



A Contrast of Two Ideas: Big is Beautiful vs. Small is Beautiful and Lost Wisdom in Iran

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Abstract: Policymaking or planning for national development arises from theoretical and conceptual platforms, which need to be put on the agenda of government based on social facts and fundamental issues in the community. General policymaking and economic evolution plans are presented in the form of outlooks, general policies, and development plans. A very significant economic policy debate in the transition process to sustainable development is the selection of a development strategy focused on the size of enterprises and industries. In this respect, there are two development strategies: "small is beautiful", which deals with the development of small and medium-sized enterprises; and "big is beautiful", concerned with the development of big enterprises. In terms of political economy, these two approaches are translated into "small government" and "big government" attitudes. In line with the economic and political analysis of the size of the enterprise, the findings of this study suggest that the strategy of sustainable economic development hinges on the measures and policies adopted by big and developmental states with targeted intervention in planning and policymaking, with a concentration on big and efficient industries and the acceleration of growth in the capacities of the national economy. The efficiency of the economic development strategy is dependent on the capacity of the government institution to raise the production capability of large firms. Finally, this article challenges industrial policy in Iran's fundamentalist system

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1 Introduction

With the advent of the Industrial Revolution and the availability of mass-production machinery to humans, the developed economies of the time built the necessary infrastructure to make mass production a reality in their economy. To build up national wealth, governments formulated necessary regulations commensurate with maximum support to mass producers. Consequently, the economic development strategy adopted by different countries was focused on large firms (Desmet and Parente, 2009). Building various monopolies, large firms set for the winning of high profits. However, with the gradual lifting of restrictions blocking the way of entry into the market, production was raised, and the supply surplus was realized. As a result, a new trend in economic development strategy for these countries came into the picture. The new strategy of economic development adopted by Western countries was targeting small firms, which indicated flexibility toward market demand developments. Moreover, small firms enjoyed the capacity to produce more at lower costs. Due to the monopolies formed in Western countries following the Industrial Revolution, terms such as social justice, balanced development, and job creation became the main targets for political leaders. Nevertheless, as the objectives were not met while monopolies were made, financial support as well as structural and regulatory arrangements were implicitly directed towards small firms. In practice, however, the economic development strategy adopted by the West remained focused on government intervention in the market institution and the enlargement of the firm size.

The economic attitude behind supporting small firms commenced in the developed countries and later expanded to include the developing and the underdeveloped world. The difference was the preparation phase though, as the developed economies had already provided the necessary infrastructure for development. In other words, it was through the industrial revolution phase that the developed economies set for the building of the main infrastructure constituting the essential conditions for the economic development in a community. In developing countries, however, the expansion of small firms turned into a big challenge as the required infrastructure for economic development was missing. Accordingly, numerous economic theories concerning the expansion of small firms have been devised over the past decades, in accordance with the economic conditions of developed economies. However, the developing economies seem to have taken political sides and preferred to realize the economic slogans made by the advanced economies instead of heeding the logic behind the theories, whereas this emergency practice will not make perfect when finding solutions to long-term structural bottlenecks.

For a better understanding of different economic attitudes, rooted in the economic history of the time, knowing the environmental conditions as well as the economic history is deemed necessary. Over time, various viewpoints regarding firm size and its relationship with sustainable economic development have appeared. In this article, two major economic viewpoints

namely, "small is beautiful" and "big is beautiful" are analyzed, considering the economic thoughts of the forerunners. Meanwhile, it will be revealed which of the two the strategy of sustainable economic development must be based on: the high share of the small firms (the private sector) or that of the large firms (the government).

2 Policy and the Size of Enterprises

The 1980s may be considered the era of the dominance of marketers over economic policies. The fans of the market mechanism attributed the failure of development plans all around the world, especially in developing and underdeveloped countries, to the heedlessness of the fundamentals of neoclassical economics. Therefore, they shouted for price reforms and suitable market mechanisms and determined "the magic of the market" and "government downsizing" as their main slogans of the 1980s. In a 1989 conference, the English economist John Williamson referred to ten economic policy prescriptions promoted by Washington D.C.-based institutions, including the Federal Reserve, economic foundations affiliated to the US Administration, the World Bank, the IMF, and the United States Department of the Treasury, as "the Washington Consensus". The main mandate of this policy package was "stabilization, privatization, and liberalization" (Williamson, 2009). Apart from the objections posed by Williamson regarding the Washington reforms as of 2000, given the crisis brought about by this guideline in the developing world, the ideology behind the mentioned consensus was aiming for the deliberate imposition of "neoliberalism" and "market fundamentalism" on developing economies. The World Bank report of the late 1980s, however, pointed to the gradual downfall of market economy commanders. Based on this report, governments played a pivotal role in the economic development of different countries, and relying on the market mechanism by itself was not enough (Boer, 1997). The World Bank's *Economic Growth in the 1990s: Learning from a Decade of Reform* directly points to the failure of the Washington Consensus to produce the desired results as these policies were offering a panacea for all the problems faced by the underdeveloped world. The main message engraved in this report was that sustainable economic growth depends on factors that need to be discovered over time; including accumulation of physical and human capital, efficiency in resource allocation, technology upgrading, and sharing of growth benefits. Therefore, policies as well as foundations capable of covering these needs should be created rather than leaving everything to the invisible hand of the market (Rodrik, 2006).

At this point, developing countries started to change their policies to promote a more active role in the government. This has been an old policy in the US economy. Even when Reagan minted the slogan "market magic", the government had an active role in the American economy. Contrary to the public belief regarding the dominance of the free market ideology, the decentralized industrial policy was approved during the Reagan administration in the 1980s, based on the accomplishments of the Defense

Advanced Research Projects Agency (DARPA). A very important event in this era was the approval of the Small Business Innovation Development Act of 1982, which was a type of consortium between the management of small businesses and different government-based brokerage firms including the Ministry of Energy and the Environmental Protection Agency (EPA). This law was based on the National Science Foundation Plan established during the Carter administration. The Small Business Innovation Development Act required the cooperation of government brokerage firms with a robust budget to be allocated to the supportive plan for small enterprises.

The clinging by advanced economies to the idea of big government and the implementation of widespread welfare plans was not owing to any kind of interest on the part of their politicians in socialism; instead, it was due to an attempt to save, reform, and revive capitalism¹. This is proved by the gradual return of the developed economies to liberalism and the idea of small government over the recent years, upon the reorganization of their economies after World War II with the help of the large democratic socialist states. In other words, despite the common belief by some thinkers, the factor behind sustainable economic development in the US was not a mere emphasis on the private sector, small businesses, and the invisible hands of the market mechanism. Thus, the direct or indirect stipulation of market-based policies by the World Bank, the IMF, and the WTO will present an unrealistic picture of the Western economy (Mazzucato, 2013). North (2009) states that despite the claims by the Washington Consensus emphasizing the significance of market mechanisms and the necessity of reducing government intervention in the economy, the government plays a pivotal role in advanced economies. Therefore, governments in high-income economies are big as they provide more public goods (Mazzucato, 2013).

