THE SETTING

Introduction:

Industrialisation is a key factor in the economic development of countries. The process of industrialisation that ensures greater availability of manufactured goods is associated with income and employment generating effects. Its chief characteristic lies in moving the economy from a low level equilibrium to higher ones with a transition from simple production techniques to technological improvements. Besides, it would pave the way for development of managerial and technical skills and also for rise in productivity and income thereby sustaining effective demand in the economy. It would further lead to spread effects in other sectors of the economy thus enlarging the entire production base internally.

However, for this process to occur, it is necessary that obstacles such as shortage of capital and other resources, lack of skilled labour, inadequate domestic market, lack of external demand that lead to balance of payments problems etc. are absent. Besides such economic factors, socio-political stability, a positive outlook on the part of people, etc. also are equally important as determinants of the success of industrialisation. Above all, policy instruments adopted in a country or the failure on the part
of authorities to evolve suitable policies may help or hinder industrialization in any country.

While several less developed countries (LDCs) have failed to achieve industrialization largely attributable to one unfavourable economic factor i.e., limited resource base, Iran seems to have faltered in her attempts to industrialize her economy even though the problem of resource constraint did not bother her policy makers, especially in recent years. In the case of Iran, however, it seems that other kinds of unfavourable economic and socio political forces proved to be counter productive. It is easy to demonstrate how, with foreign exchange resources via export of oil, though sometimes fluctuating, Iranian authorities could well have set before themselves the task of overcoming adverse effects of such forces through appropriate policies to develop all sectors simultaneously, due importance being attached to the industrial sector. But, instead, they seem to have been unduly jubilant at times when oil prices rose sharply. For, they relented in respect of efforts at industrialization and exposed the country to the dangers of overdependence on oil sector and such overdependence on the sector ultimately proved to be highly slippery. The result was a downswing of the entire economy.

An examination of the strategies that were adopted in Iran during the time when she was trying to industrialise in
an historical perspective is attempted through this doctoral thesis. In doing so, the task would also be to find out in what manner Iranian authorities ignored signals of danger emerging from forces that undermined consistently the process of industrialization in the country.

Industrial development:

Industrial development in Iran was firstly attempted by Reza Shah during 1925-1941 in which period about thirty large establishments and nearly 200 other plants and mining enterprises were established. These included eight sugar beet factories, two cotton textile mills, two canning plants, a jute mill and a cement plant. The development programme was temporarily interrupted by the Second World War and again accorded priority within the planning (1) framework in the year 1960. From a simple beginning and with resumption of industrial activities after the war, by 1963 the sector had 3500 establishments (2), some of them being large.

In the inter-war period, efforts were made to build up some small scale industries and improve transportation facility in the country. Manufacturing activity was highly localized and small in scale. Communication network system was given top priority to facilitate the general administration and transportation services. Apart from promoting efficient and quick service, in order to maintain
secrecy, the communication system was under central grip in most of the regions of the country. (3)

During these years, oil revenue played a very small role in financing the development efforts. Indeed, these development efforts were financed through the imposition of a tax on tea and sugar. (4)

But, after nationalisation of oil in 1951, particularly in the 1960s, oil revenue began to play a dominant role in the industrial development of the country.

The general pattern of industrialization:

The industrial map of Iran until the early 1960s was dominated by cottage industries, particularly carpet weaving, and non-durable consumer goods industries. These industries made remarkable progress in later years. The output of the industrial sector increased at an average rate of 12.9 percent (5) per annum, slightly below the rate of growth of oil sector, and much faster than the growth of agricultural sector.

After the oil boom in 1973, the industrial sector made further progress. The rate of growth of value added in industries and mines fluctuated between 9.2 percent in 1969
and 22.6 percent in 1975. As a result of rapid growth of industries and mines, the relative share of this sector in GNP increased from 22.5 percent in 1967 to 34.8 percent (6) in 1975.

However, in the late 1970s, there was an economic stagnation in various sectors of the economy. The new government which came to power after the revolution dropped the idea of development plans and there was no clearcut policy to further improve the industrial sector of the nation.

Employment pattern:

The task of solving unemployment problem is one of the crucial problems of any developing country. We know that industrialization brings about employment but whether the country is ready for industrialization is another question. In the case of Iran, before the socio-economic reform of 1961, the county was agriculture-based, and like in any other agrarian country employment was provided only for about 120-150 days in a year. After the land reform, under the 1961 reforms, large number of landless peasants migrated to nearby towns and cities in search of jobs. Due to the new wave of industrialization which was initiated after 1964, demand for skilled labour increased. However, majority of the migrant peasants were unskilled who were attracted by
construction activities. According to an ILO release in the year 1978, the number of employees in the non-oil industrial sector like mining, manufacturing and construction, increased from 23.7 percent of total manpower in the year 1966 to 32.8 percent (7) of total manpower in the year 1977.

