Evaluation of capitalism process motivation mechanism in basis of fiscal in Iran’s industrial Companies

Hakimi, Farhad
National University of Tajikistan
Email: Farhadhakimi650@yahoo.com

Abstract: developing and developed countries constantly apply fiscal policies in order to modify level, scheduling, type and structure of various industries’ capital expenses. some fiscal policies which are applied in this base would be such as alteration in fiscal rates, alteration in deductions’ depreciation rate, endowing different exemption, fiscal discount, etc. regarding the point that Iran Islamic republic has reformed fiscal rules in 2001, so present research put an effort to reform the recent rule which have been designed with the purpose of capital rate growth. this research has been accomplished as a case study on observation of capital process stimulus mechanism by Iran industrial companies ’s fiscal that necessary financial information concluded from 2006-2009 years and using F test and Hausman test, results indicate that new rule hasn’t key role in capital rate regardless of pre-conditions of rule reformation and fiscal exemption and other factors such as bank profit rate, housing enhancing rate, etc would be more effective. the main purpose of this research would be observation of companies ‘s fiscal rates on capital behavior in fixed budget of companies in Tehran’s priced paper stock which is as the Iran ‘s industry representative, also this hypothesis would be mentioned here that capital in fixed budget has significant role in theory of fluctuations and economical growth and also in designing the fiscal policies. [Hakimi, Farhad. Evaluation of capitalism process motivation mechanism in basis of fiscal in Iran’s industrial Companies. J Am Sci 2013;9(1):45-52]. (ISSN: 1545-1003). http://www.jofamericanscience.org

Key words: capital growth, financial and monetary policies, industry and production

Introduction
Generally the influence of persuasive policies and particularly the influence of financial policies on capital, production growth and employment would be the most serious and challenging discussions in macroeconomics and due to this point, it would be constantly considered as one of the research subjects by different countries’ researchers. on one hand, effectiveness of these motivation as policy negotiation in comparison with its prices had been considered and on the other hand, economical theories has considered reduction of capital prices. hereby, the significant and important point is what influence the fiscal process would have on capital behavior in Iran’s industry, therefore, effect of capital prices on capital decision of private part would be analyzed in basis of Neoclassical model in this research and observations would be accomplished in basis of influencing fiscal on capital behavior and finally one econometric model would be designed and displayed for evaluating the effect of fiscal policies on capital behavior in Iran’s industry. fiscal policies could have motivated and unmotivated effects for different companies and industries. hence, these policies could be applied for persuasion, alteration of structure and orienting capital in fixed budget of industries and different companies. applying opened or closed fiscal policies involving effect on companies’ financial resources could lead to capital motivation in case of resource exemption and lead to resource reduction in case of closed policies, consequently effect of industry profit leads to capital reduction. in Iran, all private or governmental companies involve profitable fiscal with fixed rate of %25 whereas some scores such as %10 exemption has considered in fiscal of 105 clause of direct fiscal rules in 143 and continuous 143 rule of direct fiscal and also its remarks for companies budgets. available literature in basis of capital would be concluded from researches of Aftalian (1909), Chelark (1917),Fisher (1930). But later, mentioned literature was divided into two methods:1-Accelerator model 2-Neoclassical model. Accelerator model’s adherent know it as a standard model that it would empirically and practically have more test capability whereas Neoclassical model has been theoretically supported. Yorgensen (1963-1971)would be the first founder of Neoclassical model. Capital Neoclassical theory would begin from the optimization behavior of a department. The purpose of a department would be maximizing total budget process 2 or its benefits toward technological limitation which are visible in its production. according to Neoclassical model, stock optimum is equivalent with capital’s production and cost level. Capital cost depends on stock goods price, real interest rate, depreciation rate and fiscal structure. Main body
Theoretical framework has considered the relation between capital and financial supplement and highlights to the point that financial structure could influence companies’ capital decisions while stock markets are defective. stock or interior resource and exterior resource wouldn’t be total alternative foe each other in a defective market. subsequently capital may depend on some factors such as easy access to interior financial resource, easy access to creditable resource of financial supplement via stock sale, etc. therefore, capital consideration for accessing to interior resource
would differ between different industries with different characteristics over the time and by altering country’s macroeconomic conditions which influence industry’s total value. According to Accelerator model, capital is considered a function of production’s alterations. In this model, it is assumed that whatever stoppage between current and wanted budget be more, department’s capital rate would be more as well, department would fill stoppage between real and wanted budget in each period. According to Neoclassical model, capital is as a function of capital cost. By recording neoclassical model, result would be claimed as capital budget balance cost due to the fact that capital is a forward-looking phenomenon and would be added to future variables’ expectations. There was a reasoning that departments develop some of their future expectations due to their past observation. due to this fact, researchers found a relation between previous variables and capital. Due to this point, some of balanced costs were included via distributed lag function into capital discussions. in this capital function, department adds some budget to its previous budget at any time and its reason is balance prices that department undertakes them due to budget alteration. 