The strategy of sustainable economic development necessitates the selection of industrial priorities and direct or indirect intervention by an efficient government in which foundations, institutions, and large and innovative firms own a share. In today's highly competitive world, passive governments and transferring things to the invisible hands of the market and small businesses do not work. Although Western governments, especially the US administration, have propagated the small government and free market attitudes, things have been different in practice. In such economies, governments are not minimized; instead, they are big states organizing, directing, and evaluating large investments in the economy. As a result, the government has always directed small businesses and the private sector. In industrial economies, big firms have always been an important part of the government. The subject of big firms is based on the

¹ The best example is the Silicon Valley region located in Northern California, the southern part of the San Francisco Bay Area, which serves as a global center for high technology and innovation. The idea behind the making of this region goes back to America's Big Recession Period (1929-1939). The role of the US administration in supporting risky investments in this period is to be noticed.

major political beliefs of the left (liberals) and the right (conservatives). Ideological debates on the role of the government and its intervention in the economy lean on the ownership of big firms. The reasons behind the existence of big firms, generally owned by the government, are market deficiency reforms, revenue structure revisions, long-term economic planning facilitation, and the economic system change (Rees, 1984). In short, the thing known in economic logic as sustainable economic development based on large or small scales of manufacturing firms should be seen in two dimensions: big government versus small government.

In economic debates, there are many viewpoints regarding the benefits of downsizing firms and therefore, minimizing government intervention. A very important viewpoint in terms of the aesthetics of small scales is that of Ernst Friedrich Schumacher, the German-British economist. The next section deals with the analysis of Schumacher's idea of "small is beautiful" as well as the environmental conditions contributing to this attitude.

3 Schumacher's Attitude

The past century witnessed many global developments, backed by various economic thoughts. The "small is beautiful" attitude was born in the post-World War II period. The harbinger of the idea was Ernst Friedrich Schumacher (1911-1977), who criticized the human being of the 20th century for his making of a faulty production system within the euphoria of scientific and technical capabilities, which devour nature. According to Schumacher, humans have established a society where money is the panacea, which, despite its inability to purchase spiritual values such as justice, philanthropy, beauty, and health, can dissuade humans from feeling the need for such values. Therefore, the top goal in the so-built capitalistic system devised by the humans of the 20th century would be the expansion of production and the acquisition of wealth, overshadowing all other goals (Schumacher, 1973).

Schumacher is a pioneer in integrated thinking about economic, environmental, and cultural issues. His advocacy of new value-imbued economics offers a clear and compelling vision for action. He is best known for his critique of Western economies and his proposal for human-based, decentralized, and appropriate technologies (Schumacher Center for New Economics, *envision/legacy/Ernst-Friedrich-Schumacher*). Schumacher's attitude is based on two major principles: the "size" and the "technology" of the middle-income class. He questions the process of development within capitalism by referring to concepts like disruptive economic growth, catastrophic consequences of nuclear energy, plunder of natural resources, fossil fuel depletion, and the human failure to establish global peace. He believes that capitalism, despite all its complications and fragilities, bases its existence on non-renewable capital and happily takes it as income. The fact is, though, that the true capital in this world is nothing but natural resources and fossil fuels, the environment, and human beings.

Schumacher defines economic development as a major challenge, which is not merely based on money or physical goods. Essential issues other than

money, namely efficient infrastructure and natural resources, efficacious educational systems, a governmental structure or legal system of high potential, and larger numbers of effective social organizations build up the roots of economic growth in a society. Therefore, to facilitate the process of economic development in poor and underdeveloped countries, the focal point of development must be the underprivileged and rural regions as well as the propagation of economic activities on small scales with an emphasis on human values. It is indeed on small scales that human values are manifested. Schumacher sees the human being of the 20th century realizing its identity within the small groups of individuals, families, and small enterprises and not on the side of abstract governments and big enterprises or industries lacking an identity. This school of thought necessitates a political and economic structure capable of realizing human values. Such a structure leaks out of small human frames contradicting a decline of human dignity in large scales, despite continuing to live within the capitalistic system.

3.1 Analysis of Schumacher's Viewpoint

As already stated, Schumacher is after a return to human scales and values. He strongly values the merits of small associations formed by humans and believes that a return to human dimensions requires a more democratic culture and a system consisting of small communities that enter the bigger systems only when they are willing to. He argues that capitalism has brought higher living standards at the cost of deteriorating culture. He considers the present capitalistic system damage, the development emanating from which shall be unsustainable as it is built on the unsound exploitation of natural resources and, therefore, values money more than the human essence. Thus, he intends to reform this imbalance in the capitalistic system. He believes that the solution to this modern economic system is a reform of the educational system, the development of deprived regions, and the renovation of small firms and foundations within society. In other words, Schumacher's critical view is not rejecting the capitalistic system altogether. He also remains silent about the neoliberal policies of capitalism. The present article's author, however, believes that Schumacher's critical view is a confirmation of the neoliberal policies of capitalism as well as government downsizing, with one difference though. Schumacher emphasizes the necessity for respecting human values on small scales even at the core of the capitalistic system.

Denie (2012) comments on Schumacher's idea by stating that the negative impact of human beings on nature may be diminished by changing consumption patterns and associations redeveloping local economies. Therefore, Schumacher does not simply argue for big or small solutions within the capitalistic approach; instead, he has been trying to recognize the value of the appropriate scale of all economic development. According to Denie, the smallest change in human attitude towards environmental, social, and economic links and understanding the value creation of natural resources will massively contribute to a sound and wealthy economy, no matter how big or small, no matter it is within a capitalistic system or a

socialistic one. Denie believes that the essence of Schumacher's view is a return to the originality of humans within the framework of nature, which seems further probable in small human forms.

Sustainable development with a critical look on capitalism as set forth by Schumacher resembles the attitude of Amartya Kumar Sen on sustainable development theory and that by John Bordley Rawls in terms of the Theory of Justice. Sustainable development fans are distinguished from other economic groups in terms of two points: first, the inclusion of the environment in economic evaluations, and second, the selection of logical hypotheses for various evaluations. Economic development calls for the simultaneous evaluation of socioeconomic and natural scales. Consequently, the modern economists of the West go for capitalism that leans towards a concentration on small firms so that it could, on the one hand, combat the effect of the emergence of giant firms endangering the identity of production resources and human beings, and challenge globalization on the other. Brock and Evans (1989) attribute the revival of interest by scientific and political forums in small firms to the following factors:

- Schumpeter's coining of the phrase "creative destruction", describing the process that sees new innovations replacing the existing ones that are rendered obsolete over time;
- the emergence of infant industries normally controlled by small firms;
- Technological development, deregulations, decline in market entry costs, reduction in the optimal size of the enterprise as well as the minimum required scale for entering the market;
- The increase in global economic integration; and
- The increase in the participation rate of women and the influence of the baby boom of the post-industrial revolution era on the labor market led to the fall in real wages and the rise in the competitive edge of labor-intensive small firms as compared with capital-intensive big enterprises during the 1970s and 1980s and the change in consumer taste.

