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### REASONING, THE ROLE OF THE PRIVATE SECTOR AND ITS IMPACT ON TRANSFORMING ECONOMIES

Know that when property is encroached upon, men lose the desire to acquire it and earn, because then they see that it is their ultimate goal and destiny to wrest it from their hands.

Ibn Khaldun (1332–1406).

**Abstract:** In the last years of the 20th century, world economies moved towards greater economic freedom and openness within the framework of changing and reducing the role of the state in economic affairs, stimulating the role of the private sector, removing restrictions on foreign trade and supporting local and international competitors. In the context of the search for sources of economic growth and policies that improve it in the long term, private sector development activities have begun to appear on the scene in recent years as a necessary component to achieve the development goals of the new millennium in emerging markets. The importance of private sector development is to support economic growth, create jobs, reduce the number of poor and help people improve their living conditions. Without the dynamic power of private initiative organized by competitive markets, people will remain poor. The development of the private sector does not mean arbitrary privatization, but rather a reorientation of the role of the state to pave the way for and support free enterprise. When the private and public sectors complement each other, the desired economic development will be achieved.

**Keywords:** private property, Ibn Khaldun, emerging markets, growth, economy, privatization.

#### Introduction

##### Reflections on the importance of the private sector

Most of the contemporary literature emphasizes the importance of the private sector in development, as an important development partner that plays a role in activating the national and local economy, developing its productivity, creating job opportunities and providing basic services to citizens. It should be noted that when considering the role of the private sector, a distinction must be made between areas of work, sectors and sizes. Small and medium-sized enterprises play a major role in activating local production and providing employment and income opportunities for citizens in different geographical areas, in the countryside, urban areas, remote areas, etc. However, they are exposed to unfair competition in the light of lack of legality and institutions and the dominance of large companies over the economy and

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in the light of economic openness. While large or multinational companies contribute to strengthening monopolies and manipulating markets to maximize their profits at the expense of citizens' rights, in the absence of the state's ability to monitor and enforce laws. The state therefore plays an essential role in guaranteeing citizens' rights and respect for institutions and the law, as well as in providing an enabling environment, providing incentives for the private sector and promoting investment. Likewise, partnership with the private sector on the one hand and enabling active citizen participation through partnership with civil society on the other hand are two main methods for activating the development process and avoiding inactive and corrupt bureaucracy, as well as avoiding the business sector dominating the political scene. This partnership between stakeholders is considered to be the most effective model and therefore what is currently required to be achieved.

The debate about the role of the private sector in achieving development is often based on the belief that foreign and domestic investment leads to enhanced growth and thus creates jobs and drives the economy. However, this relationship is not always causal or positive, as the region has attracted a lot of local and international investment, but development indicators have remained low compared to other regions and have failed to address poverty, unemployment and social disparities in their various forms, especially if qualitative standards are combined with quantitative standards to measure development outcomes.

Achieving sustainable economic growth that generates income and employment opportunities in developing countries depends on their ability to create and develop a prosperous private sector that provides good employment opportunities, better income levels and fulfills its social responsibility. The private sector itself can play an important role in advocating for a better business environment. Many development agencies are working to strengthen the capacity of companies and business associations to engage in public-private dialogue with governments. For most, if not all countries, the private sector is the engine of economic growth.

A critical component of private sector activity is private investment. It is one of the main mechanisms by which entrepreneurs innovate, create jobs and connect with the rest of the economy. Despite the importance of public investment, private investment accounts for an average of three quarters of all investment in developing countries. For the private sector to come to the rescue, a robust set of reforms aimed at improving the business environment in emerging markets is needed.

The necessary reforms are a long process in almost every country, and in some countries a complex one. However, the large number of repairs required is not necessarily a major obstacle. However, the lack of insightful international benchmarks for policy reform is irreversible.

The topic of ownership and the role of private sector is significant for the development of the state and society, as Ibn Khaldun (1332–1406) in his book “**Ibn Khaldun Muqaddimah**” wrote “If property is taken gratuitously, and if the encroachment extends to the property, women, blood, skin, and honor of the people, it leads to sudden decay and ruin, and the state is speedily destroyed. From this arise disturbances, which lead to ruin.”

