



ANALYSIS OF DIMENSIONS AND COMPONENTS OF GOVERNMENT INTERVENTION IN MARKET REGULATION (COMPARATIVE STUDY OF IRAN AND THE UNITED ARAB EMIRATES)

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Abstract

Government intervention in the economy, especially in developing countries, has profound effects on economic growth, income distribution, and market stability that must be carefully examined. Therefore, in this study, using an analytical-descriptive approach whose data was collected through two methods: library research and collecting the opinions of academic experts from Iran and the United Arab Emirates, an attempt has been made to compare and analyze the tools and methods of government intervention and regulation in the economies of Iran and the United Arab Emirates, to identify the points of difference and commonality between these two rentier states. The results of the study show that both countries, considering their specific conditions, have adopted different approaches to government intervention in the economy and have therefore obtained different results. Iran has more intervention in the economy with an ideological approach and an emphasis on social justice, while the UAE has adopted a market-oriented approach based on free competition. Another part of the research results shows that despite the success of the UAE in the economic and welfare field, which has been achieved in the shadow of attracting foreign investment and expanding the private sector, diversifying economic activities and incomes, and pursuing a market economy; this country also faces certain challenges. The results of examining the opinions of experts also show that among the 10 important indicators in this regard, the prioritization of good regulatory criteria in the UAE is: attracting foreign investment, transparency in decision-making, and effectiveness and efficiency, while in Iran, the importance of these priorities from the experts' point of view is: effectiveness and efficiency, attracting foreign investment, and public participation, respectively. Therefore, despite the initial similarities in the priorities of important regulatory indicators in each country, this issue is influenced by various factors, including economic structure, level of development, international conditions, and domestic needs, and when designing successful regulatory policies, it is necessary to pay comprehensive and comprehensive attention to these factors.

Keywords: Government intervention, economic regulation, comparative comparison, Iran, United Arab Emirates

Introduction

One of the most important issues raised in the world today, especially in developing countries, considering the different schools of thought that are raised in relation to the economy, is the performance of the government towards the economic affairs of the society and the manner or extent of its intervention in economic affairs and market regulation. According to many contemporary lawyers and economists, the current governments in countries such as the United States of America and the United Kingdom have emerged in a different form from the welfare state since about the 1980s and have now completely distanced themselves from the ideological foundations of the welfare state and have created a new form of government, which has resulted in many works explaining such a modern state and its duties and functions. Among them, the recent writings of scholars indicate new changes towards the thinking of the regulatory state; This means that the world of economic thought seems to be moving towards a newer form of self-regulating government, and governments are taking shape with postmodern characteristics, which are often called the hyper-regulatory government.

With a general look, we realize that governments have appeared in various forms, such as the welfare state, the regulatory state, and the hyper-regulatory state, from about the middle of the twentieth century to the present day, and each has monitored, intervened, and entered the economy in a specific way. Therefore, from the very beginning, government intervention in the economy from a governance perspective has become a controversial issue in the legal, economic, and policy-making fields, which has had its supporters and opponents. However, what both groups have always acknowledged is that the market mechanism cannot always fulfill its duties and it is necessary to define in an appropriate way the types of government intervention in the economy in the market that have the necessary efficiency.

Domestic studies on the Iranian economy also show that despite the introduction of regulation in Iran in recent years and the pursuit of privatization in important parts of the Iranian economy, strong state rule in Iran still persists and, for several reasons, a "regulatory state" has not emerged in Iran. It seems that, in comparison with other countries that have almost similar conditions as Iran in terms of oil and gas revenues, the interventions made in economic markets and economic interactions in Iran have not had appropriate results and the design and implementation of policies for regulating and controlling domestic markets have called into question the effectiveness of these policies in Iran. Therefore, due to concerns about the continuation of this situation and the need to correct the perspective and pathology of the strategies used, a comprehensive study and investigation in this field is necessary and necessary. Therefore, such a matter requires that, in addition to identifying the current state of the Iranian economy and the functioning of the government, the limits and methods of government intervention in the economy and social affairs of a given society, and, in addition to an approach to adapt to one of the countries at the same level, we also have a suitable comparison to determine the weaknesses or strengths.

The contemporary centuries, along with the rapid advances in technology, experimental sciences, industry, and engineering sciences, are the era of the formation of new ideas in the field of human sciences. The breadth of human sciences and the comprehensiveness of this field have led to the formation of new opinions and views about humans. The attention of social science thinkers and intellectuals to humans and their surrounding environment has led to the growth and expansion of this field in the contemporary centuries, and the category of

government as a modern concept that was formed in the 16th century AD has always been of interest to social scientists. The relationship between the government and humans and the regulation of this relationship, as well as the role, position, and powers of the government in human society have always been the subject of many books and articles, which have shaped

Since the late 19th century, the liberal idea of non-interference in the economy has lost its power for several reasons. In particular, class conflicts and the conditions prevailing in industries at that time made it increasingly clear that the government should intervene in regulating the capitalist economy. Gradually, the government's duty to transform the economic system was discussed, and the restrictions on government power were loosened in the opinion of liberals. Thus, the performance of governments gradually distanced themselves from the principles of liberalism. The economic crisis that prevailed in the 1930s, which became known as the Great Depression, led to increased unemployment, factory closures, reduced production, a fall in company stocks, and a decrease in foreign investment in Europe and America. Such economic problems led to increased government intervention in economic and social areas,