It is essential to recognize the relative influence of every factor stated above on the school of thought benefitting the small firms as well as the supportive policies of the government within capitalism. What is the reason behind the large-scale support for small scales as of the 18th century, while there has been, in practice, interesting consensus regarding the positive effect of big firms on economic growth and development of countries not only in capitalist economies but also in the whole world? In this respect, the OECD Innovation Strategy - 2015 revision is to be noted whereby a move towards the increase in the scale of firms is emphasized. The World Bank report points to "the enormous expansion in the size and scope of governments" all over the world (Leen, 1997). The rise in the costs of the welfare state is one of the main reasons behind the increase in the share of government expenses and size within the developed economies (Bhattarai, 1999). Mazzucato (2013) believes that some scholars' support for the "small

is beautiful" attitude as well as the antitrust laws is rooted in personal benefits and the exploitation of the labor force and capital as much as possible. The economic principles of capitalism and its neoliberal policies are in essence some ideological fundamentals emanating more from the large benefits and aspirations of capitalists than the objective economic conditions or the benefits of the proletariat. The next section deals with the analysis of the "big is beautiful" approach and a summary of the main points put forward by the pioneers of this attitude.

4 Big Is Beautiful

In the mid-20th century, Antitrust and Fair-Trade Laws² helped tightly control companies toward the acquisition of market benefits and competitors as monopolies had turned into a threat to consumers and democracy in the community. However, with the victory of the free market ideology during the 1980s, the idea of merging companies and big firms was praised. Over the recent years, some economists have attempted to revive the New Deal, a series of projects instituted during the Great Depression of 1929 by the US President Franklin Roosevelt to restore prosperity to Americans and expand the size and scope of the U.S. federal government, especially its role in the economy. This excitement for a return to the welfare and social programs of the government seems to result from the animosity of congress members towards Big Tech³. Although the disputes by political parties regarding Big Tech are to some extent a matter of "left" versus "right" (Spross, 2020), many economists, including the right conservatives and the left radicals, believe that big enterprises are the engines of growth and innovation in the economy⁴.

² The "beggar-my-neighbor" policy (fair trade or reciprocity policy) is an economic policy by which one country tries to remedy its economic problems by worsening the economic problems of other countries.

³ Big Tech, also known as the Tech Giants, is a grouping of the most dominant companies in the information technology industry, mostly centered in the United States. The term may also refer to the five largest American tech companies, presently consisting of Alphabet (Google), Amazon, Apple, Meta (Facebook), and Microsoft. Coupled with Saudi Aramco, the mentioned companies have been the most valuable in the world as of the late 2010s. Concerns regarding their monopolistic activities launched research on the Antitrust Act by the United States Department of Justice, the Federal Trade Commission, and the EU. Analysts questioned the influence of these companies on individual privacy, market power, freedom of speech, censorship (including inappropriate content), national security, and law enforcement.

⁴ The reason behind the support shown by both groups for big enterprises is the higher wages and benefits offered by these enterprises to their employees. Strategically

The schools of thought of the post-World War II era were formed in line with supporting small firms and industries based on the Schumpeterian notion of creative destruction in the process of economic development in the West. The thought processes in the path of innovation and technological change were focused on micro and medium foundations of economic growth models since it was strongly believed that innovation and creative destruction are possible only on small scales. Therefore, the structure of technological revolutions was focused on small firms through a Techno-economic Paradigm (TEP). However, as this attitude was getting far from its main function day by day to turn into a political instrument for power gain in political forums, it came under attack by critics and fans of the opposite approach. One critical attitude was that by Robert Atkinson and Michael Lind (2018), two American right-conservative economists who questioned the beauty of small scales to emphasize that small enterprises are neither the basis of prosperity nor the foundation of democracy; neither the champion of job creation nor an engine of innovation and productivity. The only kind of small enterprise that contributes to technological innovation is the technological start-up whose success depends on scaling up. The idea that self-employed citizens are the foundation of democracy is a relic of Jeffersonian dreams of an agrarian society. Governments, motivated by a confused mix of populist and free market ideology, go out of their way to promote small enterprises. They believe that small enterprises, despite being efficient for some sectors of the economy, have not been able to work to their full potential. This attitude is, at least verbally, a serious criticism of the policies of the US government in terms of supporting small enterprises whereby not only is a large amount of funds wasted but these policies are in sharp contrast with the fundamentals of entrepreneurship, innovation, competition, and anti-trust.

The attitude of big enterprises debunks two myths regarding small enterprises, employment generation and the genius of the garage. The small firms' employment generation myth was first put forward by MIT researcher, David Birch, in 1979, despite being heavily criticized in at least several aspects at the time: first, the wrong calculation of employment based on the net employment method over two periods; second, the wrong definition and classification of "big" and "small" enterprises in statistics; third, ignoring the effect of firm age on employment; fourth, the unfavorable role of start-ups in employment generation; and fifth, the dependence of the number of enterprises and the employment generated by them on income growth per capita in countries and states.

The genius of the garage myth considers start-ups as the essence of innovation. The younger, the more innovative. This myth is rooted in two misinterpretations of Schumpeter's theory. Schumpeter believes that even a few big companies could act as impeccable instruments to entice

speaking, gaining control and ownership over these workers, as production instruments, is much easier once there is a small number of big enterprises compared to a large number of small ones.

technological changes. On the other hand, creative destruction is done by an entrepreneur. According to Schumpeter, there are two types of entrepreneurs, namely "minimalist" and "evolutionary". This is the evolutionary entrepreneur who revolutionizes the structure of production and employment. What misleads the fans of the aesthetics of "small" is a lack of distinction between the two types of entrepreneurs. Minimalist entrepreneurship has the least effect on the economy over the short run, while evolutionary entrepreneurship revolutionizes the production cycle and employment and adds to production capacities (Chang, 2018). Minimalist entrepreneurship is rooted in small enterprises, while evolutionary entrepreneurship emanates from big enterprises. Underdeveloped economies are replete with minimalist entrepreneurs, while advanced economies are full of evolutionary entrepreneurs, as a larger percentage of people in poorer and more underdeveloped countries are self-employed. In advanced economies, big enterprises enjoy a larger share of production and employment. In poor economies, on the other hand, unofficial sectors and retailers or the so-called small firms enjoy the lion's share of the economy, which has no positive influence on economic growth and poverty reduction (Beck, Demirgüç-Kunt, and Levine, 2003).

Although the attitudes of the fans of both strategies are based on the history of the economic development of countries within the capitalistic approach rather than just that of the firm size, the important thing is the outcome of economic development based on these attitudes and not just the veracity of the size or the scale of activities. This outcome helped reestablish the system by devising a welfare state and using democratic capitalism in the 20th century. Presently, this outcome is producing the innovative state to enter the stage strongly and to rescue capitalism once again from demolition resulting from the benefits of the high-tech, which only benefit the owners. Many thinkers now believe that the global economy is becoming monopolistic as only a small number of large enterprises with advanced technologies extract increasing consumer surplus globally. Advanced technological developments call for new and comprehensive innovation, similar to what occurred in the previous century (Decker, 2019). These technologies have benefitted robotics, biotechnology, digital technologies, etc.