During the 1970s, as the Bank Markazi figures showed, the overall employment in industrial sector increased by 7 percent (8) a year from 1969/70 to 1974/75. This clearly indicates that the rate of growth in employment was not proportionate to the rate of growth in industrial output. Moreover, growth in employment manifested in the form of rise in unskilled jobs rather than in skilled ones.

Importance of industrialization:

In this context, Promotion of Secondary sector derives extra significance. Particularly in an oil based economy like Iran it warrants lot of attention by the government, which played a vital role in the last 30 years in economic development. Industrialization provides much needed employment, reduce imports, thereby, saving petro-dollars to generate higher individual and national income. One of the most significant features of industrialization would be the country becomes self sufficient, encouraging agricultural sector which provides the base for industrialization.
Many efforts were made aiming at rapid industrialization. Both private and public sectors were assigned specific tasks in the process of industrialization. However, studies relating to the required strategies for establishment of industries in particular and the impact of Iran's industrialization on her economic development in general have not been attempted comprehensively. Especially, literature on the first aspect has so far had only a cursory treatment. The present study is an attempt to consolidate such ideas on strategies of industrial development scattered in the available literature.

Review of Literature:

A review of available literature on this aspect would not only indicate the inadequacy of information, but also the necessity of incorporating it in a more comprehensive study. This doctoral thesis is an attempt in that direction. Literature on various aspects related to the industrial development of Iran is abundant, while studies on strategies which can promote further development in an oil-based economy, such as Iran are very few. Many researchers, research institutions, expert committees have conducted studies in respect of Iran's development. The main thrust of these studies is brought out in this review.
A-Books by selected authors

1. Dr. George B. Baldwin's book (9) presents an exhaustive discussion and analysis of three plans as well as the efforts to achieve planned development in Iran. At the outset of his study, Baldwin states that he wants to achieve three objectives: to explain the difficulties of economic planning in a developing country, to elucidate the problems of executing a plan where the political and cultural environment is unfavourable and to show that economic planning and development do not necessarily depend on each other. With keen insight, the author discusses the political intricacies of Iran, gives a glimpse of social values adverse to economic development and relates them to the task of executing economic plans. He argues that these political and social factors, coupled with a paucity of skilled manpower, have defeated planning in Iran despite the fact that the nation has achieved economic growth.

2. Jahangir Amuzegar (10), in his book which is an important source of basic data for development economists and other scholars, has offered a wealth of information useful to all who deal with modern Iran.

   Part I of the book is a description of the land of Iran and its rich resources, population and manpower, and there is
a chapter on national accounts which quantifies economic progress. While the author does not highlight the effect of the oil price increase in 1973, if one calculates growth before and after this radical change, one finds that in the ten years preceding 1973 consumption grew by 12%. Capital formation by 16% and gross national income rose by an average of 13% per annum. In the two years following 1973, consumption grew by 16%, investment by an incredible 55% and gross domestic product by 20% per annum.

Part II describes the varied and sophisticated Iranian economy, including the productive sectors, farming, forestry, fisheries, the giant petroleum sector and the expanding industrial sector (the mainstay of growth), transportation and communication, banking and insurance, domestic trade and tourism.

Part III provides a description of measures adopted by Iran for economic growth and the policy mix used which allowed ample room for the development of a private sector supported by the public sector. Use of incentives and planning is also discussed here. Development efforts in Iran dates back to the early 1920s but serious planning began only in 1949. It matured through early stages, when targets were not achieved, to meeting and exceeding investment targets in the Fourth plan period which ended in 1972. During the IV
plan, an average rate of growth of nearly 12% was realized. Needless to say, the fifth plan document (1973-77) had to be rewritten to take vastly expanded oil revenue into account.

In the last part of the book, the author speculates on the future.

3. Julian Bharier (11) in his book, deals almost exclusively with economic development. As such, a major part of the book is devoted to an analysis of what are implicitly assumed to be the major determinants of the rate and level of Iran’s economic development: human resources, fiscal and monetary policies, the role of government, capital and to some extent technology. Excluded from the analysis, however, are entrepreneurship and social factors. Another major part of the book is devoted to a consideration of specific sectors and structural changes in the economy, isolating the effects of such exogenous variables as wars, crop failures and reform policies.