**Methodology**

In order to get the capital demand function base on Neoclassical model, capital would be considered as a department of maximum profit that has an capital (k) without balanced prices. he wants to maximize his profit during T time toward capital budget limitation (k) that following equations would be applied in this basis:

$$\max \sum_{t=0}^{T} B_t^{t} \left[ P_t f(K_t) - P_t^{I} I_t \right]$$

(1)

S.t:

$$K_{t+1} = (1-\delta)K_t + I_t$$

(2)

Where $$B_t = (1+r)^t \cdot f(K_t)$$, $$K_t$$, $$I_t$$, $$\delta$$, $$P_t$$, $$P_t^{I}$$ are respectively recession rate, production function, capital budget in first duration of t, capital volume in t period, interest rate, depreciation rate, production price and capital. LaGrange function for this optimization question would be as following:

$$L = \sum_{t=0}^{T} \left[ B_t^{t}(P_t f(K_t) - P_t^{I} I_t) + \lambda_t \left[ K_{t+1} - (1-\delta)K_t - I_t \right] \right]$$

(3)

Prices are assumed fixed over time and by maximizing LaGrange function toward capital $K_t$ would have following:

$$\frac{\partial L}{\partial K_t} = \lambda_t = B_t^{t} P_t^{I}$$

(4)

$${\frac{\partial L}{\partial K_t}} = B_t^{t} P_t^{I}$$

(5)

By replacing 4 equations in 5 equations and simplifying it, following would be resulted:

$$f^{-1}(K_t) = \frac{P_t^{I}}{P_t} (r + \delta) = UC$$

(6)

Equation 6 indicated that a department maximizes its interest with choosing capital budget that $K_t$ equals final capital with capital cost during t time. by assuming that production function is of Kab-glass, $Y_t = A_t K_t^\alpha$, we would have:

$$K_t = \alpha Y_t \frac{UC_t}{I_t}$$

(7)

$$\ln K_t = \ln \alpha + \ln Y_t - \ln UC_t$$

(8)

$$\frac{dK_t}{dK_t} = \frac{dY_t}{dUC_t} - \frac{dUC_t}{dUC_t}$$

(9)

$$\frac{dK_t}{K_t} = \frac{I_t - \delta K_t}{K_t} - \frac{I_t}{K_t} - \delta$$

(10)

$$\frac{I_t}{K_t} = \frac{dY_t}{dUC_t} - \frac{dUC_t}{dUC_t} + \delta$$

(11)

As production function is kap glass, capital budget maximum toward capital cost and sale growth would be equal with one.

Therefore, calculation of 11 equations would be applied for observation of capital demand. In fact, this function attributes capital of capital budget to production or sale growth and capital costs. Theoretically, Capital costs (us) would be indicated as following:

$$UC = \frac{(r+\rho)(1-\psi-k)}{(1-\tau_1)(1-\tau_2)}$$

$$\rho, r, \psi, k, \tau_1, \tau_2$$ are respectively depreciation rate, optimization rate, current fiscal exemption value of depreciation reduction, fiscal reliability of capital, fiscal rate of employments, fiscal rates of companies income.