It may be claimed that the underdevelopment of the third world is not a matter of the size of the enterprise. Conversely, as put by capitalists, it is the "troubling intersection of economic and political power". Many economists emphasize the damaging effect of too many enterprises both big and small on the public policy in an economy. Such enterprises take to unlimited lobbying to maximally ensure their benefits and to affect sociopolitical decision-making (Frick, 2018). The outcome of the economic development process based on the firm size seems to be a deeper understanding of destructive interactions in the way of development and the attempt to change or eliminate them. Thus, the existence of an innovative or entrepreneurial state is essential; the one that focuses on integrated governmental organizations capable of establishing long-term growth strategies.

Currently, many believe that the world economy is on the verge of a new explosion; this time of a supreme technological type capable of devouring the lower class in capitalist societies. This is because most of these technologies do not require a labor force; instead, they involve the omission of a labor force with average or low skills. Innovating the "big is beautiful" idea within capitalism aims at expanding benefits and facilitating the spillover of high-tech to the lower levels of society; the so-called socializing of the benefits through big enterprises and an entrepreneur state so that the capitalist system could be protected and saved from another demolition (Rodrik, 2015).

4.1 "Big Firm" Versus "Small Firm": Which One Is the Engine of Economic Growth?

Kent Newton believes that big firms are more efficient and democratic than small ones (1982). He explains how the democratic features of small firms have been exaggerated in the literature. He sees big enterprises as efficient as small ones, with even higher functional capacity. The important point is the study of the relationship between the firm size and the different dimensions of functional effectiveness as well as the democratic aspects of that part of the economy. In this respect, big firms act more efficiently and democratically than small ones. Schaeffer (2015) states that although small firms are efficient in some retail sectors of the economy in terms of employment generation in the short run and on limited scales, the engines of economic development in any society are the big firms with their pivotal role in the supply chain.

Big enterprises play the role of the market regulator. Building multi-faceted links with other counterparts, big enterprises utilize all possible potentials for economic growth and development and enjoy a high share of employment generation and value-added. This is the reason behind the global interest in merging small enterprises to turn them into big ones. As an example, the big enterprises in Germany (with 250+ employees) have a share of 2 percent in the total number of enterprises, 52 percent in employment, and 65 percent in the value added to the economy. The respective shares in Greece are 0.2, 21, and 36 percent. That is why developing countries are now more willing to establish big enterprises (Newton, 1982). A worthy example in this regard is Malaysia, which has started merging and acquisitions in the oil and gas, finance, insurance, banking, and industry sectors, backed by government policymaking and reforms in regulations so that it could acquire the relevant benefits.

Based on EURACTIV, big enterprises account for the highest share of economic performance in Europe compared with small enterprises (2012). Big enterprises are much more efficient, pay higher wages, enjoy higher profits, and are more successful in global markets. In Spain and Italy, only 5 percent of manufacturing firms are considered big enterprises with 250+ employees, whereas this percentage in Germany is 11. Medium-sized enterprises in Spain and Italy have respectively 49.3 and 42.7 employees. In Germany, the number is 76.4 people. Pierce (1998) states that to improve the

performance of the whole economy, big industries and enterprises must be supported.

Affordability of research and development, and trade costs are among the advantages of big enterprises, benefitting from economies of scale in line with economic growth and development. Research and development projects generally face huge costs and failure rates that are only affordable by big enterprises that enjoy planned and time-based government support. In addition, trade and innovation are correlated in a way that a reduction in trade costs leads to innovation encouragement. Therefore, the claim that big enterprises lack innovation or are less innovative than small enterprises is under question. Big enterprises are the platform for the change of productive sources to collective productive capabilities, research and development, and the formation of human capital essential to the flourishing of the economy.

Overall, the old economic discipline, supporting small enterprises and emphasizing the deconcentration of power and income, was one reason behind the tendency towards small enterprises. This way of thought, however, was just a small short-term remedy for some inefficiencies of capitalism in the past, which, upon the manifestation of the welfare state, managed to resolve some conflicts and crises in the mentioned system. Currently, though, the main challenge faced by capitalism is to internalize the positive spillover effects of high-tech as well as technological giants and multinational companies and to channel them towards the underlying layers of society, to bring dynamicity to the market institution. This requires the building of an Entrepreneurial Welfare State based on a change of attitude regarding the role of the government to turn it from a mere market fixer to a market creator, and from a risk-remover to a risk-taker to realize opportunities for future growth, and finally from a despotic bureaucratic monster to the last catalyst for new investments (Mazzucato, 2013).

5 "Small" Versus "Big" in Economic Schools of Thought

How big should a business be? The issue of optimal firm size is an important point of concern in major economic policy debates. There are five distinct "intellectual camps" regarding the structure and policy of the firm size including global libertarianism⁵, global neoliberalism, progressive localism, national protectionism, and national developmentalism. Libertarians, inspired by the Austrian School of Economics, believe that the target of enterprises is to enable individual freedom and the liberty to do

⁵ The fans of the libertarian approach support "freedom" as their main target, aiming at maximizing individualism, political freedom, freedom of association, and autonomy. In the United States, libertarianism is a political philosophy that promotes individual freedom, characterized by laissez-faire as a type of economic system whereby any trade transaction is free from any form of interventionism.

business transactions all over the world, and to establish any type of business. Libertarians ask for the limitation of government intervention in the market since government intervention leads to the formation of big enterprises, which are facing benefit monopoly due to the share of the government in these enterprises. Therefore, the holders of this school support small enterprises to raise competition. They see large enterprises and industries in line with capitalism (Nyokabi, 2016).

According to Neoliberals, the enterprise size is not that important. Nevertheless, they support small firms as a dominant political trend. The most important fundamentals of neoliberalism include massive privatization and government downsizing, reduction in the role of government and government intervention in the economy, lowering of social and welfare expenses of governments, and trust in market mechanisms. The fans of progressive localism see small enterprises as the basis of the regional economy. They reject the "big" idea due to the smallness of the local economy.

The fans of national protectionism disagree with big enterprises due to their populist approach. They are strongly against any free trade policy and labor force flow including immigrants. Thus, libertarians, neoliberals, localism fans, and national protectionists disagree with the development process based on big enterprises (Atkinson and Lind, 2018). It is only the national developmentalism school, which defines the government policy target as maximizing innovation and productivity growth. Through the mentioned initiative, dominance in global markets shall be realized. According to the fans, the national development trend is based on active developmental (hard) states as well as big manufacturing enterprises along with innovation, productivity, and a rise in the competitive edge. Cai (2010) believes that the developmental state is founded on an efficient government bureaucracy whose main target is not only economic growth but also an increase in the national interest. He quotes the World Bank Report of 1997, stipulating that the objective of a developmental state is not only the provision of goods and services by, for instance, setting rules and regulations or establishing foundations for market expansion and the increase in the welfare level of the community. Instead, the objective is the rise in national capacities for achieving higher economic development. The basis of policymaking for a developmental state is massive as well as targeted intervention in the economy. In other words, the fundament of this school of thought is not mere competition or cooperation; the basis is, in fact, cooperation competition, which is guaranteed by an accurate competitive policy to enhance national capacities. This requires supporting big enterprises due to the rise in competition, innovation, and productivity. Southeast Asia contains good examples of national developmental states. What is strongly emphasized in these states is the pivotal role of big enterprises (Lahoutian, 2016). The soaring progress in these economies is owing to the measures adopted by their developmental states, strongly intervening in planning and regulating and, in the meantime, focusing on efficient big enterprises (with a highly competitive advantage at the global level), accelerating the increase in their national capacities.