Taking the various chapters individually, the author’s treatment is commendable. Bharier has extensively used an enormous amount of primary and secondary material and has consolidated it in a sophisticated manner. The chapter on fiscal and monetary policies is concerned mainly with a trend analysis of the sources and application of government funds to various uses and incident only related with broad policy issues.
4. A book written in 1971, "Iran: Economic development under dualistic conditions" by Jahangir Amuzegar and Ali Fekrat (12), strikes a very favourable note in respect of Iran's achievement in the development process. The reference to dualistic conditions in this study is to the dynamic sector (the oil industry in the case of Iran) and the static or traditional sector. What intrigue the authors are the determinants of the interplay between these two sectors and in particular, the conditions under which one can expect the dynamic sector to produce "growth inducing linkages". The impact of the dynamic sector may be analysed in terms of indirect influences and direct influences. In the Iranian case, its important influence by far is the fiscal one. While the demand for domestic goods and services by the dynamic sector is of comparatively little significance, the provision of a low-cost resource to the domestic economy is of growing importance as Iran increasingly undertakes more complex production activities.

The authors have also presented a model which reflects the Iranian experience. While the model is of considerable interest, the conclusion is difficult to escape that generalizations concerning development strategies are of limited value and that the strategy for each country needs to be arrived at by careful analysis of what are the particular problems and conditions of that country. This is not to say,
of course, that the planners in one country cannot benefit from the experiences of other countries; in fact, the authors hope that there will be no more necessity for studies, such as this one, of what determines the growth or the lack of it in individual countries.

In their discussion of developments in Iran since 1954, the authors note that there were notable areas which received less attention than seemed desirable. One of these manifested in the form of difficulties experienced in achieving adequate growth in agriculture, the most traditional part of traditional sector. The other deficiency was the lack of an adequate analysis of the 1958-60 financial crisis which was followed by a recession extending over the next several years, economic progress was substantially retarded during this period.

5. Writing at a time when the impact of Iran's revolution was still fresh, Robert Graham (13) in his book "Iran - the Illusion of Power" attempts to trace the situation that arose in Iran with the oil boom of 1973, opportunities that were missed by Iran to reap the best advantages of boom and why Iran failed to transform herself as a politically strong and economically sound and independent nation. As a prelude to these, he traces the importance of oil industry to Iran's development. According to him, the structural impact of this
industry on the Iranian economy was very marginal; until the 1960s it was purely financial. Its technology and capital intense nature tended to keep it as an isolated modern sector. And the author describes Iran's rapid development as one that tended to be grafted on old structures rather than replace them. A modern sector grew up side by side with the traditional one, but the two existed in relative isolation. Except for land reforms, no apparent policy instruments were directed to the development of agriculture. And even at that the government’s energy was devoted to industrialization mainly and it lacked the will to follow through at the grass-root level the unglamourous task of making land reforms work.

Graham narrates the events that led to oil boom and how the boom itself changed the pace and life style in Iran. The problems emerging are discussed at length and the transition from euphoria to disillusion is used as a backdrop to show how the whole nation was under an illusion—illusion created by Shah in the minds of people to drive home the point that he had been successful and therefore deserved popularity. The author opines that almost every policy of the Shah was framed in an arbitrary manner. The Shah is described as a ruler who did not countenance any debate on issues largely affecting the nation. In the opinion of Robert Graham, the revolutionary overthrow of the Shah has returned Iran to the position inherited by Reza Shah in 1925 and Iran now needs to
first acquire new identity - a more non-aligned one. Iran has to live with three legacies - the belief in the minds of people that the state can do everything, which can be disabused because the nation's resources are limited; secondly, the country is burdened with heavy maintenance costs of advanced equipment; and thirdly, that of rural Iran. The present government is therefore to take care of agricultural development and rural transformation.

6. A fairly well balanced view is presented by Hussein Razavy and Firouz Vakil (14) in their book entitled "Political Environment of Economic Planning". Part of the book that describes the role of Shah in Iran's political history and economic development is well punctuated with observations with a keen eye on a fairly critical view. The authors note the deficiency of the planning process and shortcomings in various policy instruments evolved for implementation of the plans. More important for purposes of future lines of action are the chapters dealing with the future of planning in Iran and planning and dictatorship. The authors point out how government, whatever the political complexion, must take a definite stand on the role to be assigned to private sector a question that is still undecided. Further, they discuss the alternative strategies of evolving a macro-plan and a regional plan. The present bottlenecks facing a formal planning exercise are also noted.
such deficiencies being, a) lack of expertise in planning, (b) difficulties in the establishment of planning institutions, (c) design and implementation of a coordinating mechanism between public and private sectors and (d) cultural characteristics of Iran.