However, from the very beginning, government intervention in the economy from a governance perspective became a controversial issue in the legal, economic, and policy-making fields, which has had its supporters and opponents. But what both groups have always acknowledged is that the market mechanism cannot always fulfill its duties and it is necessary to define types of government intervention in the economy in the market that have the necessary efficiency (Hadifar, 2010: 8). Although the emergence of political, economic and social crises in the early twentieth century, including the outbreak of the First and Second World Wars, paved the way for government intervention in economic and social affairs in order to secure various benefits such as public welfare, economic growth and economic reforms and as a result, the creation of welfare states, this issue itself later led to a decrease in public welfare and the reason for the inefficiency of governments in adjusting the cost and production system (Shams, 2015: 18). The available evidence shows that the welfare state, by directly interfering in the economy and taking over many of the affairs of society, caused the emergence of an economic crisis in Western countries. In order to solve this problem and mitigate its negative effects, regulatory governments came to power, which left matters to the private sector for economic prosperity and to speed up the economic cycle of society, and they themselves regulated the behavior of individuals in the economic, social, etc. fields by setting numerous regulations. Therefore, new types of government intervention in the economy were defined in the market, which is one of the types of government interventions in order to influence the behavior of firms and individuals in the private sector, which is also called "regulatory economics" due to the regulation (Hadifar, 2010: 8). Although regulation includes a wide range of perspectives, from precise government control to indirect supervision and market-making, it has a completely different nature from the centralized planning system. In other words, according to some experts, among the two types of resource allocation mechanisms, namely market and non-market, government regulation is placed in the form of conditional and constrained market mechanisms. They believe that if we consider high transaction costs as the main factor of market failure or lack of market creation, regulation and regulation are an approach that allows the government to reduce transaction costs and thus improve market efficiency, rather than

replacing the market mechanism (Arrow, 1969: 1). The result of this approach was the limitation of the government's role in market intervention and the formation of the concept of regulation; However, the complexity of affairs, places, and various industrial, economic, and social sectors caused the regulatory government to sometimes delegate the regulation of economic affairs to autonomous institutions over time, which became a prelude to the proposal of the theory of the trans-regulatory government (Ptfat, Momeni Zad, 2015: 185), meaning that it seems that in the current circumstances, the economic intellectual world is moving towards a newer form of the regulatory government, and governments are taking shape with post-modern characteristics, which are often called the trans-regulatory government. Therefore, in a general view, we realize that governments have appeared in three general forms from approximately the middle of the twentieth century to the present day: the welfare state, the regulatory state, and the hyper-regulatory state, each of which has attempted to intervene in the economy and the market in a specific way.

Extensive research in the field of regulation shows that the establishment of regulatory institutions alone is not enough to achieve regulatory goals. Rather, achieving an efficient regulatory system requires a fundamental transformation in the macrostructure of the government, the formulation of intelligent public policies, and the creation of a dynamic and competitive market economy. In Iran, despite the establishment of institutions such as the Competition Council, we have not witnessed significant developments in the field of market regulation. The main reason for this failure can be found in the incomplete understanding of the interaction between the government and the market, a superficial approach to regulation, and a lack of familiarity with the requirements of a modern regulatory government (Jalali, Fadaei, 1402: 32). Therefore, it is natural that good governance does not emerge either. Theoretical developments in the field of governance have led to the emergence of a new paradigm called "governance" that is inextricably linked to the concept of regulation (ibid.: 42). The core of the concept of governance is the transition from a centralized government to multi-layered governance in which the private sector and civil society institutions also actively participate in the implementation of public policies. The vertical distribution of power at supranational, national, and local levels, and the presence of multiple actors with diverse interests, make the need for intra-system coordination mechanisms more evident than ever. The lack of sufficient coordination in this complex structure can seriously challenge the efficiency of the governance system in the economic, social, and cultural spheres. Therefore, monitoring the interactions of various actors and ensuring the internal coherence of the governance system

(are essential
for achieving
sustainable
development
Emamian et
al., 2018: 2

Theoretical foundations and research background

Overly committed and interventionist governments:

In his study, *Divided Market Economies in the Arab World: The Political Economy of Insider-Outsider Divides*, Hertog (2020) concludes that Arab economies experience low dynamism due to a combination of over-committed governments, deep insider-outsider divides, and low skills and productivity that undermine cooperation between government, business, and labor. In the

author's view, while some of these features are common to developing countries, others are regionally specific to Arab countries, including the relative importance and historical ambition of the state in the economy and the relative size and strength of internal coalitions created through state intervention. Of course, although insiders and outsiders exist in all countries of

the world, these divisions are particularly acute, intractable, and a highly negative consequence of state intervention in the economy in the Arab world.