Therefore it resulted that total costs of depreciation, optimization, fiscal that capitalist undertakes in capital is seen in mentioned equation. in this study, capital Neoclassical model has been used with some adjustments. the general figure of applied model for observation of fiscal effect on capital in Iran industries are as 12 description and equation.
Equation 12 shows that capital decisions in an industry that at first has been claimed as capital ratio to capital budget, is a function of user cost of capital \( UC_i \), sale growth \( Y_i \) and other effective variables on capital.

There is a hypothesis that user cost capital (us) would influence related decisions to capital by influencing capital return rate. Applying this model would not make any problems in department or industry and could announce alterations in capital cases and the related costs. accomplished studies in basis of fiscal effect on capital by using finished cost of capital regardless analysis importance hasn’t resulted significant results. from Cherenkov, Fazzari, Mi yard’s viewpoint (1999), studies which are done by huge data could not get good conclusion of fiscal effect on capital, its due to the point that difference or heterogeneity of departments and also simultaneity could not be controlled in these models. in contrast, studies which are done using available data in departments won’t have related problems to huge data and could lead to better results.

According to accomplished observations and studying this research, estimated econometric model has been shown in equation 13.

\[
I_{it}/K_{it-1} = f(uC_{it}, Y_{it}, x_{it}, ...)
\]

By above descriptions and according to the available literature and empirical studies for observing effect of fiscal and non fiscal variables on capital behavior in Iran’s different industries, econometric model has been corrected as following:

\[
I_{it}/K_{it-1} = \beta_0 + \beta_1 UC_{it-1} + \beta_2 \Delta Y_{it-1} + \beta_3 X_{it} + \epsilon_{it}
\]

\[(13)\]

\[
I_{it}/K_{it-1} = \beta_0 + \beta_1 Coc_{it} + \beta_2 Sg_{it} + \beta_3 ATR_{it} + \beta_4 MTR_{it} + \beta_5 (P/S)_{it} + \text{Dummre}_{it} + \epsilon_{it}
\]

\[(14)\]

\[
I_{it}/K_{it-1} = \alpha + \beta X_{it} + U_{it}
\]

\[(15)\]

That there is k explained variables in \( X_i \) differences are shown between intervals in \( \alpha_i \) which are fixed over time if \( \alpha_i \) be fixed for all intervals, OLS method of efficiency and compatibility of \( \alpha_i, \beta_i \) would be presented. if difference between different intervals, other methods have to be used for estimation.

**Discussion and result**

**Common effects model**

The simplest method would be omission of time space dimensions from combinational data and estimation of regression model by using ordinary least square (OLS), means all observation of time series for each interval would be organized from up to down for model variable and model dimension is estimated in OLS method. in this case width of origin model would be as following:

\[
Y_{it} = \alpha + \beta X_{it} + U_{it}
\]

\[(15)\]

\( \alpha \) is common width of origin for all intervals

**Fixed Effect**

A common method in this models based on this hypothesis that differences between t sections could be shown in differences at model width of origin, therefore each \( \alpha_i \) is an unknown parameter that must be estimated in 15 equation. by assuming that \( y_{it}, x_{it} \) include T observation for I section and \( \epsilon_i \) vector include \( T \times 1 \) dimensions, equation 15 could be written as following:

\[
y_{it} = I \alpha_i + X_i \beta + \epsilon_i
\]

\( i = 1, 2, ..., n \)
Which origin for each section. Common and random effect is specified with Hausman test. If zero hypothesis be rejected with F test, methods are used which estimates models regarding unique width of origin for each section. Common and random effects method of unique width of origin would be considered for each section, but which of these two models would be more appropriate for model estimation? Hereby, Hausman test is used for choosing one of these two methods.