6 Successful Experiences of Economic Development Strategy Based on Big Enterprises

Studying the strategy of economic development in advanced economies indicates that these countries have continuously used economies of scale in their industries. Currently, a major share of global markets in industry belongs to a handful of companies in advanced economies. Over the past decade, this has grown remarkably since achieving economies of scale as well as diversity and capability to make massive investments in marketing, services, and research and development are the main prerequisites for the presence of enterprises in the global arena which in turn requires enterprises to be big. Rodrik (2006) defines the basis of economic development in society as the rise in efficient capacities of the economy in a wide range of manufacturing products. The first step in economic development deals with how to do innovative things rather than doing better what is already being done. He reasons those countries enjoying an accelerating pace of growth have been the holders of big industrial sectors.

- The miracle-like economic growth of Japan over just three decades covering the period 1953-1970, made Japan a forerunner in consolidating various industrial companies and establishing big firms through setting rules and strategies for smart industrial development. Japan's commercial system is based on big enterprises (Shibata, 2006). The merging of small and medium enterprises happened to utilize economies of scale, compensating for the profit loss emanating from the rise in competition, and facilitating the integration and consolidation of enterprises. The most important rules in this regard were as follows:

- Cancellation of the ban on monopoly prices;
- Lifting limitations on cartel formations; and
- Lifting limitations on mergers and acquisitions and relaxing supervision measures.

Facilitating the implementation of antitrust rules caused the manufacturing firms of the country to be able to compete in global markets. Therefore, Japan's industrial development strategy was aimed at raising the competition capacity in global markets based on large-scale production. The mentioned strategy caused the merging of enterprises active in heavy industries and international trade to lead to the formation of large-scale enterprises and companies.

- The 1962 economic development of South Korea occurred one year after the military coup by General Park Chung-hee and his rise to power. Park, devising five-year development plans, established a developmental state to advance economic development. The performance of his government in this period may be considered a very successful example of government leadership in the process of economic development. The main point in the strategic plan of this

government was the fact that it was not based on multinational companies, companies with government ownership, or SMEs; instead, it was based on private big enterprises chosen as the trusted trade partners of Korea's developmental state. It is important to note that as Korea has historically been a target of attention, trespass, and attack by different communities and neighbors, Koreans do not look positively on foreign forces and the country generally holds no investment attraction for multinational companies; meanwhile, due to widespread corruption in companies with government ownership and their conspiracy and collusion with policymakers, the strategic development plan could not be devised based on such companies. The reason for the plans not being based on SMEs was that these types of enterprises are too small to conduct rapid economic development. Consequently, Korea managed to realize fast economic development within only a decade of Park's takeover, bolstered by major light industries. Thereafter, the 3rd development plan continued with the aim of balancing the light and heavy industries as well as urban and rural areas. On this basis, the economic development of the government was implemented based on supporting major heavy industries such as iron, steel, and automotive industries (Page and Tarp, 2017).

- Malaysia, upon achieving independence from British colonization in 1957, underwent several structural reforms. The economic development in this country practically started as of the 1970s to turn its economy from one highly reliant on the production of raw materials like rubber and tin into an industrial one within only 20 years. The Malaysian government never abstained from concentrated planning and widespread government ownership. In its initial phases, Malaysia's economic development was based on big enterprises and state-owned companies in a way that until the 1980s (the global expansion of neoliberal policies and privatization), big enterprises played a pivotal role in the economy (Suffian, 2019). Vast structural reforms in this country were focused on the development of heavy industries, supported by the government and government-bolstered financial agencies. In 1975, the government provided numerous incentives, including export incentives, to develop large-scale and energy-intensive industries. The Heavy Industries Corporation of Malaysia (HICOM) was among the companies established during the mentioned period. Presently, the Malaysian economy is one of diversity and wealth, fueled by the exports of electronic commodities, oil, and gas, palm oil (as a raw material for soap and candle industries), and rubber.

There exists a lot of historical evidence of the great influence of big enterprises on the industrial development of today's advanced economies. Accelerating growth in southeast Asia is a prominent example, wherein economic development was realized through national developmental states to raise national capacities and enjoy a higher share of global GDP. Meanwhile, the vehement and targeted government intervention in

economic planning and regulating occurred with a focus on big enterprises. These examples could serve as a good reference for other developing economies, including the Iranian economy. The following section deals with the explanation of the Iranian economic trajectory through an analysis of manufacturing enterprises.

7 Outlook on Small and Big Enterprises in Iran

Big enterprises are the engines of economic growth and development for all countries. The goal being an improvement in the general performance of the economy and achieving sustainable growth, supporting big enterprises is deemed essential. To clarify whether Iran's economic policies are in line with growth and development, the presentation of a true account of enterprises in Iran in terms of the size and number, the number of employees, and the value added is attempted in the present article. In this respect, the government's financial support policies are analyzed.

7.1 Definition of Small and Big Enterprises in Iran

There is no single definition of small and big enterprises in Iran. It varies from one organization to another. In the present article, the basis of the analysis is the definition provided by the Statistical Center of Iran (SCI), which classifies businesses under four distinct categories in terms of the number of employees:

1. 1-9 employees;
2. 10-49 employees;
3. 50-99 employees;
4. More than 100 employees.

The first three groups are classified as small and medium-sized enterprises. Due to a lack of data on small enterprises with 1-9 employees, the present analysis deals with small enterprises with 10-49 employees, medium-sized enterprises with 50-99 employees, and big enterprises with 100 employees or more. These enterprises include only manufacturing units (excluding service-rendering and commercial enterprises). Data are collected from the statistical yearbooks of the SCI in various years.

7.2 Small and Big Enterprises in Iran as Reflected in Statistics

Based on the SCI Yearbook, there were 25,965 active SMEs in 2019, accounting for 89.1 percent of all active enterprises in the country. The number of big enterprises was 3,183 in the same year, with a share of 10.9 percent. The total number of industrial enterprises indicated a decrease of 0.1 percent in 2019 compared with 2018.

During the period 2011-2019, SMEs accounted for approximately 90 percent of all enterprises on average (Table 1).