Ibn Khaldun's economic theory<sup>1</sup> places him right next to the classical school of the eighteenth century AD, when economic ideas flourished in Europe, which combined several influences in its prosperity, including the growth of cities, which helped to bring people together, the increase of the wealth and advancement of science, influences that were clearly visible in the era before during the era of Ibn Khaldun. The age that gave birth to Adam Smith, the founder of the classical school, and Thomas Malthus, and Ricardo is one of the most famous pioneers of the classical school after Adam Smith.

Reflections on the issue of private property take an important place as a central idea in Ibn Khaldun's theory. He emphasized that work is the basis for determining the values of things and that it is the source of all wealth. Ibn Khaldun pioneered the doctrine of free economics, demanding that the state be kept away from interfering in economic life at the expense of the nation's individuals. The theory of power and supremacy emphasizes that the state emerged as a result of violence and force and that it is a

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<sup>1</sup> Abu Zaid Abd er-Rahman ben Muhammad ben Khaldun al-Hadrami (1332–1406) was an Arab scholar and philosopher. He is considered the founder of demography, cultural history, historiography, philosophy of history, and sociology. He is also considered one of the pioneers of modern economic science.

tool used in society with people to deter and outside society to enforce the prestige of the state, protect its borders and protect it. The theory argues that the use of force is a natural and necessary principle in life, as force is between all living things, clans and between the state and nations in their wars.

Ibn Khaldun believed that private property was a human instinct that motivated him to work. He believes that production is not possible except on the basis of private property. This is why Ibn Khaldun is considered more advanced in his view than the classical economists.

The most important opinions and positions taken by the scholar Ibn Khaldun on many economic issues that emerged in his time, as he was one of the pioneers of focusing on economic work and its subdivisions and on private property as an incentive to work, which he considered a measure of value, given that the value of a commodity represents the amount of labor expended in its production. Therefore, Ibn Khaldun turns to the idea of a large population and regards it as a source of prosperity, strength and the well-being of the state. It also defines the functions of money and also points out the issue of international trade and the reasons for its creation. It should be noted at the outset that private and individual property occupies an important place in Ibn Khaldun's introduction, as it is one of the first topics that researchers focus on.

This is why Ibn Khaldun believed that private property was a human instinct, and he saw that when it became vulnerable to aggression, incentives to work weakened and the impact of this negatively affected the strength of the state, leading to its collapse. He believed that production was not possible except on the basis of private property, and in this he considered himself more advanced in his view than the classical economists – such as Adam Smith and Ricardo – who found individual property to be the main pillar of production and the basis for establishing of the social order<sup>2</sup>, and they, like other European economic theorists, consider it part of the natural row. Ibn Khaldun understood the strong connection between private property and the social division of labor, as well as between it and the uniqueness of each product and the risk of its production in order to win the market.

It is fair to consider the role of the private sector in growth through the historical assessment and so far in the early 21st century. This should be done on the basis of the prevailing understanding of growth in its two countries: social and economic, bearing in mind the general indicators of the performance of this sector and the ideological influence on the role of both sectors. Governments cannot meet the challenge of growth and sustainability alone. Expecting to be able to achieve sustained growth and sustainability without the involvement of the private sector is unreasonable and unrealistic. But the private sector is the “engine of growth” and the “flexibility factor in achieving sustainability”. In developing countries, the private sector provides about 90% of jobs (USAID 2021), more than 60% of output (IMF 2013) and more than 80% of government revenue (United Nations 2020). The influence of the private sector extends to other vital aspects of the economy. In Africa, for example, the private sector provides two-thirds of total investment and contributes about three-quarters of credit, or according to the African Development Bank „The private sector is critical to bridging critical investment gaps in Africa“ or as the Bank's Vice President for Private Sector, Infrastructure and Manufacturing Solomon Quinner said „The fiscal context is really tight across the board for our member countries in the region, given that we still have to deal with the impacts of climate change, we need to really look at alternatives to take advantage of the limited fiscal space and also innovative ways of reaching out. together in the private sector<sup>3</sup>.