In the random effect, one unique width of origin would be considered for all sections and differences between each section’s width of origin would be shifted to each section’s error and by adding these error sections and total section’s width of origin, each section’s width of origin would be obtained. Hausman test’s zero hypothesis is as following:

\[ H_0 \text{ doesn't have any correlation between unique effect and described variables.} \]

Now, if the calculated \( \chi^2 \) be higher than \( \chi^2 \) of table with freedom degree(k), zero hypothesis would be rejected, means that common effects model is superior to random effects model. In contrast, if calculated \( \chi^2 \) be less than table’s \( \chi^2 \) (freedom degree k), hypothesis would be accepted, means random effects model is superior to common effects model.

Olatondon, Janet Adlegan (2008) considered relation between fiscal, capital, motivated and unmotivated structures effects of various fiscal on capital in all Nigeria’s departments and industries in his study by title of "consequences of relation between fiscal and capital in Nigeria's departments and industries " and Neoclassical model of fiscal parameters and capital’s budget balance costs and capital would be used. this study indicated that budget, capital cost and debit would have positive effects and capital rates and optimization costs would have negative effect on departments’ capital.

Mark parson (2008) considered capital effect of Canadian departments to companies' fiscal reduction in 1998-2004 by title of (fiscal effect of company on Canada's capital), he used capital neoclassical model and panel data method for estimating fiscal variables effect in capital costs on capital of 3010 productive and services departments including 43 industries. Result indicates that %10fiscal reduction in companies with reduction of related costs of capital cause increasing capital budget for %3 to %7.

Long history of Iran’s capital in industrial development in two sections of macroeconomics and industry in comparison with previous returns and the present procedure indicates that the main alterations have to be occurred in industrial and capital variables. as observed in the present procedure, the
average mean of Iran’s capital growth is forecasted as %3.9. with regard to low capital growth, redoubling Iran’s annual capital growth needs to be continued for over 30 years. This procedure indicates Iran’s capital increment as the further issue from the world capital alterations, in this case Iran’s annual finance growth would be half of capital growth in eastern Asian countries and equal with growth of Latin America. Hence, comparison of capital growth rate in the industrial development and the present procedure indicates that Iran’s capital in early decades of industrial development needs %8 capital growth. This increment over 20 years would triple the amount of Iran’s annual finance and this capital growth would be like southern Korea, according to the determinant factors of capitalism such as production alterations, capital inputs and utilization rate of capacity, growth’s time procedure would be decreased in continuing the present procedure, and annual average is forecasted %4.6 while this growth has to continuously be increased as %10 in industrial development; in the industrial development, the realization of %8 annual growth’s average of internal impure production needs %10 annual growth, this growth’s realization could increase the industry’s added value up to %25 in 2021. In this case, permanent and temporary consumption industries have to be increased in future decades in comparison with past decades. as the annual growth’s average of temporary consumption industries have to be increased from %2 to %9.3 from 1991 to 2001 and 2011. Permanent consumption industries would be increased within higher growth comparing with temporary consumption industries and the average capital growth would be advanced from %3.5 to %11.3 and %11.7 from 1991 to 2001 and 2011. Capital industries have to be increased from %8.6 in 1991 to %9.9 in 2001 and %9.4 in 2011. Industry’s finance growth which is forecasted %5.3, this percentage have to be increased to %10.5 and %9.7 respectively in 2001 and 2011. It is as an obvious matter that realization of finance growth relies on private finance development. alteration of job forces’s optimization in industry would be as the significant alterations in the industrial development comparing with the present procedure, in the industrial structures the optimization of job force which at first increased up to %1.8, would be continuously increasing while this percentage gets higher than %5 in industrial development.