In another study, *Locked Out of Development*, Hertog (2022) reiterates that the low dynamism of Arab economies is due to factors such as overly committed governments, deep internal and external gaps, and low skills that hinder cooperation between government, business, and labor. According to the author, the low dynamism of low- to middle-income Arab economies is explained by a set of interrelated factors that constitute a “sectoral market economy.” These include an overly committed and interventionist government with limited financial and institutional resources. In these countries, a deep internal and external gap between firms and workers, which is caused by and exacerbates extensive state intervention, and a low-skill and low-productivity imbalance that results from internal and external gaps, reinforces it.

Insider-outsider divide:

Arab state interventions have created a deep divide between “insiders” (those with access to state resources and benefits) and “outsiders” (those without such access), leading to low productivity and limited cooperation between government, business, and labor (Hertok et al., 2020; Hertok et al., 2022)

Regulatory quality and governance:

In a study by Abdel Bari and Benhin (2019), titled: *Governance, Capital, and Economic Growth in the Arab Region*, the authors emphasize that poor regulatory quality and governance negatively impact economic growth in Arab countries. Effective governance is crucial for improving economic performance and stability, which, if regulations and government interventions are reformed, will play a more effective role in the non-oil economic growth of these countries. According to the authors, although the Arab countries (ACs) have started their development process several years ago, they still suffer from numerous economic, political, and social problems that lead to poor livelihoods, which was the main focus of the recent “Arab Spring”. In their study, within the framework of a neoclassical growth model reinforced with institutional controls, using panel data techniques and using balanced panel data over the period 1995–2014 for 97 countries, including 19 from the Arab region, the researchers found strong evidence of a positive effect of human capital and investment, and a significant negative effect of regulatory quality on economic growth. The most striking result from the baseline model is that although the governance coefficient is significant and positively affects economic growth in the overall sample, it is negative in the ACs sample. The results of the empirical analyses clearly emphasize the importance of human capital and governance in improving the growth prospects of AC economies. Therefore, the governance variable may have additional benefits in minimizing the occurrence of political and economic instability that leads to events such as

The Arab Spring and the Need for Economic Reforms: The Arab Spring highlighted the need for significant economic reforms to address unemployment, poor education, and overreliance on oil and gas in Arab countries. Reforms should focus on building independent private sectors and integrating Arab economies into the global market. Amin et al. (2019) in their book *After the Spring: Economic Transitions in the Arab World* conclude that for too long, the economic aspirations of the region’s people, especially the youth, have been ignored by leaders in Arab countries and abroad, and there have been numerous political and economic interventions in

these countries. Although competing views on the best way to fulfill these aspirations are currently being debated in the region, in the best case scenario, significant economic reforms should be accompanied by major political transitions, which are currently underway. Of course, while each country has a different economic structure and history and must navigate its own path, there are spillovers of trade and investment linkages, contagion of news cycles, people-to-people interactions, and shared expectations that cannot be ignored. If Arab economies are to compete in the 21st century, the authors believe, they cannot rely solely on oil and gas money, remittances, and tourism, but need to moderate their own interventions in the economy, and to have active and independent private sectors. Rather than providing a set list of recommendations, the book offers a set of guidelines and priorities for reformers that include starting to create new opportunities for young people, restructuring state institutions, diversifying the private sector, and collaborating with each other and integrating with the global economy.

Rent Challenges: Malik (2019) in his study titled: *The Political Economy of Macroeconomic Policies in Resource-Rich Arab Economies*, critically emphasizes that the fiscal policies of governments in resource-rich economies in Arab countries play an important role in capturing natural resource rents, while the monetary policy of these countries is not adjusted towards domestic objectives such as inflation and unemployment. Therefore, in these countries, fiscal policies are directed to capture natural resource rents, with limited feedback from the private sector and reliance on oil rents for the stability of the country. From the author's perspective, even where monetary policy has more room for manoeuvre, the existing government policy frameworks are not adjusted towards domestic objectives such as inflation and unemployment. Therefore, he argues that reformulating the political objective function is essential to understanding these macroeconomic arrangements. From the author's perspective, in these countries, weak productive sectors and few institutional constraints drive macroeconomic policies in a direction that gives limited scope to the private sector and largely supports the interests of the state, arguing that there is an unceasing flow of oil rents in these countries that must be reformed.

Jalali and Fadaei (2013) have studied the obstacles and challenges in Iran's economic regulatory system in a comprehensive study, focusing on the theory of the rentier state. The results of this study indicate that success in creating an efficient regulatory system goes beyond the establishment of regulatory institutions and requires the existence of certain prerequisites. This study shows that economic regulation is closely related to the political structure, economic approach, and public management style of governments. In other words, the establishment of regulatory institutions alone cannot achieve the goals of regulation. According to the findings of this study, the realization of an efficient regulatory system requires the existence of three main components: first, limiting government intervention in economic affairs and downsizing the government; second, the existence of a competitive free market; and third, the establishment of a strong regulatory governance system. In the case of Iran, the rentier economy, extensive government intervention in the economy, and the dominance of the sovereign approach over governance are recognized as the most important obstacles to creating an efficient regulatory system. In addition, structural problems and institutional inadequacies also play an important role in the ineffectiveness of regulation in Iran.

