Sociology*, p. 134

**Table 3.**

*Comparison of cultural indicators based on educational - cultural centers*

Absolute growth (%)	1997	1986	Title
812	1250000persons	154000 persons	Student
443	266	60	Higher education centers
262.2	1000	240	Publications
572	16...	2800	Book ( Title)
186	670	360	Public Library
883	1666.25 (hr)	81800	Broadcasting( Production(

Source Reports of the Ministry of Culture and Higher Education quoted by Rabiee, pp. 143 - 137

**The structure and role of the government in the Malaysian economy**

Malaysia is a Southeast Asian country that began its socio-economic development in the post-World War II period, specifically in the 1970s. Malaysia is rapidly developing with benefiting from accurate economic management, benefiting from the experience of the first generation of development in the region (Japan and South Korea), foreign investment and economic liberalization and today. Nowadays it is considered as one of the developed Muslim countries. (Shirzadi. 2010, p. 153). Kuala Lumpur, also known as KL is the capital of Malaysia, Putrajaya, is a planned city and the federal administrative center of the Malaysian capital. Malaysia has long been known as the "Golden Peninsula" because it is located on the trade route of China and the Middle East. (1. Baradaran Shoraka, 2009, p. 5). Also, Malaysia has been called the little dragon or tiger cub (Badia-Louras, 2006, p. 285); this naming is a true reference to Malaysia's growing progress and its progress with four countries: Taiwan, South Korea, Hong Kong and Singapore, which are four Asian tigers and there are similarities between them all in terms of the development

and modernization process:

- ✓ They have the same historical and cultural context and history of colonization and being influenced;
- ✓ They have a kind of civilization that is significantly influenced by Chinese Confucianism (the culture of double work and obedience);
- ✓ Having a social organization based on the difference between society and the individual and hierarchical relations;
- ✓ Taking advantage of a background related to a strong political tradition that owes its reliability to a strong interventionist government; A government that considers economic relations in society as a way to powerful interventions.

Also, small countries with limited oil and gas resources and cheap labor, even very cheap, have chosen to expand exports to become industrialized. In these countries, cheap, low-quality labor and low technical levels have been offset with a relative loss of investment, powerful government interven-

tions in the realm of industries (through low-interest loans, industry exemptions from taxation and support). Now, these countries have an annual growth rate of between 6 and 8 % and are considered among the semi-developed or even advanced countries (Yang, 2014). The constitutional monarchy and the proliferation of political power in Malaysia are considered a step towards democracy, and after the 1969 racial wars, ethnicities and racial groups have lived together peacefully, of course, due to completion between Malays and Chinese immigrants in that country, but Malays have the upper hand in Malaysia. Also, some believe that the lack of absolute tyranny in the country is considered as one of the most Malaysia's success important reasons for developing. A country with ethnic, religious and racial diversity, prevents a great conflict due to the necessary freedoms around it, in other words, there is a way of ignoring and simplifying the Malaysian social tradition (Faizi, 2008).

#### **4-1- Political developments and economic development of Malaysia**

There are nine Malay sultans in Malaysia, these sultans are still present in the federal states of Malaysia, and one of them is elected as King of all the federal states every 5 years, who is also the head of the Malaysian government. The Prime Minister is in charge of the government and the highest non-ceremonial political official in Malaysia. In 1957, following Malaysia's independence, some of these concessions were retained under Article 153 of the Malaysian Constitution aimed to strengthening and maintaining the economic superiority of the Malays. In 1963, after the merger of Malaysia (which was then only part of the Malaysian peninsula today) with the Singapore, Sabah and Sarawak, the

Malaysian Federation was formed. But there were two major problems with the continued implementation of the laws, which included the superiority of indigenous peoples, or "positive action." First, this focused on Malaysian more than all indigenous Malaysians, and second, the Malays' economic potential was declining day by day, and the economic power of the Chinese was increased despite the Malays' greater laws and population. At least 196 people have been killed since May 13 to July 31 following emerging riots caused by inequalities. With the beginning of the race riot, the above-mentioned situation was declared by Sultan Ismail Nasruddin Shah, the then King of Malaysia, and with the dissolution of the parliament, an association called the National Operational Council headed by Mohammad Najib bin Tun Haji Abdul Razzaq took over all government duties. A new law called the New Economic Policy<sup>1</sup> was passed by Abdul Razzaq 18 months after the council took office, which ensured the survival and improving of Article 153 of the Constitution. According to the new law, Malaysia's socio-economic structure must be changed from 2.4%, 33 %, and 63 % of the wealth between Malays, Chinese, and foreigners to 30, 40, and 30 % (Verma, 2004, pp. 53-83).