Most emerging markets have adopted economic reform programs, although their scope and depth vary from country to country, but it aims to increase the degree of economic liberalization and reduce the role of the state in the economy. And building an institutional, regulatory and supervisory framework for this purpose, privatization has been observed in emerging markets. The developing world has witnessed significant development and significant growth rates since its inception in the 1990s, and there has been an increase or significant expansion of the role of the private sector in the economies of emerging markets and countries in economic transition to a large extent in countries where privatization was one of the main components of reform programs. The economic environment it has adopted and the presence of a

<sup>2</sup> Soule, G. *Basic Economic Doctrines*. 2nd ed., 1957, pp. 27–35.

<sup>3</sup> **African Development Bank**. *Private sector crucial to overcoming Africa's critical investment gaps*. 2023, available at <https://am.afdb.org/>

stable macroeconomic environment is considered one of the most important conditions that must be met and put in place so that the private sector can play a greater role in economic activity<sup>4</sup>.

The scientific definition of growth is that it is a social and conscious process aimed at the realization of the main changes in the economic and social structure. These changes are aimed at the development of production, the realization of the constantly increasing real average income per person of the population and the development of socio-political relations through which the connection between remuneration, work and productivity is realized. In addition, the changes aim to create conditions for satisfying the basic needs of people, guaranteeing the right to participate, as well as striving to deepen their security and stability in the long term<sup>5</sup>. A critical component of private sector activity is private investment. It is one of the main mechanisms by which entrepreneurs innovate, create jobs and connect with the rest of the economy. Despite the importance of public investment, private investment accounts for an average of three quarters of all investment in emerging markets.

### **The Role of the Private Sector in Economic Development**

According to the development of human life and the civilizational development of society, the private sector has a historical role in economic life. It is different in different periods. The role of the private sector is shaped and determined according to the dominant economic system.

Although the development in the 1930s was of great importance, it had a different character for each period of the economic systems in force. Then, in the 1920s, two economies existed: the capitalist and the socialist. Then came the third mixed economic system after the Great Depression of 1929 and the publication of the book by J. Keynes on state intervention.

Developing countries, since gaining their independence after the Second World War, have directed their efforts to build their economies within short-term, long-term development programs and plans, involving the private, public, mixed and cooperative sectors. Each of these sectors has a percentage of participation in the programs and plans. The role of each sector is determined by the type of economic system operating.

The conflict and competition between capitalist and socialist ideologies and the competition between them during the Cold War after the Second World War and the acquisition of political independence by developing countries led to the convergence of the two ideologies towards developing countries. Each of these ideologies tries to attract these countries to itself. This ultimately creates in developing countries numerous economic systems with different political and economic orientations and development plans. Therefore, the role of the public sector and the private sector is multifaceted.

The main activity of the private sector in most of the developing countries prior to the planning and development stage prior to the 1960s, emphasized agriculture, fruit and vegetable cultivation, animal husbandry and fisheries, and also other cash crops such as cotton, rubber, impregnated seeds, fruits, etc. The production of these products was increased due to the increased huge foreign demand, especially after the industrial revolution in Europe, which helped to a great extent in the development of the private sector, the role in production and obtaining the highest incomes.

The private sector is present and active in the fields of handicrafts, manufacture of household goods, agricultural and construction tools, clothing, household furniture and production of oils and perfumes. Also, as a sector, it is concerned with the production of traditional handicrafts that reflect the life, activity and means of their ancestors in the fight against nature and their ability to adapt through the different stages of life and overcome problems.

After obtaining political independence, developing countries are oriented towards adopting plans and programs for ambitious development, with the aim of eliminating backwardness and other similar phenomena. These countries strive for socio-economic development of their peoples. The role of the private sector, as it became clear before, is formed according to the type of economic system in each country separately.

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<sup>4</sup> Cook, P. Colin, K. *Privatization in Less Developed Countries*. 1988, New York: St.Martin's Press.

<sup>5</sup> Delilah, A. *Public and Private Sector in the Arab World*. Cairo, 1997, p. 543 (in Arabic).

