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Managing the transition from public to private

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Sustainable economic development is about facilitating innovation and competitiveness. As such, guided or facilitated innovation or change among businesses is the foundation through which national economic development is promoted and sustained. Change is the domain of entrepreneurs and small and medium enterprises (SMEs). These economic actors (entrepreneurs and small and medium enterprise owners) are generally the creators new wealth is created and represent the largest new economic growth areas in economies. Entrepreneurs continually reconstruct economic boundaries and economic opportunities. The ability to act on these opportunities to create economic activity in an unhindered manner is the foundation of economic justice and social stability.

In developed countries, SMEs represent up to 80% of national economic activity. Thus, SMEs are potentially the largest source of national employment growth and economic activity. Moreover, successful SME creation helps develop and sustain an independent national middle class. An independent, creative and proactive middle class is a prerequisite for responsible democratization because successful entrepreneurs identify with a collective national interest.

The Middle East is today at the centre of global economic change. Regional governments, even oil producing ones, are increasingly unable to act as the single engine of growth in their respective economies. Thus, there is a requirement to transition from public sector dominated economies towards economies, which are increasingly represented by private sector involvement, exports, innovation and growth.

Managing the transition from a public sector dominated economy to private sector led economy will be difficult. The Arab world does not have a recent economic paradigm which to draw on. As such, the joint and cooperative efforts of entrepreneurs, SME owners and civil society are necessary to redefine and re-engineer a new economic reality which facilitates continuous change, economic creativity and innovation. It is only through the responsible and continuous cooperation of these stakeholders that economic induced schisms can be reduced or managed.

Since Middle East governments do not have access to the necessary cumulative knowledge to facilitate such a transition, the efforts of G7 countries can be useful in mapping out the social and economic repercussions to national governments if these issues are not properly addressed or the opportunities are missed. Mapping out the repercussions is important, as it will provide rationale and impetus for governments to support private sector led initiatives to manage change instead of being victims of change. The G7 countries will then have the opportunity to provide technical assistance to the private entrepreneurs and civil society to become effective partners with government.

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