Ayatollah Khamenei's Meeting with Producers, Entrepreneurs, and Those Active in Knowledge-Based Businesses - 30 /Jan/ 2023

This morning (Monday), in a meeting with hundreds of producers, entrepreneurs, and those active in knowledge-based enterprises, the Leader of the Islamic Revolution stated that for the country to have a bright future, it had to have high rates of economic growth for an extended period. He went on to say that in the Seventh National Development Plan, the priority was economic growth coupled with social justice. He laid out the reasons for economic growth and what it entailed, saying that "resolving palpable cost of living problems facing households makes economic growth an absolute necessity."

He expressed satisfaction at the high spirits, high hopes, and the actual work by those active in the economic sphere and entrepreneurship, "as has been repeatedly said, the country's growth capacity is very high and in some cases is exceptional. This is due to its natural resources, geographic location, political and international standing, and highly qualified labour force. That is why the future of the nation and the country's prospects are much better than what is forecasted.

He said the reason why this year was named the year of "production, a knowledge-based [economy], and creating job opportunities" was partly the result of a meeting last year with those busy in the economic field. He added that the exhibition he had visited two days ago showed good progress towards making this slogan a reality. At the same time, what active people in the economic arena said about the country's economic progress raises our hopes. Further, official indices for the first half of the current year mostly point to movement and growth.

Addressing government officials, particularly the vice president, he asked them "to follow up on people's demands and see to the rightful grievances and expectations of business people today, set up task forces where they are present, and continuously follow things up solve their problems. If this is done, the country's economic growth objectives will be attained.

Referring to some of the producers' expectations of him, Ayatollah Khamenei said, "It is not my style to get involved in the implementation side of things, but I will show the way and persistently pursue them.

The Leader of the Revolution explicated the main points he wanted to make with regard to rapid and sustained economic growth. He pointed out that the country lagged in the 2010s because some economic activities ceased in this period. In some years, the resulting negative economic indices were essential events that explained the need for rapid and sustained economic growth.

Ayatollah Khamenei said the slowdown of economic activity in the 2010s was chiefly due to weak management, issues such as economic sanctions on Iran, and a focus on nuclear issues, which led to this perception that economic growth was contingent on the removal of sanctions.

Ayatollah Khamenei said that making up for this setback requires continued effort and sustained economic growth for at least ten years. He added, "that is why in the Seventh National Development Plan, we made economic growth based on social justice a priority because if there is no justice, there is no real progress. It is to be noted that the rate of economic growth has been set at eight per cent, which, if achieved, allows good progress to be made in the next five years."

To explain why it was necessary to have rapid and sustained economic growth, he drew the attention of government

officials, private sector producers, and economic players to four factors.

The first is the tangible problems people have in making ends meet and the welfare problems families face.

He said these problems explain the need for rapid and sustained economic growth. He said it is impossible to overcome poverty, resolve people's cost of living problems, and provide them with welfare without economic growth. He said all government officials, as well as those possessing management, intellectual, and financial capabilities, have a heavy burden of responsibility on their shoulders.

The need to elevate the regional and global standing of the Iranian economy and creating job opportunities for millions of university graduates were two other reasons he mentioned.

He said having young educated specialists is a source of pride, but their being idle is a shame. Qualified and educated youth expect jobs and the opportunity for scientific advance in their country. If we cannot provide them with jobs, we are not in a position to ask them why they emigrate. Naturally, providing employment opportunities for this army of specialists and capable people requires rapid and sustained economic growth.

The fourth reason the Leader of the Revolution put forth to explain the need for economic growth is the uncertain demographic situation in the country in the not-too-distant future in terms of an ageing population. He said, "Now the young people's ratio to the total population is good, thank God. However, given the current fertility rate, the country's demographic future is unclear. Therefore, we have to make the country wealthy through rapid and sustained economic growth because when there are not enough young people, it is impossible to do so."

The next part of the Leader of the Revolution speech dealt with what was needed to achieve economic growth. Part of this concerned government officials, part concerned business people, and part of it related to ordinary people. He said that two essential pillars of economic growth are "increased investment in production" and "improving productivity." He added, "in some sectors, including the way natural resources are consumed, productivity is really low."

"The need to adopt a strategic perspective and make long-term plans in the executive organs of the state" is also necessary for economic growth, he said. He added that government officials usually say that they have long-term plans. Still, if they do, they should not allow running the daily affairs of the state to neglect those plans as this negligence affects everything everywhere.

Another issue that he pointed out to government officials was that it was necessary for "the executive organs of the state to support the private sector." In this regard, Ayatollah Khamenei said that at the beginning of the revolution, they made the mistake of handing over all responsibility for every economic activity to the state. He called it a big mistake. He added that the country could not be managed without the participation of private enterprises. These enterprises would neither enter into economic activity without the support of the state behind them nor would they be successful if they did.