Table 1. The Number of Industrial Enterprises with 10 Employees and More in Iran

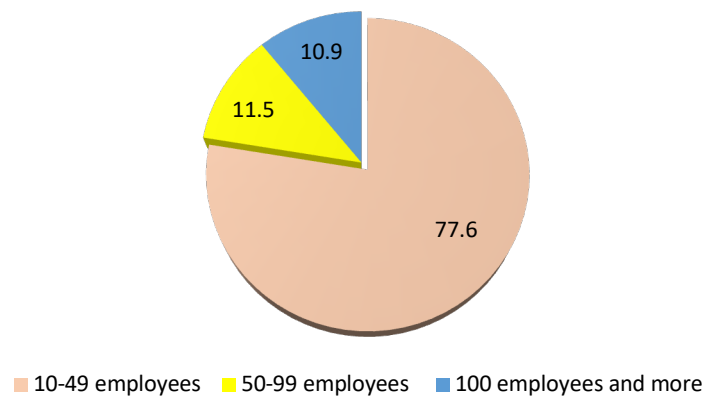
Year	SMEs				Big Enterprises		Total
	10-49 employees	Share in Total	50-99 employees	Share in Total	100 employees and more	Share in Total	
2011	21489	78.2	3167	11.5	2821	10.3	27477
2014	23862	80.5	2917	9.8	2875	9.7	29654
2015	27106	81.0	3371	10.1	2985	8.9	33462
2016	24981	79.8	3332	10.6	2995	9.6	31309
2017	24161	79.7	3154	10.4	3015	9.9	30332
2018	23060	79.1	3169	10.9	2941	10.1	29170
2019	22614	77.6	3351	11.5	3183	10.9	29148

Source: Statistical Centre of Iran, The Statistical Yearbooks.

Note: The statistics for 2012 and 2013 are not available.

Figure 1 depicts the distribution of industrial enterprises with 10 employees or more, in 2019.

Figure 1. Distribution of Enterprises by Number of Employees in 2019



Source: Statistical Centre of Iran, The Statistical Yearbooks.

Enterprises with 10 to 49 employees had the highest share of all enterprises 77.6 percent in 2019. This is against the backdrop of a share of 10.9 percent of big enterprises. In Iran, the number of small enterprises outpaces that of big ones.

In 2019, those working in enterprises with 10-49 employees accounted for 25.7 percent, 50-99 employees for 12.6 percent, and 100 employees or more for 61.7 percent of the employed population. Over the period 2014-2019, about 60 percent of total employment in the industry sector was

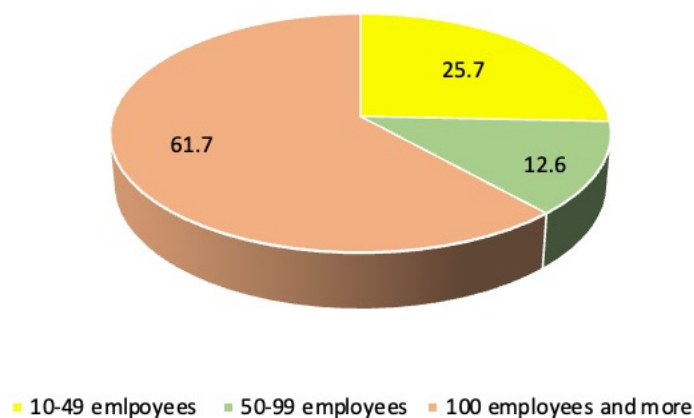
related to big enterprises. In other words, big enterprises have accounted for the higher number of employees over the mentioned period despite being minor to small and medium-sized enterprises in terms of the number.

Table 2. The Number of Employees in Industrial Enterprises During 2014- 2019

Year	SMEs				Big Enterprises		Total
	10-49 employees	Share in Total	50-99 employees	Share in Total	100 employees and more	Share in Total	
2014	484601	28.5	201234	11.8	1012471	59.6	1698305
2015	528344	29.5	228108	12.7	1036516	57.8	1792968
2016	512511	28.7	225308	12.6	1050833	58.8	1788651
2017	488570	27.5	215889	12.1	1073554	60.4	1778013
2018	465197	26.8	213955	12.3	1054637	60.8	1733789
2019	463103	25.7	227856	12.6	1112852	61.7	1803811

Source: Statistical Centre of Iran, The Statistical Yearbooks.

Figure 2. Distribution of Employees of Industrial Enterprises by Number of Employees in 2019



Source: Statistical Centre of Iran, The Statistical Yearbooks.

In 2019, enterprises with 100 employees or more accounted for 78.5 percent of the total value added in the market. This is against the backdrop of a small share of 14.6 percent for small enterprises and a mere share of 6.9 percent for medium-sized enterprises. Over the period 2011-2019, the average shares of the value added of small, medium-sized, and big enterprises of total market value added were respectively 13.8, 7.3, and 78.9 percent.

Table 3. Value Added of Industrial Enterprises with 10 or More Employees (Billions of Rials)

Year	SMEs				Big Enterprises		Total
	10-49 employees	Share in Total	50-99 employees	Share in Total	100 employees and more	Share in Total	
2011	113328	14.6	60788	7.8	600868	77.5	774983
2014	189172	12.5	102680	6.8	1220014	80.7	1511866
2015	196836	13.9	110492	7.8	1107112	78.3	1414441
2016	240189	13.7	124219	7.1	1391925	79.3	1756333
2017	289048	13.3	147100	6.8	1730014	79.9	2166163
2018	439085	14.1	236619	7.6	2443037	78.3	3118741
2019	677820	14.6	319848	6.9	3653232	78.5	4650900

Source: Statistical Centre of Iran, The Statistical Yearbooks.

Note: The statistics for 2012 and 2013 are not available.

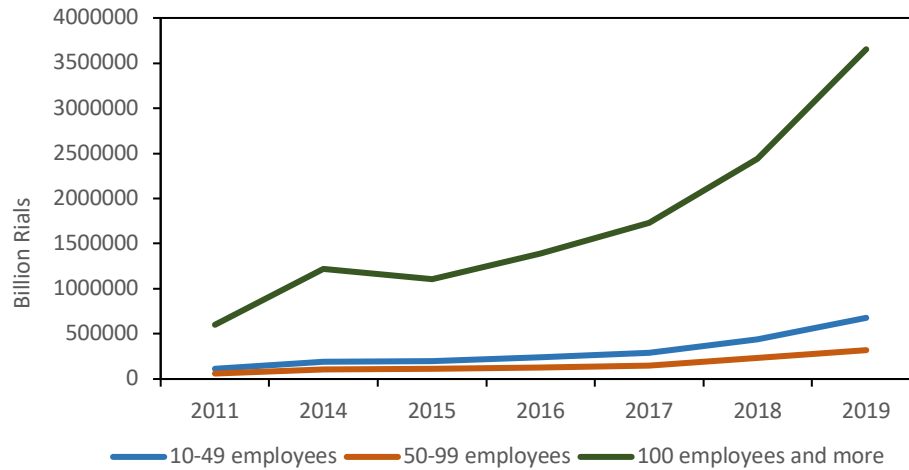
Figure 3. Distribution of Small, Medium-sized, and Big Enterprises by Value Added in 2019



Source: Statistical Centre of Iran, The Statistical Yearbooks.

As shown in Table 3, big enterprises with 100 employees or more enjoyed the highest share of the market value added over the period 2011-2019.

Figure 4. Value Added of Industrial Enterprises with 10 or More Employees During 2011-2019 (Billions of Rials)



Source: Statistical Centre of Iran, The Statistical Yearbooks.

In 2019, big enterprises (with 100 employees or more) accounted for a share of 10.9 percent of total number of enterprises, 61.7 percent of total employment, and 78.5 percent of total value added. These shares for small enterprises (with 10-49 employees) were 77.6, 25.7, and 14.6 percent, respectively. For medium-sized enterprises (with 50-99 employees), the shares were respectively 11.5, 12.6, and 6.9 percent.