Speculating on the type of government that may be formed after election the authors believe that future planning exercise in Iran will have to be carried in the context of a framework for flow of information and articulation of public interests and policy requirements accommodating the needs of various sections in Iran.

B - Papers by experts:

1. In his paper on "Industrialization and revolution in Iran, Norris Hetherington (15) expresses the view that revolution in Iran did not occur because of forced progress as some people would argue but because of unmet expectations of the different sections of Iranian population. A tremendous shortfall between expectation and realisation therefore set the stage for internal disturbances. Superimposed on this idea is the observation that large scale arrests of trading community and members of middle class professional group, repression by the Shah to check a possible uprising, the infrastructural inadequacies, the
neglect of agriculture, the absence of institutions for popular participation—all have had their role to play in widening the gulf between aspirations of people and achievements by the government of Iran. The author notes that more or less the same situation continues to confront the present government but expresses the view that any political programme is unlikely to outlive its maker in Iran.

The author regards that industrialisation suffered because the Shah did very little to promote capital formation. He feels that industrialization could have been promoted more systematically if the Shah had removed himself from the scene implying that it should have been ensured that there was large public participation in a sophisticated technology society—a process of broadened participation of people in decision making was an aspect that was neglected.

2. The paper on "Dependent capitalism in Iran", by M.H.Pesaran (16) attempts to examine the role played by groups of capitalist bourgeoisie class in Iran and how Shah's policies promoted the same. The author purports to focus attention on what type of economic system is likely to emerge now that the religious leaders and bourgeoisie have succeeded in overthrowing the Shah.

Tracing the socio economic costs that Iran paid in
pursuing Import Substitution Industrialization (ISI) in particular, the author reveals how invariably foreign firms and local wealthy industrial elites secured a political and economic cover and were the main beneficiaries. Also the ISI pursued in practice distorted the choice of products and techniques in favour of the production of luxury goods and capital intensive goods. There was thus a tendency to promote a part of manufacturing sector managed by large scale entrepreneurs who benefited with an exchange rate artificially kept high. Tax exemptions, industrial subsidies, etc. and credit and licensing policies designed to promote monopoly in domestic production played a major role in the emergence of dependent capitalism. In particular, oil revenue that was used to enter into an implicit bargain whereby political participation was compromised for economic means made available to these sections is stressed.

Writing about two and half years after the revolution, the author sees how Iran is still dependent on oil revenue and therefore very little alteration is observed in the socio-economic environment which led to the emergence of dependent capitalism, notwithstanding the fact that the clergy that heads the state is said to adhere to Islamic principles and therefore an Islamic economic system that puts many hurdles in the way of private sector operations such as
banking and industries. The author believes that as long as both the government and the people are dependent on oil as a major source of revenue, the system of dependent capitalism must continue to exist in Iran.

3. Writing immediately after the February revolution of Iran in the Indian quarterly journal, R.L. Chawla (17) outlines Iran's economic development to expose the weakness of a country dependent on a monoculture sector such as oil, though a dynamic sector in certain respects - its foreign exchange earning capacity, and its role in the development of Iran.

After a brief sketch of the progress of the oil sector in foreign trade, the author shows how manufactured imports increased by the same proportion as oil exports indicating Iran's continued dependence on technology and capital goods from advanced nations whose share in Iran's foreign trade was very high. Consequently, the strategy of ISI that Iran pursued was unsatisfactory. Also, since industrialization process depended on a faulty ISI, industrialization, rather than reducing income inequality, actually aggravated it; imbalances are seen to develop not only in industrial sector with ISI that promoted consumer goods industrial activity, but also in agriculture with improper attention paid to it. ISI, by heading to a misdirected industrial activity, also
meant drain of country's financial resources as inputs in respect of industries had to be imported involving heavy remittances on their transaction involving middlemen's margin. The economy had to also face the problem of imported inflation besides that of high cost of import.

The author advocates downstream activities to a larger extent in terms of enlarged internal production and refining, reduction of income inequalities and development of local market. Also, the author feels that greater regional cooperation between Iran and other developing nations, especially outside the gulf region, would be of immense importance for Iran's future development.