The Malaysian government has emulated the Westminster parliamentary system, but in practice prime ministers was holder of power, and during Prime Minister Mahathir Mohamad's tenure, the executive branch has increased its share of power and is superior to the other two. (Baradaran Shoraka, et al, 2009, p. 5). The prime minister is in charge of the main pillar of power in Malaysia as chief of the executive. The Prime Minister and members of the Cabinet shall be elected and appointed by the Federal Parliamentary Assembly. According to article 43, paragraph

2, the Malaysian Constitution, the King appoints a person as Prime Minister from among the members of parliament who are trusted by the parliament. Malaysia's most important party coalition is a coalition of 14 parties called the Barisan Nasional Union, which has been holder of power from the beginning of independence until now and UM-NO party officials as the most important party have allocated the most and most important cabinet posts to themselves as the most important party member of the ruling coalition.

The Malaysian Parliament is bicameral. 222 members of parliament are elected by the people for a five-year term, and the upper house is elected by 70 senators, 26 of whom are elected by state assemblies and 44 by the king for a three-year term. The parliament is of utmost importance in the structure of government, but the upper house has not legislated but is reviewing laws passed by the parliament to submit to the King (the website of the Embassy of the Islamic Republic of Iran in Malaysia).

Constitution of Malaysia 1957 recognizes the preservation and perpetuation of religious and ethnic identity and provides a special opportunity for Islam, the sultans, and the Malay Muslims. The constitution defines a Malay citizen is a person who testifies to being a Muslim, habitually speaks Malay, follows Malay customs and professes Islam. The Malays benefit from privileges, including a special share in education, government, and trade. Islam was declared the official religion throughout the federation, as well as in the states, and the sultans in the states were considered as senior religious officials who were both defenders and preservers of Malay culture and religion and had the right to exercise religious and moral rules. At the state

level, sultans established religious administrations, and Islamic courts aimed to collecting Islamic taxes (zakat or tribute), overseeing sermons, communications (through new communication devices), and religious propaganda. There were different religious regulations at different state levels, and it covered many issues. From fines for not attending Friday prayers in mosques to drinking alcohol and breaking the fast of Ramadan in public, punishment for teaching deviant beliefs, solitude between non-mahrams, and insulting religious and Islamic authorities (Esposito & Wall, 2010, pp. 240-241). Islamic revival in Malaysia became a kind of "ethnic-religious reform and revival" due to the anti-Chinese revolts of the Malays in 1969, in which there was a strong relationship between religion, economics, language and culture and it was mainly concerned with compensating for the weaknesses of the Malays, who were backward, as the majority of the Malaysian population, both in terms of education and in terms of economic income from Chinese / Indian minorities. The Malaysian government considered a kind of positive discrimination in favor of Malay citizens as its profession and, of course, it was based on the history, language, ethnicity, culture and common nationality of Malays, or Malay nationalism; In the midst of this, the slogan of being Muslim was raised between them, and Islam was considered as the center of the new political force of Malay revival. Therefore, the power of the Dakhwa movements increased in the sense of calling for and inviting to Islam, and repeated warnings were given to Muslim Malays against the two dangers of the West and the Yellow, meaning the American way of life and Chinese values. As far as they were concerned, they tended to accept Islam as a comprehensive way of life combined with

1. The New Economic Policy (NEP) (Russian: новая экономическая политика (НЭП) novaya ekonomicheskaya politika) was an economic policy of the Soviet Union proposed by Vladimir Lenin in 1921 as a temporary expedient.



worship and social activities and the Islamization of Malaysian society as much as possible. The government of Mahathir Mohamad from 1981 onwards, and especially after Anwar Ibrahim's participation in governance in 1991, demonstrated a modernist nature of Islam as a modern and modernist religion that was more in consistent with the expansionism needs of developing Malaysian.