In Iran, big enterprises account for the lowest share in terms of the number but the highest share in terms of employment and production. Thus, an economic growth and development strategy founded on big enterprises can contribute to sustainable employment and more efficient national production than one based on small and medium-sized enterprises.

Now, let us consider the government's orientation in Iran. Is it in line with supporting big enterprises or in line with supporting small ones? With this background, the government's support policies and their contribution to economic development may be analyzed.

It should be noted that Government support policies for SMEs and big enterprises have always been one of the strategic policies of Iran's economy, and various laws have been approved to support production in Iran. Diverse banking facilities, imposition of import tariffs, provision of cheap land and energy, compulsory purchases of domestic products by the private and public sectors, and preferential exchange rates for some manufacturing industries are to mention but a few.

However, due to the lack of data on all support policies, we only focus on the most essential government policies, i.e., the facilities extended by banks. This will not affect the final analysis of the article, which depicts the reasons for the failure of the government's support policies.

7.3 Government Support Policies for Small, Medium-sized, and Big Enterprises in Iran

7.3.1 Facilities Extended to Small and Medium-Sized Enterprises Active in Various Economic Sectors in Iran

Due to the lack of data on facilities extended to small and medium-sized enterprises active in the industry sector, data related to the SMEs active in all sectors of the economy, including agriculture, manufacturing and mining, construction and housing, trade, and services are utilized. The industry sector constitutes almost 30 percent of the whole economy, the inclusion of which could give us an estimation of facilities extended to SMEs active in the industry.

Over recent years, support for SMEs and the removal of bottlenecks have been a point of concern in many policymaking processes in the country. This has been emphasized under Paragraph (6), General Policies of the 6th Five-Year Development Plan titled "Financing Small and Medium-sized Enterprises by the Banking Network". On this basis, the "Guideline on Financing the SMEs" was devised by the Central Bank of Iran in May 2016 and dispatched to banks and credit institutions for due action. Consequently, and in line with the adoption of the regulatory facilitation approach, further financing of SMEs was put on the agenda and continued in the following years.

Based on data received from the registration platform for manufacturing units requiring facilities, a sum of Rls. 856.5 trillion worth of facilities was extended to 27.1 thousand SMES by banks and credit institutions in 2020. Based on the annual guidelines, supportive packages are prepared for SMEs. It is important to note that limitations subject to Article (5), Amended Law on Check Issuance approved on November 4, 2018, specifying non-payment of any type of banking facility or issuance of bank guarantees in foreign exchange or Iranian rials and the opening of LCs, in foreign exchange or Iranian rials, for the issuers of bounced checks, have now been lifted, upon the recommendation of the finance council in each province. Meanwhile, banks and credit institutions were strictly obliged to refer to the Council of Experts the rejected requests for facilities or the rescheduling of debts and the reason thereto, within a maximum of one month, subject to Article (62), Law on Annexing Articles to the Act of Removal of Impediments to Competitive Production and Fiscal System Improvement.

The mentioned government support policies included SMEs active in all sectors of the economy as of 2016. Detailed assessment of the effectiveness of facilities extended to the SMEs requires data as decomposed by enterprise, the manner of utilization of facilities, and the goals of facility applicants. Unfortunately, due to a lack of data, a clear evaluation is not plausible.

Table 5. Facilities Extended to SMEs and Industrial Big Enterprises (Billion Rilas)

Year	Total Facilities Extended to the Industrial Sector	Facilities Extended to All SMEs	Facilities Extended to Industrial SMEs	Facilities Extended to Big Industrial Enterprises	Share of Facilities Extended to Industrial SMEs in Total (%)	Share of Facilities Extended to Big Industrial Enterprises in Total (%)
2016	1508019	168075.3	50422.6	1457596.4	3.3	96.7
2017	1670323	194849.1	58454.7	1611868.3	3.5	96.5
2018	1990275	189262.4	56778.7	1933496.3	2.9	97.1
2019	3158981	544703.2	163411.0	2995570.0	5.2	94.8
2020	5561829	856482.0	256944.6	5304884.4	4.6	95.4

Source: authors' calculation. The statistics of facilities extended to the industrial sector were obtained from the Banking Information Department. The facilities paid to small and medium-sized industrial enterprises are considered to be about 30% of the facilities extended to the industrial sector.

Accordingly, over the period 2016-2021, the average share of facilities paid to SMEs in the facilities allocated to the industry sector was about 4 percent. Over the same period, facilities extended to big enterprises accounted for about 96 percent of the total on average. The assessment of the effectiveness of these facilities cannot be ensured unless data are available on how these facilities are used and the objectives of the applicants. The devising of suitable instruments for the identification of the objectives in each industry and the realization of the target could pave the way for the formation of a framework through which policymakers could contribute to growth and value added to the national economy via forming opportunities and incentives as well as capital formation.

Due to the lack of data on the amount and the manner of allocating payment facilities, as well as the percentage of the realization of the target set for facilities extended to each applicant, the present outlook of industrial enterprises is not a clear manifestation of the government's support policies for the industry sector. Nevertheless, what can be inferred in short is as follows:

- The share of the SMEs in production, employment, and the value added to the Iranian economy is minor while their number is large. Over the period 2011-2020, the number of SMEs was 9 times that of the big enterprises. Since the strategy of sustainable economic development is founded on big enterprises, the Iranian economy does not seem to be taking this trajectory.
- Despite the increase in facilities extended to small enterprises for feasible projects over the recent years, this sector has failed to raise its share in production and employment. In the economic literature,

debates run high on employment generation by small enterprises, including the belief that jobs created by these enterprises are not sustainable. Therefore, the continuation of such supportive policies and further provision of banking facilities in the form of feasible projects is not plausible.

- Big enterprises account for the lowest share in terms of the number but the highest share in terms of employment and production. Thus, they can be the engine of economic growth and development. However, there needs to be a larger number of them as they make the basis of sustainable economic development. This requires higher attention from policymakers and the necessity to resolve problems encountered by big enterprises.
- As the share of facilities extended to big enterprises is estimated to constitute 96 percent of all industrial facilities, why have big enterprises failed to facilitate sustainable economic growth in Iran? This is the point where the designing of special instruments for raising the efficacy of facility extension procedures gains significance. Accordingly, policymakers could identify the forerunners and devise a suitable development strategy. Apart from the fact that the low share of large industrial enterprises in the entire industrial sector is a big challenge for industrial development in Iran's economy, it is worth considering that the low efficiency of extended facilities is also a manifestation of organizational corruption and destructive interactions between the officials in big enterprises and the policymakers. This must be resolved as the strategy of sustainable economic development as well as the achievement of employment generation purposes and increase in productivity is founded on efficient big enterprises. The extension of facilities to such enterprises guarantees a rise in national production.