4. An article on "Industrial labour force and its productivity", by William H. Bartsch (18) is a case study of 23 factories in Iran covering the period 1966-67. The author shows how despite growth in industrial productivity, labour productivity in Iran has been extremely low compared to that in other nations. Recruitment difficulties often in the form of shortage of the required skill held back prospects of increased productivity. But more importantly industries established in the past have invariably failed to recognise the importance of employing the right skills. Recruitment of labour has been more subjective and less based on productivity considerations. Also, except for higher level
skills, there is less reference by managements to employment service in respect of recruitment.

Although labour laws require that employers shoulder the responsibility of imparting inservice training, the author observes, government's efforts to encourage them in this direction has been rather unsuccessful. The author also draws attention to the weaknesses of pre-employment vocational training and the limited skill training which results in suboptimal productivity. The high rate of dropouts is another limiting factor in the direction of skill formation attributable to poor wages and improper working conditions of factories that are unattractive to labour force. The author suggests government should take up a campaign to raise the prestige of skilled labour force vis-a-vis other professions in Iranian society.

C. Reports of various committees:

1. A report on employment and income policy of Iran was prepared by a comprehensive employment strategy mission sent to Iran by the International Labour Organisation (ILO) (19) in response to a request from the Government of Iran. The following international organizations assisted the mission by making available staff members and material and also comments with on draft papers.
a) United Nations (UN)

b) Food and Agriculture Organisation of United Nations (FAO)

c) United Nations Educational/Scientific and Cultural Organizations (UNESCO)

d) World Health Organization (WHO)

e) International Bank for Reconstruction and Development (IBRD)

f) International Monetary Fund (IMF)

g) United Nation Conference on Trade and Development (UNCTAD)

h) United Nation Industrial Development Organisation (UNIDO)

i) United Nation Children's Fund (UNICEF)

2. International Trade Centre (20) conducted a survey of a few key economic indicators i.e., private and public consumption, investment outlays, labour supply, prices, marketability of products, the balance of payments, foreign trade, etc. in order to evaluate the past performance of economic development and industrialization.

3. Overseas Consultants (21) have prepared a report on seven year development plan for the Plan Organisation of Iran. In their study they have emphasized three principal ideas. They are:
a) National effort toward social and economic advancement must be applied first to fundamentals, that is meeting the basic needs of people.

b) Capital is not a substitute for skill and experience and
c) Coordination is an essential ingredient of the plan.

4. A country study of Iran was made under United Nations Organization (22). The record deals with:

a) Planning and programming for industrialization.
b) Industrial potential
c) Industrial policy
d) Market analysis and survey
e) Mobilization of capital for industrial development
f) Institutional arrangements for industrial promoters
g) Technical training
h) Problems of industrialization of Iran.

5. United Nation Organization has made another enquiry (23) into the special problems and difficulties encountered by Afro-Asian countries in attaining self-sustaining growth of small scale industries in Iran.

Need for the study:

As we are aware of the fact that oil is a non-renewable source, Iran tried to diversify its economy from being a mere...
exporter of crude oil. In this regard, industrialization is viewed as the basic instrument of economic development and diversification of the economy. It would be relevant to examine as to how far industrialization in Iran was able to achieve its target or how far the strategies implemented in Iran fulfilled its objectives. It needs to be stated that industrialization demands its own cost from the society in terms of curtailing current consumption and reinvestment of surplus. It remains to be seen therefore, whether industrialization as it evolved in the past, based on easily available but non-renewable oil and gas resources created conditions for attaining fullfledged diversification before the exhaustion of such reserves, was it of a lasting nature, and whether it was able to create a climate for involvement of all sections of the society. All this depended on the strategies adopted for industrialization. Hence the need for this study.

Aims and Objectives:

The economies of oil exporting countries are distinct from that of other developing countries in various degrees. Hence the strategies of industrialization and development adopted in the former are not the same as in the latter. A few distinct characteristics of these oil-based economies are their exclusive dependence on oil and gas, the non-renewable
nature of their proven resource base, and unlike in the case of other LDCs these economies have not faced the problem of capital shortage. Instead, in most of these countries, the size and quality of human resources is not adequate enough to meet the development requirements at least in the short term.