In his thesis, Alizadeh (1402) conducted a comprehensive study and examined the impact of government intervention in the economy on Iran's political development. Considering the complexities of the modern economy and the diversity of different economic sectors, he concluded that governments often delegate part of their authority to regulatory institutions to regulate economic affairs. This approach has gradually led to the emergence of the concept of a supra-regulatory government.

Alizadeh believes that although governments are forced to intervene in the economy to create the country's development and progress, the lack of adaptation of government policies to global economic developments can prevent sustainable political development. Emphasizing the complexity of the relationship between political and economic processes, he considers economic development to be a prerequisite for political development. Also, Alizadeh, referring to the rentier and authoritarian nature of the Iranian government, highlights the inhibiting role of this government in the country's economic and political development.

In a study aimed at redefining the concept of regulation, Hedavand and Jam (1401) concluded that although the most common understanding of this concept is the state-centered and command-and-control approach, whereby regulation is applied by the state through legal rules with formal enforcement guarantees, this approach, despite its importance, alone is not able to provide a comprehensive picture of what occurs in the realm of regulation, especially in the context of decentralized governance and a network consisting of various actors, especially independent public regulatory institutions, governmental and non-governmental, private enterprises, and civil society. In this article, the author, by reviewing the literature on regulation and examining its various definitions, tries to show that regulation is not limited to the command-and-control type, nor is the government the only regulator. After analyzing regulation as a tool of decentralized governance, the author presents, justifies, and explains his definition of this concept based on a review of existing definitions and his own analysis of the subject.

Parvin and Taheri (1401) in a study with the aim of reflecting on the effects of regulatory states in relation to the right to sustainable development, have addressed the question of whether regulatory states strengthen the right of humans to benefit from sustainable development or pose challenges and obstacles to them. While examining this issue, the authors have presented a conclusion contrary to conventional expectations regarding regulatory states. According to the authors, regulatory states, considering neoliberal principles and policies, have hindered the realization of sustainable development with measures such as privatization, trade liberalization, foreign investment, export-oriented production and growth-oriented development, and for this reason have distorted the right of humans to benefit from sustainable development. Specifically, the market-oriented policies of the regulatory governments have caused the government to adopt austerity measures, reduce subsidies, lay off employees and workers, and withdraw from implementing welfare programs, and these actions have also led to the spread of poverty in various countries, especially developing countries.

Al-Naeli Al-Shams (2020) in a thesis aimed at examining the diversification and development strategies of the economies of Abu Dhabi and the Gulf Cooperation Council countries (using the "diversity wheel" model) has tried to examine the economies of the Gulf Cooperation Council countries (including Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the United Arab Emirates) and examine how governments intervene in the economy against oil price

fluctuations and prevent its vulnerability. In the author's opinion, despite all the measures, their efforts to diversify the economy in the past decades have been met with little success. Therefore, in order to achieve success in diversification, these countries need stronger factors to support efforts for diversification and economic development. In this study, a model called the "Diversification and Development Wheel" is used as a framework that governments can use to diversify their economies. This model shows the factors that are essential for economic diversification, and without the proper output of these factors, successful diversification will be difficult to achieve. The model is divided into nine important factors that are connected to three main wheels: the outer wheel is represented by the factor "Natural Resources and Financing", which is essential for economic growth. The middle wheel is represented by the three factors "Human Development", "Policy, Institutions and Governance" and "Infrastructure". These factors are very essential for the economy to develop and diversify. The inner wheel is represented by the five factors "Export Orientation", "Innovation", "Entrepreneurship", "Private Sector" and "State-Owned Enterprises". This model was used to assess the progress of Abu Dhabi's economy in these factors and highlight the weaknesses that prevent Abu Dhabi from diversifying its economy. Similarly, the same model was used to assess the progress of the GCC countries in their diversification efforts and identify their existing weaknesses. The results of this study show that despite very significant interventions by the UAE government, Abu Dhabi and the GCC countries are deficient in some key factors for economic diversification.

In his doctoral thesis, Al-Adlani (2019) aimed to examine the relationship between governance and economic growth in the Arab world. He tried to examine this issue in 22 member countries of the Arab League (from 1996 to 2017) while referring to the theoretical foundations of governance and how government intervention in the economy. According to the author, economic growth in the Arab world has been unstable and slow in the past two decades. Comparative researchers and development policy implementers, arguing that good governance is a prerequisite for having dynamic economic systems and growth, consider the slow economic growth in the Arab world to be due to poor governance performance. In this study, using World Bank data, the concept of governance is operationalized through the indicators of voice and accountability (VA), political stability and absence of violence (PS), government efficiency (GE), regulatory quality (RQ), rule of law (RL), and control of corruption (CC). A set of appropriate control variables is also used to test hypotheses regarding the overall role of governance and its various components in determining economic growth. Employing a set of analytical techniques, including descriptive analysis and panel data regressions, it is found that there is no significant relationship between governance and economic growth in the Arab world. However, a deeper analysis based on different economic, regional, and political classifications shows that governance is somewhat correlated with economic growth in some specific groups of countries.