Government’s role in Iran’s future industrial development

The government’s main factors in industrial development’s strategy

The most significant factors of Iran’s industrial development as the role of government’s general framework would be as following:

Private part’s development

On one hand the alteration of government’s role, and on the other hand the private part’s development are considered seriously in the capital and industrial development of developing countries. in this case, finance of Iran’s private part has not increased in comparison with most developing countries and also Asian eastern countries. The unfavorable finance function of private part could involve two fundamental political policies: firstly Iran’s capital has to be empowered through developing the relation with international markets for the purpose which is mainly achievement of the finance from the globalization advantages; and accessibility to the financial resources would be developed within common cooperation with international institutions, and challenging would be possible through developing the strong private institutions which could compete in the world markets. secondly development of private part needs the appropriate requirements in which the private institutions’s efficient activity proceedings would be provided with developing the institutional capacities. therefore, development of private part as one of the government’s main responsibilities needs codification, presentation and continuous supervision on a set of coordinate and compatible policies which it would not develop regardless of these policies’s internal cohesion.

Physical infrastructures development

Codification of the physical infrastructures as the subsidiary of private part’s finances would be the government’s main responsibility in industrial development. in the other word, the development of capital activities would be inefficient regardless of appropriate infrastructure. Moreover, this infrastructure’s capital could motivate the origin capital, so making decision about the finances in infrastructures needs a permanent developed view. Empirical studies in the macroeconomic and industrial activities indicate that the general finances in the infrastructures would have the positive effect on the private part’s capital. In the other word, development of the appropriate infrastructure could improve the finance conditions for the private part’s financiers. as the financial matters is negative the industrial activities against the infrastructures, so the production expense would decrease through increment of finances.

Development of the financial markets

The appropriate and efficient financial system is considered as the other precondition and requirement for the industrial development in order to respond the financiers’s demand. As this matter played an important role in the advanced capitals’s development process through facilitating the resources’s equipment s for the finances. so, studies indicate that the financial systems involving the appropriate proceeding were able to persuade the institutions and financiers whom obeyed the new processes.
Business manumission, development of world challenge and industrial cooperation

In the early industrialized eastern Asia capitals and early industrial capitals, the protection instrumentation from baby’s industries would be as one of the most important approaches of industrial development, so using this approach as a way for creation of new industries in the industrial development of developing countries would not be possible in new situations and alterations of future world business. governments have highly decreased the tariff and non tariff hedges in 1980 and 1990.presenation of business protection policies in the future globalization ‘s capital would be more limited. in this relation the technology ‘s development regardless of being in the intense international challenge would be as a difficult matter, because currently business is as a technical data ‘s source; and the other point is that increasing the economics in many industries is resulted of this fact that the function ‘s appropriate scale would not be achieved without outlook toward the world market.

Organizing the industrial activities and development of the small and average industries

Government’s policies have to be centralized on development and advancement of internal institutions and internal entrepreneurship capacities. this fact needs the institutional protection activities such as human resource development, financial protection based on applied industrial researches and technology and communications and foreign associations. in this relation in order to realize the social and capital industrialization advantages, the government has to plan particular plans for developing small and average institutions. these institutions undertake the great deals of the private part and due to their significant characteristics, they need particular protections from government and larger institutions. it is essential to put this issue in priority that protection from these institutions have to be along with realization of practical purposes of industrial development. therefore, if the competiveness, development of technology and relation with world markets through business development in the framework of a definite organizing of industrial activities such as cluster and network systems be planned in the industrial development ‘s strategy, as a result the protection from SMEs has to be planned along this as well. Protection systems from SMEs involve technical, educational marketing and financial protections.

Skill and development

The capital, industry and service growth relies on skill. in order to decrease the primal deficiencies, it is necessary for the government to centralize on increasing the human resources and attract the new technology and innovative capacities on the institutions. the processes within the high technologies have high intendency in capital. the average of HT ‘s industrial productions is increasing. over the time, government has to increase the technologies and skills for the industrial capacity.