Mahathir established a relationship between the current Chinese Confucianism in Malaysian political culture with the characteristics of Islam: The presence of more modern and competitive Muslims is essential to success in the modern world. Muslims must compete with the Chinese and Indians for the defense of Islam and its development (Spuzito & Wal, 2010, p. 261). Three long-term development plans have been implemented in Malaysia since 1970:

1. **New Economic Policy (NEP) (1970s-1990s):** Malaysia's New Economic Policy (NEP) was formulated aimed to eradicate poverty, coordination among ethnic groups, economic development based on the pattern of import substitution, and the industrialization of the last five years of the plan.
2. **New Development Policy 2000-1999:** This policy formulated aimed to entrust 30% of all economic activities to the natives and to accelerate development.
3. **Thirty-year vision or the 2020 perspective during 1991-2020.** According to this plan, Malaysia becomes a world-class industrialized country in 2020. According to this slogan, the government and the country must adhere to human development to improve the quality

and living standards of the people to reach the level of developed nations (Shirzadi, 2010).

It is clear acceptance of the British government model in Malaysian political structure. A country that has been able to achieve a good model for other developing countries, especially Muslim countries, by separating the forces in the true sense of the word, lack of military involvement in politics and government and the movement of political and economic development. On the other hand, extensive scientific, industrial and technological connections or the outside world was able to be successful for guiding the country that has been formed from different races. A country with less than six decades of independence has been able to strike a balance between political and economic development than other countries that are older in development plans.

#### **Statistical study of political and economic indicators in Malaysia**

Malaysia's population is estimated at 32.6 million. It has \$ 320 billion economies in Southeast Asia, 60% of population were Muslim. The economic growth in this country was 4.7 in 2013, and it had good economic and political relations with other countries (IRNA report, 2014, pp. 7 - 9). Prior to 1970, Malaysia was considered a poor country; more than 49% of the population pushed into extreme poverty. Malaysia's per capita income at the time of independence was about \$ 250 and its share of exports was 13% (Shirzadi, 2010). Socially very peaceful, warm-hearted, cultured and reliable people who are of Malay, Chinese, Indian and other races. People are very peaceful, sympathetic, cultured and trustworthy socially, who are of Malay, Chinese, Indian and other races. The

Muslim Malays were in charge of government and state affairs, and Buddhist Chinese were responsible for the country's economy and the Hindu Indians were a minority in every way (Baradaran Shoraka, et al, 2009, pp. 15-16). In March 2005, the United Nations Conference on Trade and Development (UNCTAD) published an article (9) on the resources and speed of Malaysian economic reform, which were prepared by Jumu Ki. S. From the Department of Applied Economics, Kuala Lumpur Malaya University. According to the report, the controls imposed by the government do not make worse or improve the situation. An increase in the export of electronic items was considered as the main reason for the improvement, which, was created due to a significant increase in demand for them in the United States, following the fear of the effects of entering 2000 on computers and other older digital devices. The aftermath of the 2001 recession did not affect Malaysia as much as other countries. This could be a clearer proof that there are other causes and factors that can be more appropriately attributed to the improvement of this situation. One possibility is that currency traders lost their economic power after failing to attack the Hong Kong dollar in 1998 and devaluing the Russian ruble. This can be considered as a clearer proof with different causes and factors that can be attributed to improving this situation more appropriately. There is a possibility that currency traders lost their economic power after failing to attack the Hong Kong dollar in 1998 and the devaluation of the Russian ruble<sup>1</sup>. Nowadays,

although the pace of development in Malaysia has slowed down, it seems more stable.

Of course, internal economic oversight and control cannot be a major factor in this. There is no doubt that the flexibility of the banking sector has increased compared to external shocks. The current account is also settled in the structural surplus, to reduce capital flight<sup>2</sup>.