Method under investigation

The present research method is of an applied type in terms of purpose. The aim of applied research is to develop applications in a specific field. In other words, applied research is directed towards the practical application of knowledge. In addition, this research is a descriptive-comparative research based on how to obtain the required data and analyze them, because it examines and analyzes relationships by describing the existing conditions and also applies the main results of the study. Therefore, in this research, the procedure and manner of intervention of the governments of Iran and the United Arab Emirates in the field of economy are criticized and examined, and several topics such as intervention methods, intervention tools, consequences and the success rate of each country are measured and compared according to the introduced indicators and criteria. Finally, according to the results obtained, while distributing questionnaires and collecting opinions from a number of academic experts from both countries, the importance of the standard regulatory criteria and indicators in the economy of these countries is determined and finally their importance is ranked from the experts' perspective. In addition, the points of difference or similarity in the government intervention practices in the economies and markets of these two countries are also examined and compared, and while drawing conclusions, policy recommendations are also made.

Legal frameworks for government intervention in the economy

The state is a term in philosophy and political science that broadly refers to a specific set of political institutions with non-abstract and sustainable authority and the exclusive right to use legitimate power to exercise sovereignty over the people of a given territory and represent the political and social integrity of that country. Not only has there been no agreement among scholars on the definition of the state, but for centuries the dispute over the nature of this concept has taken on an ideological color and has become one of the fundamental topics of current studies. The main difference between the various theories of the state is in two main issues: the origin of the legitimacy of the state and its function (Rose, Miller; 2010: 274).

The state, as the governing institution of society, plays a central role in regulating social and economic relations. Throughout history, various concepts and definitions of the state have been presented, each emphasizing specific aspects of this institution. From a legal perspective, the state is defined as a public legal entity that has specific powers and duties. These powers and duties are determined in the constitution and other laws and regulations of each country.

The duties of the state in the legal system are very diverse and vary according to the historical, social and economic conditions of each country. In general, it can be said that the state has the duty to maintain order and security in society, guarantee the rights of citizens, promote public welfare and achieve sustainable development. To carry out these duties, the state uses various tools such as legislation, law enforcement, judgment and policy-making. Over time, as societies have become more complex and international interactions have increased, the duties of the state have also expanded and states have gradually played a more active role in the economy, culture and other social areas. The state is the highest manifestation of the relationship of power and sovereignty that has existed in all societies. The state is the largest institution, organization, actor and most important pillar of the political system of a society. The importance and comprehensiveness of the state is such that some researchers have considered political science and sociology to be the science of studying the state and its related issues. (Bashirieh, 2007: 22). Today we live in a world of states, where the presence of the state can be observed

objectively and tangibly in almost all parts of the world. In the modern world, the state is the main and fundamental part of the political structures of society. A few societies that anthropologists have described in the past as "stateless societies" still exist in remote parts of the world, but they are also, at least nominally, within the scope of a modern state. Therefore, the state as a modern phenomenon has an undeniable role in the formation of modern societies and their movement towards a specific path. The importance of the state is so great that many sociologists, politicians and law scholars have focused their studies on this phenomenon for many years and have identified, analyzed and explained its various aspects.

Theoretical and legal framework of government regulation

• Theoretical and legal framework of government facilitation and regulation

In today's governance system, regulation, which in the past was limited to the issue of controlling economic markets in a minimal sense, has acquired a much broader meaning and has practically become the main tool for exercising sovereignty in order to implement policies and create harmony between individual and public interests. Regulation in its current meaning includes the general set of governmental interventions (using legal, statutory and economic instruments) that are applied with the aim of achieving economic or social goals and ensuring the public interest; in its broadest sense, some of these interventions are carried out by non-governmental sectors (including self-regulatory institutions). Therefore, regulation includes all types of interventions in all public areas, including the social, political, cultural and media sectors.

One of the most important functions mentioned for regulation is that regulation can provide the basis for the implementation of policies determined by the government among actors in different fields. In other words, the regulator translates general policies and guidelines into the language of the market and has tools at its disposal to do this, such as setting regulations, setting tariffs, determining incentives and penalties, handling lawsuits and complaints, etc.

Main perspectives on regulation:

Considering the material presented in the previous articles, it became clear that a comprehensive and single definition of regulation is not easily achieved due to the diversity of theoretical approaches. Windhels and Hodge (2012) emphasize that definitions of regulation vary from the scope of legal definitions to broader definitions that include all forms of government intervention. Meanwhile, definitions that focus on purposeful actions to influence the behavior of service providers provide a more decentralized approach. This diversity in definitions reflects the complexity of the nature of regulation and the influence of various theoretical and practical factors on it (Windhels, Hodge; 2012: 217). Cope and Loge have also achieved a more comprehensive definition of regulation by extensively reviewing the existing literature. According to this definition, regulation is defined as the intentional intervention of public sector actors in the economic activities of the private sector. This definition emphasizes the dual relationship between the regulator and the regulated and has a special place in the literature on regulation. However, it should be noted that some theories consider regulation to be beyond this dual relationship and limited to private sector economic activities (Bora, 2017: 18). The scope of regulated subjects is another controversial issue in the literature on regulation. Some researchers consider regulation to be limited to the field of economics and commercial activities, while others extend its scope to broader social areas such as health, safety and the environment. Referring to this breadth, Ogos (2011) considers regulation to include, in addition

to the aforementioned areas, even ethical areas such as distributive justice (Ogos, 2011: 37). In recent years, with the emergence of new technologies and social changes, new areas have also entered the realm of regulation. These areas include biotechnology, the Internet, personal data protection, and ethical issues related to emerging technologies. This expansion of the scope of