Foreign direct investment (FDI)

Applying the Foreign direct investment is as the other factors of industrial strategy in Iran’s capital. this method, moreover providing the capital financial resources have also significant effects such as technology transition and have the more massive sale market and management improvement. in Iran ‘s capital situation, active planning and policies along with technologies are needed for investment in markets involving the added value and it has to consider the point that the development of internal institutions are considered important for utilizing the FDI resources. in the other word, globalization through foreign direct investment is necessarily relies on the production relevancy and other internal activities within TNCs activities. according to current situations of industrial subsections, two cases could be considered here .the first case is set of activities which their internal markets had been limited and do not involve the high advantages and also their capital policies would prohibit the optimization of these advantages. in these cases, the internal institutions have to go forward for finding suitable foreign fellows and determine the cooperation pattern. the development of this cooperation for internal institutions through developing the informational systems and facilitating the relation with foreign institutions have to be based on government ‘s proceedings. institutional protection has to be applied for the purpose that the internal companies would be able to increase the appropriate foreign relations. These protections involve educational programs for developing skill, organizational and management modification, technology’s education and compatibility and also institutional facilities for standardization and confirming the validity for the research’s quality and facilities. the second case is applying the foreign direct investment in the activities that the private part or governmental part ‘s institutions have developed previously and institutional facilities would be accessible for financial, technological and marketing supplement. in these cases, internal institutions moreover the foreign direct investment could increasingly develop the foreign cooperation as well. this pattern moreover the innovative researches generally would involve advanced technologies.

Government and macroeconomic stability

Today, macroeconomic within stability involves environmental requirements for capital growth and private part’s development. The exact concept of macroeconomic structure within stability is considered as an environment involving low and predicted inflation, appropriate and optimized rates, financial policy within stability, competitive value
rate, expenses level's situation would be possible for the growth. In some studies, the most fundamental macroeconomic within stability would be inflation rate, government's budget and value rate; and the inflation rate is considered as the measurement scale of government's ability in the capital management; and there is no agreement about high inflation rates. The high inflation rate in capital is resulted of government's control and weak domination of capital policies.

**Juridical and legal institutions's development**

Juridical systems in the market's capital would provide the principles for mangling these systems and the needed activity also would be provided for people's rights. In private part's Development and challenge, creation of a legal framework is essential for the private part's development. Presenting the challenge in the country needs the principles forming a legal framework of capital activities. In this relation, government's capital principles have to involve at least four following characteristics:

1. Protection from the ownership law
2. Enaction of law in order to alter and transfer the ownership
3. Enaction of principles for entering and existing to market
4. Developing the challenge through supervising the market's structure and behavior and modifying their defects

Internal and external investment's principles would be as the principles for entering to markets and the bankruptcy principles would be as exiting principles from market, also protection from the ownership law which is in the government's law needs to be reviewed. Protection from the ownership law could decrease the government's unreliability and increase the capital's formal activities. Merging these principles to other principles could develop a certain juridical framework for private part's activities. Therefore, the challenge law would not be efficient regardless of other law and juridical requirements. According to industry situation in Iran and also government's approach and later approach perspectives, this thesis analyzes and studies the position and function of finance and enactment of the direct finance laws in 2000 and their effects on investment in Iran's industry would be analyzed as well.