Our enquiry purports to examine critically various strategies adopted in the past for industrialization. Our aim, therefore, is to understand the constraints which existed in starting of new industries, expansion, modernisation, and diversification of the same, and their impact on the Iranian economy. This broad objective can be crystalized into specific terms as under:

1. To assess the impact of oil revenue on the economies of oil producing countries in brief and to examine the same in detail in respect of Iran.
2. To study the allocation of oil revenue towards various sectors in Iran.
3. To study the strategies for industrial development in Iran.
4. To study the Governmental policy regarding oil revenue and efforts thereof at industrialization, and
5. To know as to what should be the appropriate strategy for rapid industrialization in the country.
Hypotheses:

Following are the hypotheses proposed for testing in the course of the study:

1. The economy was exclusively dependent on oil revenue for financing the development programs.

2. Inadequate manpower planning and lack of entrepreneurial talents were responsible for any failure in industrialization process.

3. Though capital was abundant, lack of proper channelling of investment was crucial.

4. The size of market for industrial products was relatively small.

5. A systematic industrial programme could have improved growth rate of the economy.

6. Private sector should be assigned a greater role in the economy.

Scope of the study:

Crystalising the above objectives, the primary aim of this study is to look into certain aspects of the impact of oil revenue on industrial development of oil producing countries briefly and with a detailed account of the same in
respect of Iran. Further, the aim is to study whether industrialization can be a means to achieve relief from dependence on outsiders.

The study confines itself to a study of four strategies needed for rapid industrialization. These are (a) Entrepreneurship, (b) Capital (c) Manpower and (d) Market.

The present is an attempt to bring under a single study all the information scattered throughout various sources in respect of strategies for rapid industrialization.

In the course of the study we confine ourselves to manufacturing activity. Since Iran is predominantly an oil rich economy which enables the government to derive more than 70 percent of revenue, the country has a wide range of potentialities particularly in non oil areas to start industrial activity. But its abundant oil resources are non-renewable in nature. It is, therefore, felt that an appropriate strategy shall be advocated for starting of non-oil-based industries, and Iran would be an ideal arena for a study of this kind.

Materials and methodology:

Present study is basically macro in nature. It depends
exclusively on secondary data. Informations relating to industrialization of Iran are collected mostly from documents published by the Plan and Budgetary organization, periodicals and publications of Government of Iran, Annual Reports and Balance Sheet of Bank Markazi Iran, Iran Almance Yearly Books, publications from World Bank, International Monetary Fund, and other world organizations and articles which have appeared in various International journals. We also derive statistical help wherever necessary in the course of the study.

The research method employed in the present study is analytical and mainly based on secondary information. Aspects like entrepreneurial skills, the sources of capital, availability of skilled and unskilled personnel, marketing of products, etc. are analysed on the basis of published and/or official sources of information. In regard to some other aspects as technology, innovations, etc. our treatment is very cursory for want of complete information. For analysing all strategic parameters for rapid industrialization, personal discussions with many industrialists, government officials and consultants have also been of immense help.

Limitations:

At this stage, it is necessary to emphasize the
limitations to which a study of this kind is subjected. As stated earlier, the study pertains to strategic constraints for faster industrialization in the country. Though there are many more strategies for the industrialisation, emphasis has been laid here only on core strategies which really pave the way for industrialization not of course ignoring others.

Further, a study of infrastructural constraints like transportation, banking etc., has not been attempted here as it does not come under the scope of this work. Moreover, there is enormous gap in the secondary data also. Data was available only upto 1979-80 due to the implicit national policy of the government to not reveal any information particularly after the declaration of war with Iraq. However, wherever possible information has been collected upto 1984-85. These serious limitations not withstanding, plus the war and economic crisis in the country, these gaps do not affect the validity of the final conclusions.

Even amidst the above mentioned limitations, the researcher is confident that the study would throw new light on the core strategies for rapid industrialization.

The layout of the thesis:

The description and analysis of the material collected
during this research are presented in the following three parts.

Part - A deal with the theoretical setting which comprises of two chapters. This part presents the role of industrialization in Iranian economy in the first chapter. In the second chapter we carry out a review of the course of industrialization in the country through the plans. However, a separate treatment is also given to strategies of industrial development which forms a preamble to a detailed examination of the most important ones in part B which is the core of the thesis. Part - B is an attempt to analyse the various industrial development strategies. This part consists of four chapters dealing with four important strategies namely (a) Entrepreneurship, (b) Capital (c) Manpower and (d) Market.

Part - C consists of three chapters. In the first chapter, an attempt has been made to trace the major obstacles in the process of industrialization. In the second chapter, the role of government in encouraging both private and public sectors via the various policies adopted is discussed. A few suggestions are offered in the last chapter.
Notes and References

(1). The planning system in the country began from the year 1949.


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(23). Second Afro-Asian Conference on small Scale industries, complete records.