Principles of regulation and its goals:

Government regulation, as an inevitable necessity in modern economies, plays a central role in guiding and controlling economic activities. With the increasing complexity of markets and the emergence of new challenges, the need for government intervention to ensure public interest and create a sustainable economic environment is increasingly felt. The study of the principles and objectives of regulation, in addition to contributing to theoretical development in the field

of economics, also provides the opportunity to design more effective policies and solve economic challenges. Although the main goal of regulation is to create a competitive, efficient and fair environment in which the rights of all stakeholders, especially consumers, are fully respected, it should be stated that the ultimate goals and principles that regulation or regulatory institutions around the world seek to achieve have different roles and importance depending on the legal, economic and social systems of each country or system.

The deregulation and privatization movement, which had brought changes and challenges to the structure of public economic law, gave rise to a new idea called regulatory law. Most of the traditional public law books and researches are about public services, but modern economic authors and thinkers emphasize more on government intervention and market regulation than on creating fundamental changes. In general, the focus of public economic law should be on regulatory law. Basically, governments still maintain several duties and use economic policies to implement them, and they still consider them the best possible tool for proper functioning. In a situation where the government's supporting role in the market has become important, the duty of market regulation and regulation continues in a strengthened position. In general, the government pursues the goal of economic development by using these policies (Moezni, 2014: 25-28).

Legal and statutory principles governing regulation:

Regulation, as one of the main pillars of modern governance, is a complex and multifaceted process that is carried out in order to guide and control economic, social and environmental activities in line with the public interest. In this process, the government or regulatory institutions create a framework for various activities by enacting laws, regulations and standards. However, this process is not limited to enacting laws, but also includes monitoring the implementation of laws, resolving disputes and imposing penalties. In order for the regulatory process to be carried out effectively and efficiently, it is necessary to observe certain legal and regulatory principles. These principles not only help to legitimize regulatory actions, but also lead to the creation of stability and predictability in the business environment.

•Political economy and the existential pillar of regulation in Iran and the UAE

Political economy, as a branch of economics, deals with the interactions between economic, political, and social institutions in shaping economic policies and practices. One of the important dimensions of this field is regulation; a concept that refers to the formulation, implementation, and monitoring of laws and policies to guide economic and social activities. Regulation is particularly important in countries with different economic-political structures,

such as Iran and the United Arab Emirates. With their own approaches to regulation, these countries try to promote economic growth while also ensuring public interests and social justice.

The review of the materials in previous chapters showed that in Iran, economic regulation is strongly influenced by the state structure and macroeconomic policies that are tied to justice-oriented ideals as well as restrictions resulting from international sanctions. The strong role of the state in the economy and the influence of ideological policies have created a complex framework for regulation that sometimes causes conflicts between private and public interests. In contrast, the United Arab Emirates, by using a free market model and emphasizing the attraction of foreign investment, has been able to create more flexible frameworks for economic regulation. The country uses modern digital tools and transparent governance for regulation and has been able to create advanced economic and trade infrastructure in a short period of time. In today's world, with economic relations becoming more complex and the role of governments in the economy increasing, regulation has become a fundamental pillar of economic governance. Regulation is used not only to correct market failures and ensure fair competition, but also to achieve various policy goals, including industrial development, environmental protection, social justice, and financial stability. However, the nature, scope, and effectiveness of regulation in different countries are strongly influenced by their political structures, legal institutions, economic culture, and historical circumstances.

Therefore, a comparative study of the political economy and the existential pillar of regulation in the two countries of Iran and the United Arab Emirates, given the different characteristics of their political, economic, and social structures, can be very informative. Iran, with its oil-dependent economy and republican political system, and the United Arab Emirates, with its more diversified economy and federal political system, present two different models of economic development and regulation. Examining how regulatory institutions are formed, the goals and tools they use, and their impact on economic performance in these two countries can lead to a better understanding of the role and importance of regulation within the framework of regional and global political economy. This study can also help identify the challenges and opportunities facing these two countries in the field of regulation and provide solutions to improve their performance.

Meanwhile, the role of oil in the political economy of Iran and the UAE, despite their reliance on this resource, has taken a different path. Available evidence shows that Iran's economy is heavily dependent on oil revenues, making it vulnerable to oil price fluctuations and leading to boom-bust cycles. In contrast, the UAE has made great efforts to diversify its economy and reduce its dependence on oil. Oil revenues in this country have been used to invest in infrastructure, tourism, trade, and other non-oil sectors, contributing to the country's economic development. Thus, although Iran and the UAE are both oil-exporting countries (rentier states), they have had different approaches to the use of oil revenues and economic regulation. Iran faces greater economic challenges with its heavy dependence on oil and inefficient regulatory system, while the United Arab Emirates has been able to achieve greater economic development by diversifying its economy and creating a more efficient regulatory system.