Of course, where developing countries adopt the socialist system, the role of the private sector is limited and arguably non-existent. Socialist systems nationalize private, national and foreign property. The state runs the public sector and economy and liquidates private property. In some of these countries, socialist governments are at war with entrepreneurs and the owners of land and factories. The government undertakes the management of economic and social development through the public sector. Only some activities remain for the private sector, to which the state has no commitment – agriculture in the villages, individual services, etc.

Countries that adopt the liberal capitalist system build their economic plans on the basis of their implementation by the public sector and the government, according to the idea of J. Keynes on government intervention and the private sector. In this situation, the role of the private sector is determined based on:

- A. Extent of State Intervention.
- B. Financial and technical capacity of the private sector.
- C. Degree of government support to the private sector and relief provided to it.

The private sector has an active role within this system. It is seen in the financial opportunities to invest in the processing industry, agriculture and related activities. Despite the inexperience of the private sector and the lack of a suitable investment environment, good infrastructure, insurance relief and political instability in many countries, it takes risks and is often motivated by national feelings for the motherland and people. It should be borne in mind that the national investor is interested in the fate of his people, but also in his personal interest. Therefore, the private sector is present and participates under different conditions together with the public sector and within the limits of the available capabilities of both sectors.

As for developing countries that adopt the mixed economic system, the private sector in its economic development has mechanisms for the implementation of economic plans and development programs, which are:

- independent investment in agricultural and industrial projects;
- participation with the state sector in the implementation of projects, i.e. implementation of development projects with joint investments.

This situation is not very different from the liberal system mentioned before, where the intervention of the state and the increase of the state sector are a fact.

Until the beginning of the 60s and then during the stage of adopted plans and programs in developing countries, in most of them the private sector did not have sufficient financial capabilities and experience in the investment field. There is no sufficient human resource except a group of individuals or small enterprises with poor resources and limited economic prospects that supply little or part of the total commodity demand. In most cases, the goods are in the form of food, beverages and a few textiles and household items.

We should point out that some of the developing countries that are advancing in various industries and entering modern world manufacturing are the highly developing countries of Southeast Asia such as Indonesia, Malaysia, the Philippines, Thailand, Hong Kong and South Korea. With them, the state and private sectors exist and function within the framework of ambitious plans and programs. Through them, the government aims to involve and stimulate the private sector in socio-economic development, striving to achieve the advanced level of industrial countries in the 21st century.

In addition, the private sector has a role to play in the economic development of oil-rich developing countries. The sector participates in the implementation of development plans in various socio-economic areas.

It is worth mentioning that the role of the private sector in developing countries has increased in their development process since these countries began to feel the failure of their development plans and acute problems in the public sector from the mid-1970s. In the late 1970s and early 1980s, with the shift to the private sector, it became clear that this sector was capable and powerful in carrying out and leading economic development. The practical evidence of this is in the drive to privatize the public sector, a process that began in the UK in 1979 and before that in Chile in 1973.

The private sector now faces the great responsibility of leading the process of economic development, because the state is left with only those objects that are of a strategic or monopoly nature. The role of the state is in drawing up orienting plans for the private sector and controlling macroeconomic changes for the realization of economic stability and development.

Indeed, enormous tasks and challenges lie ahead for the private sector in developing countries to revive their economies and achieve permanent and sustainable development and increase the living standards of the population. Perhaps he alone will not be able to fulfill these tasks, especially due to his weak financial and technical capabilities, which do not reach the level of realization of development and revival of struggling economies. One of the serious tasks to be solved in these countries is related to structural transformations, an unsolved and insurmountable problem, despite the sale of many state-owned enterprises and reform measures. There are other acute problems such as:

- ✓ unemployment;
- ✓ external debt;
- ✓ poverty;
- ✓ inflation in different countries.

However, the participation of foreign investors in the investment process, attracting investments and encouraging them to new production projects that increase production capacity, the number of new jobs and therefore the national income, can gradually realize economic development and increased growth. The realization of this requires a certain period of time (not less than seven years, on average) and the implementation of clear strategic and economic policies that are in line with internal, regional and external changes.

### **The Role of the Private Sector in the Social Sphere**

The private sector plays a major role in achieving economic and social development, as it is considered the main engine of the economic growth process in any country. Some countries of the developed and developing world pay attention to the private sector due to the great advantages it enjoys that qualify it to play a leadership role in various economic and social fields.