He described the policies adopted under Article 44 of the Constitution as correct and having the approval of all those interested in social justice. He added that some of our good and well-intentioned brothers object to these policies, but their objections are not sustained. Unfortunately, under several cabinets, the policies taken under Article 44 were not properly implemented, which is why we need to do so with more care, supervision, better management, and tighter discipline.

Another requirement for economic growth, the Leader of the Revolution stated, was to "promote science and technology," and drew the attention of universities and science and research institutes to this issue.

He attributed today's successes in many sectors to the scientific movement which began fifteen years ago. He added that our youthful scientists must transcend the frontiers of today's modern technology and pave the way for realizing this dream, so fifty years from now, if someone wants to learn about the latest scientific discovery, they would have to learn Persian.

Increasing productivity in all sectors, including in the public sector and how natural resources such as water are used to achieve economic growth were also discussed by the Leader of the Revolution.

He said that another condition for achieving economic growth was "the competitiveness of goods and services," which should be achieved by raising the quality of goods while reducing the unit price of the finished product. He added, "with respect to exports, this was of utmost importance."

"Improving the business environment" was the sixth condition for attaining high and sustained economic growth rates, which the Leader of the Revolution repeatedly emphasized. He said, "we must make it easy for people to go into business." He said contradictory decisions and the constant changing of rules and regulations hinder efforts to improve the business environment. He called on the authorities to do something about incompatible decisions. There are times when two government organs, which are both represented in the cabinet and sitting around the same table, make conflicting decisions. There are also times when the government draws up rules, but in the face of opposition from the Parliament, they are dropped. This problem, for which both the executive and the Parliament are to blame, must be resolved.

"Dealing with excessive bureaucracy and red tape" was another issue that Ayatollah Khamenei referred to. He added that "some good work has been done with regards to the single services window, which must be extended to other sectors." He said getting rid of overly complex rules does not mean that we should do away with government oversight.

He said one of the other obstacles to improving the business environment was the intervention of supervisory and non-supervisory bodies based on their whims. He added when laws are breached; there needs to be legal intervention. However, meddling in people's affairs based on whims by state organs when there is no legal ground must cease.

Ayatollah Khamenei also stressed the need to finance the activities of the private sector. He pointed out that the National Development Fund was set up to help the private sector. However, since its establishment, whenever governments have run into problems and have not had legal permission to tap into the Fund, they have come to me to skirt the law. This technically doesn't seem right and produces difficulties.

When listing the factors improving the business environment, the Leader of the Revolution said financial discipline when drawing up the national budget is another condition for economic growth. He said the national budget suffers from structural problems, and chronic budget deficits have caused the biggest problems for the economy. He said one of the goals behind creating the Supreme Economic Council attached to the office of the heads of the three branches of government was to deal with this specific problem, but they are yet to make any progress.

He added that what causes budget deficits is making financial commitments without there being reliable sources of revenue to pay for them. This has to stop. What is worse are the demands made by the Parliament which commits the government to carry out projects for which no funds are available.

There were three other conditions that the Leader of the Revolution said were necessary for economic growth: relegating management to people, removing public sector competition from the private sector, and preventing excessive imports.

In the final part of his speech, Ayatollah Khamenei presented three warnings. The first was that constructive competition in the private sector leads to progress. Still, private sector businesses must make sure that competition does not undermine cooperation between them, especially when they are working on projects abroad and in big projects where there must be a mutual generation of synergy. The second was that the government bureaucracy must pay attention to small- and medium-sized companies, which have an important role in job creation and producing added value. Large firms must help small- and medium-sized ones in the production chain. Finally, cooperatives which are in the business of producing things can be an essential tool for creating employment and economic justice in the country.

The Leader of the Islamic Revolution wrapped up his speech by saying that state officials are doing their best, but, of course, the steps they take and their orientation must be such that they produce the desired results.

In this meeting, 14 entrepreneurs who run private companies active in the knowledge-based economy and produce a wide range of products such as advanced medical and dental equipment and medicines, technical and engineering services, wood and cellulose industries, stationary industries, agriculture and aquaculture, water purification equipment, equipment for renewable energy production and solar panels, oil and gas industries, chemical products, data processing and artificial intelligence, digital businesses, carpet and textile industries, presented a report that outlined their successes and achievements as well as some of the complaints they had about the problems they faced in their line of work plus some recommendations.

Producers asked for a single window for government services, improving the method of interaction between government organs and accelerators, forming public and private consortiums to complete unfinished and large projects, creating a single body to make decisions and manage the export of engineering services, amending laws concerning the transfer of ownership of lands in the agricultural sector, making serious plans and increasing investment in the field of artificial intelligence technology, organizing unofficial players in the field of industry, forming a national taskforce to oversee production of stationary, avoiding price setting for producers who do not use government allocated foreign currency, managing energy consumption and optimum allocation of fuel subsidies, accepting copyright, especially concerning digital technologies, and rebuilding significant factories in textile industries and the like.