8 Government Support Policies Failure

One of the most important government support policies for industrial enterprises in Iran includes the facilities extended by banks. Based on the analysis, the facilities extended to big industrial enterprises during 2016-21 are about 96% on average. According to the Central Bank of Iran's balance sheet, the economic growth rate is around 1% during this period. Meanwhile, the average economic growth rate during the last decade, i.e., 2012 through 2022, is still around 1%, and the average growth rate of the added value of the industrial sector as a whole is around 0.7%. This shows that the government's support policies for big industrial enterprises have not been able to stimulate economic growth and development and have only served as a temporary painkiller (band-aid solution) to postpone the exit of big industrial enterprises from the production cycle.

The most considerable reason for the inefficiency of the facilities extended to big industrial enterprises is the nature of these facilities. The stagflation of Iran's economy caused by international sanctions has caused the main approach of the government's support policies to be focused on

working capital financing for industrial enterprises and to achieve this goal, a non-inflationary exit package from the economic recession was prepared and announced for the country's banking network. The government's targeting based on the strategic document in 2015 is such that the banks should consider the ratio of their working capital financing to be at least 60% compared to the total extended facilities.

Working capital financing is a type of short-term financing that provides the amount of liquidity required by an industrial unit for the continuation of its daily activities, at most for one period of goods circulation, based on rules and regulations. However, in reality, during the years under study, more than 75% of the total facilities extended to the industry were aimed at providing working capital for enterprises. In other words, these facilities were paid to maintain the existing condition of the enterprises. Meanwhile, only 13% of the facilities for increasing production capacity in enterprises have been received. The remaining facilities were aimed at repairing, purchasing houses, purchasing personal goods, and others. In other words, only 13% of the total facilities extended by the government to small and medium-sized, and big industrial enterprises were in line with developing new capacities.

The second reason for the inefficiency of the facilities extended to small and medium-sized, and big industrial enterprises is the country's stagflation and the faster efficiency of intermediary sectors compared to the industrial sector. This causes the facilities extended to industrial enterprises to enter other areas of speculation, mediation, and brokering. In other words, the facilities are diverted from their primary target due to the lack of bank supervision and efficacious legal audits. The facilities that should create added value and economic growth are diverted from the main mission and spent on speculation.

Furthermore, the government's intervention in production is another reason for the ineffectiveness of the government's support policies. At best, the facilities extended to selected industrial enterprises are shaped to support production, but the main purpose is to increase the power and popularity of politicians. Oil revenue has justified the adoption of various support policies, and some groups of society and enterprises have engaged in unhealthy competition and irrational actions to take advantage of these subsidies. For instance, some big enterprises have chosen beneficiaries in the government as members of their board of directors so that they can take advantage of various rents.

Enterprises that have used all kinds of government support, such as large and cheap facilities, are not only unable to enter and compete in global markets but also demand more government support every day. Cutting off government support to these enterprises has political consequences. Therefore, the government tries to appease them. Many instances of domestic production do not make economic sense and any support for them is a waste of intergenerational resources. Granted facilities have fueled large rents and monopolies, which have wide and complex dimensions. The formation of large quasi-state enterprises and the emergence of various types of economic corruption are the harmful results of the government's

support policies. This is because the government support only includes some big industrial enterprises that have made collusion with those in power. Therefore, the approach of choosing big industrial enterprises for support, the collusion of enterprise owners and political authorities, the dependence of producers on various types of support, and the incapability of enterprises to participate in the global competition market are among the main challenges of big industrial enterprises in Iran.

Now, government grants are paid to enterprises under government organizations, which increases the overall size of government or quasi-government. Big enterprises that have been handed over to the private sector and have a board of directors, a CEO, and shareholders, still have a strong relationship with the political institutions. The government policies aim to support big enterprises, most of which are dependent on the government bureaucracy, to prevent social tensions caused by increasing unemployment. The government bears heavy costs such as forcing banks to grant large facilities to maintain the current workforce. Otherwise, the government will face an army of unemployed and hungry people.

In general, the government's support policies in the form of facilities extended to industrial enterprises, both small and medium-sized and big, have not been in line with economic growth and development. As the policies have not been able to create added value in the industry sector and economic growth. On the one hand, we are faced with an insignificant contribution of small and medium-sized enterprises in production, employment, and added value to the economy. On the other, big industrial enterprises have the lowest share in terms of number, but the highest share in terms of employment and production. This is because, in recent years, the value of facilities paid to big industrial enterprises has constituted more than 95% of the total industrial facilities. It seems that facility payment to small and medium-sized enterprises in the form of feasible projects cannot be defensible. More important than that is the inefficiency of facilities paid to big industrial enterprises, which should be comprehensively revised due to the important role of these enterprises in creating sustainable employment and production. In this regard, the priorities of the government's support policies should be determined first, and then these policies should be carefully followed up with organizational and legal supervision.

9 Concluding Remarks

The thinking process behind supporting small enterprises in the economy, the ultimate downsizing of the government, and the lowering of government intervention in the market form the basis of neoliberal economics started in the late 1970s and early 1980s. This was supported by market-oriented economists in terms of attitude and the emergence of Reaganomics in the US and Thatcherism in the United Kingdom in terms of policymaking. In the said period, the developing countries were forced to turn to Washington-based foundations like the IMF and the World Bank for loans and to accept neoliberal economics in exchange for receiving

assistance, to the end of surmounting their numerous economic crises including debt repayments. In this context, the expansion of the market mechanism came to be the only exit from recession and the most efficient method for moving the economic development wheels as a way for reorganizing the economy and lowering the role of government institutions as the main hurdle to development. Therefore, government downsizing or the "small is beautiful" idea manifested as the most important part of the neoliberal economic reform project, with the leading role going to small enterprises.

On the other hand, the history of economic development is replete with experiences of sustainable growth in advanced economies, enjoying the appropriate policies of their big developmental states that apply targeted intervention and regulation in the economy and focus on big enterprises and their highly competitive edge on a global level to accelerate the growth of national capacities. The economic development strategy based on small enterprises is a manifestation of the small government (market) attitude, while the one based on big enterprises indicates the big government (market) approach. The relationship between the private sector or the market (small enterprises) and the government (big enterprises) cannot be one of contrast as small enterprises need big enterprises and, in other words, a developmental, strong, and entrepreneurial state to achieve favorable growth and perform well. Thus, the efficiency of economic development strategy depends on the potential of the government to build production capacities manifested through big enterprises. This has been the road already taken by today's most advanced economies.

Reviewing the structure of manufacturing enterprises in Iran reveals that the Iranian economy is not on the path to sustainable economic growth and development. As already explained, for the economic development strategy to be an agent of sustainable growth, big enterprises are required. Meanwhile, they need to have a higher share of the economy than the small and medium-sized ones to fulfill employment and production requirements. The outlook for Iran, however, is dim as big enterprises have a low share in the economy despite enjoying the lion's share of payment facilities. Apart from being low in terms of the number, big enterprises seem to be wasting the received credits due to inefficient bureaucracy, administrative corruption, destructive interaction with the government, and low productivity. Thus, big enterprises have failed to prepare the ground for the flourishing of small enterprises and the raising of national capacities. Once these difficulties are resolved and the development strategy is designed based on big enterprises, the engine of sustainable development will start. Utilizing the government support policies, the national capacities of the economy will increase as is the case in today's developed economies.

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