The private sector has social and economic action in society in different eras and circumstances. Its role for social development is very important and covers all areas of this development if there is a suitable investment climate. These areas may be in health, education, culture and science, environmental protection, development and qualification of human resources, developing analysis and research related to various social problems such as housing, motherhood and others and proposing ways to solve them.

The sector has a supporting role in supporting charitable foundations and other non-governmental organizations.

The role of the private sector in social development is no less important than the role in economic development. This role is exceptional and fundamental, it guides the development processes now and in the future.

In addition, historically, the private sector until the 1950s had a large role in trade, the movement of goods and their arrival to the population through various means.

The private sector has a significant role in providing services, especially in the field of education (training people, building schools, building roads in rural areas, housing, dams, forts and amphitheater's). Individuals have a historical role in the transmission of science and knowledge between countries. Many theories have been written about the role of this sector, scientific, literary and religious works, which have been turned into a literary source for many scientists in various fields of science and knowledge. This sector participates together with the government and the state sector, within the limits allowed by the economic systems, in the realization of economic development.

Of course, its role is great in developing countries where the capitalist economic system is predominant, smaller – in those countries with a mixed economic system and smallest – in countries with a socialist orientation, with predominant activity in the agricultural sector, technical and domestic services in villages and towns, in addition to undercover activities.

In developing countries with a liberal and mixed economic system, the role of the private sector is satisfactory in the service sector, especially in health, education, trade, tourism, communications, telecommunications and transport. No less important issues of the role of the private sector are those related to management processes in the following areas:

**First: The role of the private sector in healthcare.**

It's too late to see what's happening here and then there is a lot of money in it It's worth it. This is the first time in the world. There are many different types of food and beverages.

Health care services can be provided by the private sector. But in most of the developing countries, the state performs them free of charge and at nominal costs for its citizens as a public service, due to a number of social, political, economic and humanitarian reasons.

The participation of the private sector aims to increase the role it plays in the development and management of health facilities in a way that achieves the ambitions of the community. In order to increase the absorptive capacity of the health sector to serve the objectives of economic and social development. The challenges to private sector involvement in achieving what developing countries and emerging markets are striving for are as follows:

**A. Legislation and Regulations**

As part of the efforts of these countries and markets to diversify their sources of income, work is being done to review and monitor the issuance of the necessary legislation and regulatory instruments, to overcome obstacles to the health sector, and to study, analyze and restructure the existing legislation and systems, to achieve the role and contribution of the private sector in opening investment opportunities in the field of health to contribute to the provision of health services in a way that ensures equity and stability for this sector, which will strengthen and increase competition for these investment opportunities.

**B. Financial Capacity and Project Financing**

The financial policy in these countries aims to find new financing instruments that allow the private sector to participate in the targeted projects in accordance with the guidelines of the visions and programs of these countries and in a way that contributes to stimulating economic growth and the flow of investments in the provision of health services with the participation of the private sector, which would contribute to the achievement of This objective is to improve investment opportunities between the public and private sectors for the provision of high-quality services.

**C. Humanity Resources**

In the presence of projects for the participation of the private sector, which will lead to an increase in the need for human resources, which requires a complete information map of the requirements for specialized and rare competencies in the health sector. This requires the preparation of a strategy that consists of the use and preparation of a strategy to meet the future need for trained competences and attract them to improve the health role and analysis persons and medical and administrative managers of national staff in the appropriate number and type and in an appropriate place and time.

However, the state can allow the private sector to perform this service in private clinics or by privately investing in building hospitals, health centers and providing the service to the population for material payment. This practice took hold from the beginning of the 1980s in developing countries and spread even more after the start of the implementation of privatization programs, the stimulation and opening of opportunities for the private sector in this area.

The interest of the sector in the sphere of services, including and healthcare, is constantly increasing. People accept private health services well and think they are better and of better quality. Governments control this service, even indirectly, in order to ensure that it is performed with quality and protects people's health and lives. But, on the other hand, the human factor and the competition, which increases annually in this area, form together with the regulating laws of this activity, the guarantee of quality performance of the service at acceptable prices.