- **The theory of political economy prevailing in Iran and the UAE**

The Islamic Republic, as the output and manifestation of the political thought of the Islamic Revolution, gained internal legitimacy from the beginning of its formation by gaining the

acceptance of the overwhelming majority of the Iranian people and was recognized as a government based on the nation. Since then, the political ideas crystallized within the framework of the Islamic Republic have created and followed a set of political-economic forms and processes that have had a mutual influence on each other in an intertwined network. After four decades of the emergence and development of the Islamic Republic of Iran as a practical model of the Islamic Revolution, its economic indicators have not been very satisfactory. The economic policies implemented in the Islamic Republic of Iran have, in the current circumstances, suffered from a situation that can be called “political economy dysfunction” in Iran (Ghalibaf, 2017: 34), which has been heavily influenced by oil and oil revenues.

- **The Market System and the Essential Pillar of Regulation**

In today’s complex economic and commercial world, markets play a key role in allocating resources and setting prices. These market systems must function effectively and efficiently to meet economic and social needs. However, in many cases, markets naturally fail to fully fulfill their functions and require an element of regulation to create balance and prevent imperfections and distortions. In particular, when prices are affected by monopolistic behavior, cartels, or market failures, regulation comes into play to ensure that markets function fairly and efficiently.

A market system generally refers to a set of rules and arrangements in which goods and services are exchanged according to the principles of supply and demand. These markets can operate freely (with minimal government intervention) or with government oversight and regulatory bodies (such as price regulation, standards, and consumer protection). The existence of a regulatory body is of great importance, as it can introduce necessary reforms and prevent the creation of market inequalities and unfair monopolies.

- **Comparative comparison of Iranian and UAE government intervention in the economy (effects and results)**

History, reasons, and methods of Iranian and UAE government interference in the economy:

Government intervention in the economy has always been a focus of attention for countries as an important tool for achieving macro-economic, social, and political goals. In Iran and the United Arab Emirates, these interventions have taken different forms depending on the historical conditions, political and economic structures, and natural resources of each country. In Iran, the government, due to its prominent role in the economy and support policies, has always acted as a major player in regulating the market and allocating resources. This approach has its roots in a long history of government interventions that began before the Islamic Revolution and has been intensified by post-revolutionary developments, the imposed war, and international sanctions. On the other hand, the United Arab Emirates, relying on oil revenues and a liberal approach, has tried to diversify its economy by developing the private sector and attracting foreign investment. These differences in intervention approaches have brought different results and challenges for both countries.

Legal basis and indicators of Iranian and UAE government interference:

Government intervention in the economy has long been a topic of discussion and study by economists and policymakers. This intervention is justified on various theoretical and legal grounds. These grounds include market failure, provision of public goods, fair distribution of

income, economic stabilization, and economic development. In many legal systems, various laws and regulations have been enacted to regulate economic activities and government intervention in this area. On the one hand, these laws allow the government to intervene in the economy under specific circumstances and for specific purposes, and on the other hand, they set limits on excessive government intervention. For example, antitrust laws, consumer protection laws, labor laws, and environmental laws are all examples of laws that somehow justify and regulate government intervention in the economy. Also, in many countries, the constitution also implicitly or explicitly refers to the role of the government in the economy and sets limits for it. Measuring the extent of government intervention in the economy is another complex and multifaceted issue. A wide range of indicators are used to measure this interference, each addressing a specific aspect of this interference. These indicators are generally divided into two categories: quantitative and qualitative indicators. Quantitative indicators include such things as the share of government spending in GDP, the share of government ownership in fixed assets, the number of government employees, and the extent of government regulation. These indicators can be measured numerically and allow for quantitative comparisons across countries and over time. Qualitative indicators, on the other hand, address the qualitative aspects of government interference and include such things as the nature of government laws and regulations, the transparency of government decision-making, the extent to which government is responsive to the needs of society, and the effectiveness of government policies in achieving desired goals. These indicators are often assessed qualitatively, using qualitative assessment methods such as interviews, questionnaires, and document analysis. Choosing the appropriate indicator to measure government interference depends on the purpose of the research and the characteristics of the economy under study.

• Conclusions and suggestions

Regulation, as a fundamental pillar of modern governance, is a complex and multifaceted process that aims to guide and control economic, social and environmental activities in line with the realization of public interests. This process includes the establishment of laws, regulations and standards, monitoring their implementation, resolving disputes and imposing appropriate penalties. The research findings in this regard show that although initially the relationship between regulation and legal issues was not clear, with the development of the concept of regulation, law entered this field as one of the relevant and necessary sciences. The relationship between the regulatory system and law takes place in three main ways: contractual regulation, the establishment of organizations and the creation of legal structures, and regulation and the determination of legal frameworks. According to experts in this field, in order to achieve effective and efficient regulation, it is necessary to observe specific legal and legal principles that help to legitimize actions and create stability and predictability in the business environment. Among the most important legal principles are the principle of independence of the regulatory system; the principle of accountability; the principle of transparency; The principle of avoiding direct provision of services by the government; pointed out that the effectiveness and efficiency of regulation are guaranteed.