Now, asset prices are a fraction of high numbers before the crisis. In July 2005, Malaysia also secured a floating exchange rate, an hour after China announced that it would adopt a floating exchange rate system. In September 2005, director of the London High School of Economics during a conference in Kuala Lumpur, the director of the London High Economic Council advised Malaysian officials that they want the capital market to be flexible, they must revoke the pre-sale ban imposed in the event of a crisis, for this reason, on March 23, 2006, Malaysia revoked pre-sale ban (stocks). Malaysia was ranked 48th in the 2007 Freedom Index Ranking with 85 points and 18th in 2011 with 30 improvement steps. According to statistics, Malaysia ranks 82nd in the world in terms of economic and political corruption ([www.tata.worldbank.org](http://www.tata.worldbank.org)). Also, Malaysian society needs a society and citizens due to the dependence on taxes for survival and is not independent of them. In 2012, Malaysia's tax revenue as a percentage of GDP was 15.5%, while tax revenue in Iran was 6.1% in the same year. Therefore, according to the indicators of the government's response to the people, it has had better situation than oil-

1. The devaluation of the Russian ruble, which followed falling oil prices and the imposition of financial sanctions in 2014 and 2015, is having a controversial impact on the Russian economy. On the one hand, the reduced inflow of foreign currency and increasing inflation are causing a reduction in aggregate demand.

2. Capital flight, in economics, occurs when assets or money rapidly flow out of a country, due to an event of economic consequence or as the result of economic globalization. Such events could be an increase in taxes on capital or capital holders or the government of the country defaulting on its debt that disturbs investors and causes them to lower their valuation of the assets in that country, or otherwise to lose confidence in its economic strength.

rich countries in the Persian Gulf oil-rich countries based on government response indicators to the people. Even in terms of press freedom, they are considered "difficult conditions" if the countries of the Persian Gulf are under very unfavorable conditions. They are even referred to as "difficult conditions" regarding the press freedom stress, while the countries of the Persian Gulf are under very unfavorable conditions. And according to

statistics, the participation level of civil society groups has been 5 in the political arena (0 to 10) (www. Bti.Project.De). And according to the political rights and civil liberties status during 2010 to 2012, it was considered a relatively free country (www.Nationmester.Com). Generally, Malaysia does not consider its government without the need for internal forces and tries to increase competition between the various economic sectors of society and the emergence of new civic institutions and parties, and does not ignore them (Shambiati, 2008, p. 11). In Malaysia, development planning is a bilateral communication between the EPU<sup>1</sup> on the one hand, and institutions and the ministry on the other, this communication informs all sub-sectors, even at the state level, of national strategies and policies, and has led them to consider themselves partners in it.

In Malaysia, the five-year medium-term plans<sup>2</sup> are determined based on the vision plan framework. In fact, the five-year plan is considered as a written plan to implement the government's development plans. Review of the first half of five-year plans is another planning tool in Malaysia. According to the results of this study, it is possible to determine whether the five-year plan is consistent with the government's goals and whether its time progress is in line with the forecast. If the answer is no, then the strategy needs to be

repaired and the process changed a bit. Overall, three important factors in Malaysia's success play an important role in the development process: 1) Scientific, social, economic, logical and stable economic development programs; 2) Planning, monitoring and evaluation system; 3) New and sensitive administrative system to political leadership and people's needs. (Parliament Research Center, 2012, pp. 4-14).

### **Observance of Development Components and Characteristics by the Malaysian Government**

Malaysia began its development process later than some East Asian countries (Japan, South Korea, Taiwan, Singapore), but developed rapidly. Some of the main reasons for this success are: reforming the structure of political-economic management, export development strategy, privatization, attracting foreign investment, use of strategies of successful countries in the region and active interaction with countries around the world and the top economic powers.