The real entry of the private sector in this area and the increase of investments is an important factor in reducing the current pressure on public hospitals and the heavy burden on the budget. Thus, the private sector takes over part of this service, according to government privatization programs. It is known that a large percentage of the population in developing countries suffers from poverty and des-

titation. This percentage territorially rises every year, which means that health services will remain for people on limited incomes and the deprived. It is a permanent responsibility of the state, which has other tasks to perform in this area, grouped into preventive services, the most important medicinal products and treatment and medical services for the seriously ill, oncological diseases, etc.

It is very important to emphasize that the private sector is actually present in many countries, including developing ones, and is involved in carrying out modern publications and research to improve and develop the service. As a sector, it supports and stimulates scientific developments, inventions and innovations in medicine and is concerned about the medical workforce. Proof of this is the establishment of private universities and colleges in these countries with different medical specialties and profiles.

Achieving new discoveries in the treatment of seriously ill and oncological diseases represent a humanitarian and scientific revolution that will save the lives of mankind from constant threats and fears.

### **Second: Role of the p Private Sector in Providing Education.**

Education is an important investment, and as it is, humans have recognized the importance of knowledge and learning since ancient times. Plato wrote: “If a person neglects education, he will walk lame until the end of his life.”

But whoever proposed the idea that education is an investment is actually a Nobel Prize-winning economist. T. W. Schultz saw that investment in education explains the growth process and Gary Becker presented us with the theory of human capital. In short, human capital theory assumes that investment in education has a payoff in terms of higher wages. Moreover, current science supports the theory and empirical estimates, as James Heckman has shown.

Efforts to secure inclusive and equitable education for all have prompted calls for greater participation by the private sector, and confirmation that companies and institutions are capable of playing significant roles as partners in achieving Goal 4 of the Sustainable Development Goals.

In recent years, in light of public funding shortfalls and the need for urgent responses, private actors have become increasingly involved in various aspects of educational programming for education in emergencies. However, these measures can create tension between private sector engagement and humanitarian response in education, which needs to be addressed and in turn requires greater coordination, advocacy and attention.

The role of the private sector in enhancing the economics of education is evident in many areas; Including financing education in its various forms, such as self-financing, where the state supports universities directly and indirectly through grants and loans, in addition to focusing on participation from the state, the private sector, civil society organizations and its non-governmental institutions.

Educational service is one of the services that the private sector can perform at the various levels of education (primary, secondary, university and private colleges) and in all types of post-graduate qualifications. But due to numerous considerations - political, social and other related to elections, states are engaged for free or for a token amount to provide this service. This policy was extended to all poor countries, including those with middle and high incomes. As a practice, it is observed in various political and economic systems. So large sums are allocated from the state budget for this purpose. In this way, the role of the private sector in this sphere is reduced.

But with the development of economic systems and the growth of national income, the private sector began to play an important role in educational services by establishing private schools, institutes and universities. The state, for its part, encourages private investment in education. This role is already a fact in many countries.

Statistics show an improvement in the role of the private sector. This indicates that it is possible for him to play a major role in the provision and development of this service. This sector proves its participation and merit in this field, through the realized successes. In addition, the private sector was also successful in developed countries, in the USA and Europe in the 20th century<sup>6</sup>.

Here it is worth mentioning the extremely unsatisfactory results achieved by developing countries based on free education. They are characterized by limited efficiency and returns. State funding of

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<sup>6</sup> Roth, G. *Privatization of public Services*. p. 130.



education creates acute problems. This requires assessing the revenues and comparing them with those received by the private sector in this area.

Paying for private sector educational services against quality results should compensate for the poor quality of public education.

### **Third: Role of the Private Sector in Trade, Distribution, Transport and Telecommunications.**

Given the importance of trade to the development of the economy in developing countries and emerging markets, it is: First, it contributes to increasing productivity by widening the division of labor between countries. Second, trade enables export-driven economic growth by allowing access to foreign markets. Third, trade increases economic security by providing valuable external options to firms and households in the event of negative shocks.