**Research's recommendations and conclusion**

As observed, the coefficients's sign of financial expenses variables and finance's final rate and virtual variable which have respectively shown with $C_{1it}$, $MRT_{it}$, $D_r$ are all negative. (Which are all showed in model for effects of increasing the dwelling cost in 2005 and 2006 and are significant at %70). These coefficients show that the variables's alterations direction and expenses of investment are all inverse. In the other word, increment of financial expenses in the industry would decrease the demand for investment in various industries. Also, through increment of finance's final rate which is as rate of finance alterations to interest alterations in the industry, the investment motivation would decrease. In addition, increment of dwelling cost in 2005 and 2006 caused the deviation in investment, and due to dwelling inflation the investment motivation has decreased in other industries and this matter could be resulted of virtual variable's coefficient. The whole, three above variables are based on theoretical and literary principles. Two interest rate would have positive effect after decreasing the finance from sale and the sale growth on investment in the country's industry and this matter could be resulted of these positive variables' coefficients $(pS_{1it}$, $SG_{it})$; but the main variable which is considered in this research, would be observation of finance effects on investment behavior in various industry in Iran. For this purpose, the finance rate on interest has been utilized as an index for evaluating this policy in various industries. It could be recognized from the model that this variable (ATR)'s coefficient is not statistically significant, means that investment in Iran is not substantial comparing with financial variable. In observation of finance effects on capital growth and activity motivation, the demanded policies would be resulted of capacity increment via increasing the motivation of capital activities and investment increment. However, the effective factors of production growth and investment involving ownership laws, business environment, stability of value rate, capital stability, social and political stability are considered various, but the important matter would be role of financial policies in alteration of capital. The observations in basis of financial policies's efficacy in Iran is resulted of ambiguous effect and sometimes having no effect on investment and regional and sectional development. This is due to the point that other main factors such as inflation, fluctuations in value rate, bank interest rate, business environment, ownership law, infrastructures, investment security and etc would have effect on investment decisions, hence maybe the finance could not be able to overcome all hedges. Obtained results in basis of investment reaction in comparison with financial policy is along with other studies in developing countries. Assessment in countries in developing countries may have no effect on investment, because other factors such as inflation, fluctuations in value rate, bank interest rate and investment security could be effective in investment, so decreasing most of the rates would decrease financial budgets and would increase financial tasks on other sections which are resulted of compensate effects. Efficacy of financial privilege would be considered at the time that the purposes be supplied and capital behavior be altered as well. So, it could be announced that finances has not that much effect on investment after modification of direct finances laws in 2000, that this main effect
would be the effect of investment and enactment, and other variables such as dwelling cost, growth rate, bank interest rate and value rate are the effective factor on investment. As it was specified in the model’s evaluation results, these finances don’t just allocated to the companies in order to overcome the investment in the industry that is mentioned as the main index of the capital growth, and other factors would be effective as well, that providing great deal of studies would complete our researches about these policies. On the whole, it is recommended government keeps stable these factors (inflation, investment security, value rate, bank interest rate, etc) in order to have more updated principles and more efficient management within academic principles. In this relation, financial policies in accordance with present principles would be found in order to achieve the strategic and general summation. In fact, in this situation the situation the stable strategy would be resulted from the finances and its effect on investment as well. In basis of presented models, the significant result is the point that we may imagine more various effects in the country in advanced industrial parts, the financial points are particularly as the important matters, but the result was inverse and in all three models, the procedure was like before and finances’s effects was superficial on investment and also no alteration was effective; particularly the comparison between negative and positive variable’s effect would not be significant, the only point which is about the comparison between triple regions is that passing through the first advanced region to non-industrial region would decrease the effect of coefficients, this may be due to non capital, industrial and trade growth in these regions which are obviously clear, and government has to overcome this difficulty through better management and policies.

**Recommendations for the upcoming researches**

According to present research’s situations, following factors are recommended for completing and applying this research:

It has to be observed whether the present situation is better than the pre conditions of finances law’s modification or not? And in this situation, would presenting the principles be better or not? and a study has to be accomplished for identifying that finances law’s modification could be presented more effective and successful than before or not; in this situation academic and inductive comparison would be accomplished in order to make clear that whether the finances law’s modification has facilitated the situation after the investment’s growth rate or not?

In a similar study, the companies which utilize the privileges of 132 and 138 issues of direct finances laws would be observed in order to specify that how the direct finances’s efficacy in accordance with motivating the capitalists would be. Also, variables in the presented model may put effects on each other that due to the limitations and difficulties of this research, the consideration would not be possible, so, it is recommended paying attention to this matters in other researches and also these variables’s bilateral effects have to be discussed later.

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