By examining and comparing the competition laws in Iran and the United Arab Emirates, it can be seen that both countries emphasize common principles such as free and fair competition, preventing monopoly, and protecting consumers. Competition laws in both countries prohibit certain practices such as price fixing and forming cartels and support foreign investment. In

this way, foreign investors in both countries enjoy the same legal protections, which are of course applied in different ways. Therefore, despite the differences in the legal and economic systems of Iran and the UAE, the approach of both countries in the field of economic competition is similar and emphasizes the importance of free competition in the economy.

According to other findings, the relationship between regulation and rentierism of governments, especially governments that rely on oil and gas revenues, is a complex and multifaceted relationship. While some of these governments, such as Iran, suffer from weaker regulation and more corruption and rent-seeking due to their abundance of financial resources, others try to manage natural resources more optimally and maintain economic and social stability by adopting precise regulatory approaches. However, relying solely on rent-seeking revenues and not needing domestic financial resources often leads to a decrease in attention to regulation and transparency, unless domestic or international pressures force governments to rectify this situation. Therefore, it can be observed that the Iranian economy, due to its reliance on oil revenues and the existence of a rentier state, faces complex structural challenges. This economic model, in which the state secures a major part of its income from natural resources, has led to the concentration of power in the hands of the state, the creation of monopolies, and ultimately, the inefficiency of the regulatory system. However, some research shows that rentier states such as the United Arab Emirates sometimes resort to specific regulations, especially in the field of infrastructure development and natural resource management, to maintain economic and social stability. In these cases, strong institutions and political systems can influence the development of energy-rich countries and prevent the emergence of the “resource curse” while creating economic diversification and earning alternative and diverse incomes. A comparative study of pricing approaches in Iran and the United Arab Emirates also shows that although both countries use this tool to achieve different economic goals; however, the approaches adopted in these two countries differ significantly due to differences in economic structure, political system and social conditions. By adopting an interventionist and prescriptive approach to price setting, Iran seeks to control inflation and support domestic production. In contrast, the UAE has adopted a more balanced, market-based approach, in which pricing is used to generate public revenue and support fiscal policy objectives. The results of this study suggest that extensive government intervention in Iran tends to lead to market distortions and reduced public welfare, while the UAE's market-based approach helps reduce distortions and increase transparency.

Therefore, it should be stated that in general, choosing the right approach to pricing depends on the specific circumstances of each country. Iran needs to make structural reforms to improve efficiency and reduce corruption in its pricing system. On the other hand, the United Arab Emirates needs to take more steps to increase the effectiveness of its pricing policies in generating revenue. This study shows that pricing as a policy tool has a significant impact on the economy of each country and choosing the right approach for it poses complex challenges for policymakers.

The results of the questionnaire distribution among academic experts in both countries show that the UAE has scored higher than Iran in most of the indicators considered by the experts. This seems logical given the strong economy and favorable business environment of the UAE. The studies showed that in the UAE, the three main priorities of good regulatory indicators from the experts' perspective are: attracting foreign investment, transparency in decision-

making, and effectiveness and efficiency. Since the country is known as a hub for foreign investment in the Middle East with targeted regulatory policies, free trade zones and reduced administrative barriers, it is natural that transparency and the use of new technologies such as artificial intelligence will also help improve efficiency and attract investors and accelerate the current process.

In contrast, since Iran also faces challenges such as widespread sanctions, resource constraints and the inability to achieve real privatization, the priorities of the experts in Iran are listed as: effectiveness and efficiency, attracting foreign investment and public participation. Increasing productivity and optimal use of resources as the main priority indicates the need to improve efficiency in implementing laws and regulations. Attracting foreign investment is also of great importance due to the need to import foreign currency and technologies, but challenges such as sanctions and lack of transparency have hindered progress in this area. Public participation, as the third priority, represents an effort to increase interaction between the government and society in decision-making processes and law enforcement, which, if successful, can contribute to the development of the private sector and the realization of development programs.

Practical suggestions:

Designing performance evaluation tools: Designing and implementing performance evaluation tools to assess the effectiveness of regulatory policies and government interventions in the economy.

Developing institutional capacities: Strengthening the government's institutional capacities in the field of market regulation and supervision.

Promoting a culture of entrepreneurship and innovation: Creating a supportive environment for entrepreneurs and supporting technological innovations.

Strengthening public-private sector cooperation: Creating appropriate mechanisms for interaction and cooperation between the government and the private sector to achieve development goals.

Developing modern infrastructure: Through measures such as:

-1 Investing in infrastructure projects such as transportation, renewable energy, and digital technologies.

-2 Private sector participation in infrastructure projects through public-private partnership (PPP) models.

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