Strategic management and decision-making of the developmental government was the most important factor in accelerating the development process in Malaysia, which has played a decisive role in guiding and supervising the development process of this country (Nesbitt, 2006, p. 216)

Many components and indicators have been observed by the government in the development progress of Malaysia, some of the most important of which are mentioned below:

#### **1. Good governance:**

Malaysia has moved to development route through improving government performance, creating political stability, accumulation of physical capital and accumulation of human

1. Economic Planning Unit

2. Medium Term Plan (MTP) The Medium Term Plan (MTP) 2008-2012 was the first in a series of successive 5-year medium term plans which was to implement the Kenya Vision 2030. It was to implement the Flagship Projects identified under Vision 2030 as well as other key policies and programmes over the last five years.

capital considering the indicators set for a good governance in institutionalism based on the relationship between the public, private and civil society sectors. In fact, the existence of political freedoms has raised public awareness and improved the government efficiency.

## **2. Pay attention to democracy and freedom of opinion:**

In fact, in Malaysia, the following can be found: respect for individuals and their privacy in the form of freedom and acceptance of people's views in the form of democracy, without forcing them to accept or reject a religious trend that this issue has been implemented under the influence of a logical interpretation of the rational principles of Islam in a Muslim country.

## **3. Implementation of the "bureaucratic independence" plan:**

The government has implemented this plan aimed to increase the rate of economic growth along with structural changes in the country's internal systems and to build a constructive relationship with the international economy through structural orientations in infrastructure. And in this way, it has been able to solve structural problems in the field of culture by directing it to the private sector (Dadzie, 2013).

## **4. Paying attention to different cultures and ethnicities:**

In many Southeast Asian countries, especially Malaysia, on the one hand, cultural attraction is observed, in which a kind of homogenization of the country is achieved by combination of different ethnic groups, and on the other hand, the control model is used instead of sharing and applying the partnership model. Power is accepted in an acceptable way by

using a kind of positive discrimination in favor of the Malays, in which a kind of asymmetric connection is established, in which the superior power (Malays) of one group leads to stability by committing other groups. According to Liphart, Malaysia's multinational democracy can be considered in continuum (a democracy based on the sharing of vast power between ethnic groups, but the share of Malaysians in power is much greater and disproportionate), so that there is a significant difference between it and full partnership. Power, however, is still closer to the end of partnership in power than to the end of majority domination (Liphart, 2004, p. 689). There is a link between some of these features and the history of Malaysia. Therefore, paying attention to the prevailing culture in this country, including language, history, social institutions, ethnicities, etc., has enabled the elites and the government to formulate efficient development plans in accordance with their capabilities and limitations. The program that will maximize development in Malaysia in the shortest possible time, two decades. Furthermore, Malaysian leaders, especially Mahathir Mohamad, have always put on their agenda national ethnic unity by adopting rational goals to accelerate the development process in Malaysia's long-term plans and have always preferred national and macro interests to individual interests by avoiding the superiority of one nation over another (Matsushita, 2005, pp. 69-73)

## **Education and Building Culture among Elites and Government**

Education and building culture among elites and government lead to form cultural principles in the country. In fact, one of the main reasons for the speed and quality of economic growth and development is the cultural con-



text in line with development in Malaysia, which is influenced by the cultural principles governing Islam in addition to variables such as foreign aid, western capital, political support and status, favorable international exchanges, which are considered as important indicators.

### **Providing a Suitable Context for Healthy and Constructive Competition**

Nowadays, according to people's view inside and outside Malaysia, Malaysia is able to remain as a powerful and developing country, as long as it maintains its political solidarity, unity and political stability with no fruitless political controversy that is specific to backward countries. They know that the managers of public and private companies, current and future politicians, and economic and business planners of the country must have the knowledge, experience, and insight, international recognition, intelligence and high intelligence in order to achieve sustainable growth and development and to participate in global markets and compete with others in a complex and competitive world, and at the same time, they must be precise, confident, programmatic and forward-looking people with serious decisions and controlled and calm behavior (Mohammad, 2003, pp. 37-75).

### **1. Implementing a new economic policy**

In fact, Malaysia has enabled Chinese and other ethnic groups, especially Malays for trade and economic activity by implementing a new economic policy to provide a suitable context for positive cooperation to achieve development goals by creating a competitive environment gain wealth (Moradi Haghghi & Movassaghi Gilani. 2015, pp. 69-96).