Should we abandon the idea of trade as a transformative force for prosperity? The answer is categorically “no”. Despite all the speculation, trade has continued to achieve its goals even during recent crises and has enormous potential to contribute continuously to improved living standards and increased economic opportunities for decades to come.

There are at least three reasons why trade plays a vital role in global prosperity. First, trade contributes to increased productivity by widening the division of labor between countries. Second, trade enables export-oriented economic growth by allowing access to foreign markets. Third, trade increases economic security by providing valuable external options to firms and households in the event of negative shocks.

Domestic and foreign trade are considered to be the first fields and areas where the private sector practiced its role throughout its historical development. This becomes clear, especially after the human discovery of money as a medium of exchange and the appearance of vehicles and means of communication, as well as the emergence of financial institutions such as banks and capital markets.

Trade is one of the activities of the private sector for the purpose of making profits and creating wealth. The role of individuals in foreign and domestic trade is great even before the state organizes the way of operation and adopts trade laws for domestic and foreign regulation.

The private sector always takes risks and bears the risks of trade transfer. The history of trade among nations shows that individuals were the first to practice commercial activity. There are various ways and paths for this activity. Perhaps the most important known trade routes in history are the “Incense Roads” which start from the Sultanate of Oman and pass through Yemen, the Kingdom of Saudi Arabia, Jordan and Palestine to Europe and North Africa, the “Silk Road” and in addition the trade voyages, which are mentioned in the holy books as seasonal journeys to **Yemen and Bilad Al-sham**<sup>7</sup>.

Despite the historical role of the sector, it faces many constraints in the modern era that limit its activities. These issues and limitations differ from country to country. Perhaps the most important of these are:

- adoption of laws and regulations that limit the commercial activity of the sector;
- intervention of the state in foreign trade and therefore in domestic trade;
- adoption of import and export quotas.

Despite these restrictions and prohibitions, the private sector continues to be involved and has a large role in trade and distribution. This role increased after the signing of the Agreement on Trade and Tariffs (GATT).

It follows from the above that the restrictions imposed on the signatories of this agreement have been reduced. After the establishment of the World Trade Organization (WTO), free trade and economic liberalization emerged. All these factors and others (technical and technological) will help the private sector to restore its major role in this important activity of trade and internal and external distribution. In addition, the ways and methods in the field of services have been improved, according to the new means and inventions in monetary and financial operations, as well as vehicles, communication, telecommunication and Internet means.

Due to the facilitation of international communication and information links, the internal and external importance of the role of the private sector in capital markets, exchanges and the movement of

<sup>7</sup> Bilad Al-sham are Syria, Jordan, Palestine and Lebanon.

investments is increasing. It operates and intelligently manages these complex financial markets and is capable of research and forecasting.

It is logical, and very important, to talk about the role of the private sector in developing countries and emerging markets in other areas, namely:

#### **Aviation, Land and Sea Transport Services.**

This is a real risk and is borne by the private sector. Revenues and profits cover small losses compared to realized revenues.

The success of the private sector in this complex and rapidly changing business is a testament to its willingness to take risks. This process is influenced by the results of large-scale international operations, in addition to political and economic changes and events that periodically affect the markets.

The private sector and its investments in the projects and activities related to transport and communications are considered as one of the major investments of this sector because the service sector serves the various activities in other sectors and the population.

The activity and role of the private sector in the field of transport and communications has increased, especially since the early 1980s. In developing countries, it is constantly increasing, according to the government's privatization programs, the timely implementation and accepted ways of privatizing enterprises. We can reasonably say that the role of the transport and communication sector has increased in many areas, its services cover and cover the internal and external world. The private sector today owns various vehicles such as airplanes, ships, etc. Many Western and Latin American countries are selling their airlines to the private sector. Such an idea exists in many developing countries, for example in the Arab Republic of Egypt and Ethiopia, which privatized their loss-making airlines during the totalitarian regime and are now making profits.

Services in the field of domestic and foreign land transport are distributed locally, regionally and internationally. As a sector, it owns and operates large transport and forwarding companies for the transportation and transfer of people and goods by air, land and sea. This process is constantly increasing.