### **2. Benefitting from trained and specialized personnel**

Malaysian government officials have made their best to help the progress and development project in this multi-ethnic country by benefiting from the best people and the most distinguished people in different professions from inside and outside the country. Furthermore, migration abroad or human capital flight were prevented by providing comfort, livelihood and work for the educated and skilled class and talented people were saved for the country. (Moradi Haghghi & Movassaghi Gilani. 2015, p. 93).

### **Conclusions and research findings**

According to the results of the study of contemporary Iranian history, the failure of the private sector and its fundamental weakness in the country is very significant; in such a way that traders, merchants and owners of the country's indigenous capital didn't have the ability to play an effective role in the country's development process due to two categories of foreign and domestic obstacles. After the victory of the Islamic Revolution, this sector has not yet developed significantly, although much effort has been made to define the position of the private sector in the development process and help ease the heavy burden and pressure on government, decentralizing and entrusting parts of economic affairs to the private sector and providing investment security in the country, and rentier in the industrial and economic management of the country, has prevented the health and transparency of the economic activities of the private and non-governmental sector in the development process; so that, sometimes government officials and some political elites and their affiliates play a destructive role in the development of a healthy and rational private sector, by abusing his influence and



political positions. In Iran, given that the government and the economy are rentier, the government is considered as the focus of wealth creation, therefore, the private sector is weakened, and if every activity is done within the same framework defined by the government. As a result, when the government makes decisions on economic rent and spends them on the domestic economy, on the one hand, the government becomes the main investor, and on the other hand, providing services to the people leads to increase the number of government institutions and the expansion of the bureaucracy, whose goal is to carry out the government's task of distributing rents among social classes and groups, which finally have made the sector and economic forces dependent on the government. Iran's economy has always been a state-owned economy, and the cooperative and private sectors have not had much power so far, and they basically did not participate in the activities of the parties. In fact, Article 44 of the Constitution has not yet been realized properly. The policies of this principle have been announced by the Supreme Leader of the Revolution, and he has emphasized the importance of realizing this principle, which indicates the disease of the country's economy and the problems arising from this region. The weaknesses of the state-owned economy have been emphasized by all the country's officials. Due to the dependence of the Iranian economy on oil, no stable and predictable decisions have been made in the economy, and as a result, economic decisions have always depended first on the amount of oil exports and secondly on their prices in world markets, Iran has no responsibility for any of them. This has led to a daily approach in economics and an inability to adopt a codified economic policy. Thus, given that the Islamic Republic of Iran has always solved

its daily problems and economic obstacles by injecting oil revenues, this dependence has reduced the desirability of long-term plans, and falling oil prices upset the balance of these plans; for this reason, most long-term plans are modified and discounted. So, with the removal of oil from the national economy, all the pillars of our economic, social and even political life are strongly affected. The dependence of capital injection on the industrial sector, the import of basic goods, the supply and acquisition of new industrial and military technologies, and the supply of domestic energy to oil revenues have always been significant. More explicitly, oil revenues have significant effects on economic security, social security, and even the country's political security and stability, and any shortages or disruptions are due to the inefficiency of the oil government; finally, the foundation and infrastructure of Iran's economic structure, namely oil, will challenge the country future. Malaysia is considered one of the most successful non-Western countries to make rapid progress in industrialization over the past two decades. This country, which until the late 1960s provided raw materials for industrial products, was able to become one of the exporters of artificial products in the above areas in the late 1980s through investment in the textile, electrical and electronics, wood and rubber industries. And now it has achieved most of the criteria of the newly industrialized countries.

The lack of providing conditions for absolute tyranny is one of the main reasons for the development in Malaysia. The country has not experienced absolute tyranny for internal and external reasons. This kind of tyranny, known as "Eastern tyranny" in the culture of political development, according to the view of many political development scientists, has been considered as a major factor in the

backwardness and underdevelopment of Asia. On the other hand, most Middle Eastern countries, especially the OPEC members, have not developed despite the large oil revenues due to the lack of internal cohesion, and their oil revenues have generally been spent on consumption. The Malaysian government has been able to turn Malaysia's dependent economy into an industrial economy in less than two decades and increase its per capita income from \$ 300 to \$ 400. In addition, privatization has been cited as the driving force of Malaysia's economic growth. Most of the country's elites and leaders have made their best for Malaysia's economic development in an unprecedented alliance, so that Malaysia can overcome political and racial tensions and deal with it by moving in the direction of unequal development or distribution of wealth and power. In other words, Malaysia first solved their political problems for economic development and then economic performance helped them and granted the Malaysian political and economic privileges. Hence, economic development was proposed before political development. In other words, the ruling elites were agreed on economic development, and security for economic development was provided following political stability.

### Results

According to the results of the study of Malaysian Economic Development, it can be concluded that government management and decision-making is the first and most important factor for development in Malaysia. Definitely, the Malaysian government as a developmental state, has played a decisive role in monitoring the country's development process. Therefore, Malaysia is ahead of Indonesia today, due to the better quality of government decisions and the participation of

a competitive private sector. There is consensus on the principles of economic management among Malaysian decision-makers, and since the late 1980s, there has been a steady growth rate of over 8%, which is even higher than the predetermined growth target in the five-year development plan, which predicted is a steady growth of 7.5%.

In 1993, capital flows increased both the stock market prices of the Kuala Lumpur Stock Exchange and the international value of the ringgit, which in turn led to speculative foreign exchange transactions. The government sought to control inflation through monetary, tax and industrial policies, as well as to intervene directly to monitor and control prices. The Central Bank of Malaysia pays special attention to the monetary causes of inflationary pressures and, as it showed in 1994, it is willing to use its authorities to control the currency, if necessary. In addition, the government has chosen more or less strict tax approach. Nowadays, Malaysia has had a significant surplus budget and only sometimes has construction costs exceeded the current surplus.

The basic components of development in Malaysia include:

- Industrialization process (paying attention to modernization model - Japan and South Korea)
- Targeted job training (public and private)
- Providing the suitable context for attracting foreign investment
- Privatization (economic stimulus engine)
- Development plans (comprehensive plan and vision)
- Export development (primary industrial and manufacturing)

- Government management and decisions
- Strategic problems of Malaysian development

Of course, recently, Iran has always had a development strategy on its agenda, and it has achieved some successes despite numerous problems. For example, according to the balance of trade index, Iran's export volume was \$ 84 billion and its import volume was \$ 63 billion, indicating there is a positive balance of trade in 2017. Simultaneously, a set of measures such as the following can be recommended to strengthen the stable environment for Iran's economic investment:

1. One of the most important necessities in the compensating process for the country's backwardness is the pathology of development management in Iran. Although there are various ideas about development and its various strategies that have made development an ambiguous myth, but it leads the country from an undesirable and unreasonable level to a desirable and manageable level. The review of valuable experiences of Southeast Asian countries in the development process indicates that management has played an important role in the development process. Because efficient management is necessary for development. In Islamic Republic of Iran, there are about four development programs that, along with their complete failure, guide experts in the development of the country towards the scientific pathology of development management; In this regard, the country's political elites who play an important role in decision-making, even at the highest levels, are of utmost importance. Thus, the best efforts are made to address the pathology of development management in Iran.
2. Avoiding the central taste of governments and managers should be raised by law and any taste-based actions should be avoided. Every government, regardless of its views and tendencies, must be required to comply with the plan. According to the personal tastes of presidents, there should be no path that aims to damage the foundations of development.
3. Keeping calm, the domestic economic environment, strengthening transparency and fighting corruption at all levels to promote national investment.
4. Facilitating private sector economic and investment interactions and deregulation aimed to reducing the scope of government intervention
5. Regulating the market and preventing the occurrence of monopolies, both public and private, in order to defend the public interest and strengthen healthy national competition
6. Facilitating the export and managing facilitator and transparent customs plans aimed to promoting purposeful and medium-term domestic manufacturers.
7. Prioritizing internal and external development to exogenous development and preventing the dominance of politics over management and paying attention to national priorities.

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