#### **External and Internal Communication Services.**

Today we witness the proliferation of domestic and international private communications centers and offices around the world. The private sector has accelerated and increased this service by signing a guarantee before the state as an official institution against monthly fees and on a competitive basis between more than one person or firm, in order to ensure quality service.

The transport and communications sector is one of the most important prepared and suitable for the private sector. It has the benefit of helping the society and the state to have good income and better service to the individual.

#### **Fourth: The Role of the Private Sector in Tourism.**

The process of economic transformation and technical progress in different societies is considered an important factor in the development of tourism and interest in tourism planning, including archaeological, religious, sports and other types of tourism, the sector has attracted attention due to its effective contribution to increasing national income and the role its balance of payments and development events. This has prompted various countries, especially those that lack raw materials, to develop their tourism sites, because tourism, in addition to its financial returns, is an important means of learning about cultural and social life and the natural environment, and is therefore considered civilizational, social, cultural and media phenomenon.

It is possible today for renewed talk about the importance of the role of the private sector in supporting and revitalizing the tourism sector, especially in light of the new changes that confirm that economic trends in developing countries and emerging markets are moving towards adopting a market economy that is based on the private sector and giving it the initiative, work and strong entry into practice. Its important role in economic activity, including tourism activity.

Tourism is a human activity related to man and his curiosity to know the past, the different civilizations and the way of life of mankind in different periods.

It also expresses the desire to know the different traditions, customs, cultures, religions, associated rituals, beliefs and other things that show the differences between societies. Historically man has always sought to discover and know these differences.

On the other hand, tourism is knowledge of history, geography. Tourism turns a person into a positive person, makes him belong to people with a global mindset.

In the 20th and 21st centuries, tourism developed strongly and became one of the most important industries for stimulating the economy through the income received from tourist activity.

This development and the views of governments and peoples about the importance of tourism have been accompanied by improvements and changes in the field of tourism services in general. The changes cover hotels, beaches, restaurants, transport and communication facilities and other services.

Of course, tourism activities are entrusted to the private sector and under the supervision of the government. Usually, private investment is oriented towards this important area and the wider sector. For this purpose, tour operator agencies and training centers, institutes, private colleges were created to increase the quality and performance of tourist services in the sector.

The private sector plays a big role in this activity, so since the idea of privatization started, the countries have focused on the development of this sector and its management by building the hotels, operating the ancient palaces and establishing the tour operator companies. The first thing that the states focus on is the privatization of tourist sites by selling, leasing or concluding a contract for their management. Since then, the private sector has become the engine of tourism in general. The government performs only supervisory functions and manages relations with the countries and organizations of the world working in this field.

Thus, the role of the private sector in tourism increases and the state withdraws, retaining its coordinating function as the official controller with the various institutions and travel agencies.

This role of the private sector in tourism is periodically increasing and private investment in tourism is directed to the various tourist centers and sites. The sector has solid and close contacts with many agencies and specialized companies in transport and tourism worldwide. We expect the role of this sector in the economy to expand with the active role of the private sector. The future development of the tourism activity is outlined and it is not by chance that it is called the “sector of the future industry”.

## Conclusion

**In conclusion**, it can be said without hesitation that developing countries and emerging markets that promote the private sector during periods of transformation and development, such as Southeast Asian countries, Gulf countries, African countries, Latin American countries, to have the opportunity to participate in development and economic life, have achieved excellent results in their economies and the development of their countries. These countries today realize remarkable achievements thanks to the participation of the public, government and private sectors. By supporting the private sector, they show reason, wisdom and understanding of its importance and role.

The private sector has the responsibility to develop the economies of developing countries and emerging markets and cooperate together with relevant government institutions to create the necessary climate to attract investment, pay attention to the quality of facilities and services, develop competencies working in various sectors of the economy and develop their skills and open doors to a wide space that accommodates local investors, other countries and businessmen and give them opportunities for the recovery and development of these countries.

Those countries that wage war against the private sector in various forms, such as nationalization, restrictions, high taxes, etc. fail and cannot realize a level of development and growth. But countries that encourage the private sector to fulfill its role help to remove the problems and obstacles that stop its development and therefore realize a clear and definite success. Developing countries must decisively adopt economic programs to start privatization and reform their economies in solving the crises.

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