



# Examining the role of establishing Aras Free Zone on economic and cultural capitals

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**Abstract:** *The present study has been conducted to investigate the role of establishing Aras Free Zone on economic and cultural capitals of the families living in this area. The research method is survey and data has been collected using a researcher-developed questionnaire. The population of this study includes all the families living in Aras Free Zone (2621 households), and using cluster sampling method and Cochran formula, a sample of 335 households was selected and interviewed. Reliability and validity of the questionnaire were approved. T-test was used to evaluate the hypotheses. The data has been analyzed using spss software, based on which, it is concluded that the hypotheses have been confirmed, and thus there is a significant correlation between economic capital and cultural capitals with the establishment of Aras Free Zone. Thus, economic and cultural capitals of the families living in this area have increased after the establishment of Aras Free Zone.*

**Key words:** *economic capital, cultural capital, free zone, Aras Free Zone*

## INTRODUCTION

Establishing special zones should not be perceived as the only factor in achieving national development, but the creation of these areas, at least partly, as a test tool has been able to overcome the obstacles against the development, and through this, significant new knowledge and skills are acquired. With the advent of technology, management, and capital into the country and the province, domestic production factors are combined with these factors and bring about the move towards development and integration with the global economy. The main role of development of these areas for a country like ours is changing economic thinking and alignment with the global economy (Soltani Shirazi, 2008: 61). Jolfa has a history of a century as a center of industrial-commercial area in the field of commercial and customs, and Iran-Nakhichevan common border in Jolfa is the most crowded passenger borders of Iran after Tehran famous Airports (Aria News Agency, 2012). Several targets have been defined for Aras Free Zone. Prosperity and sustainable socioeconomic development of the Free Zone are on top of all goals and programs in general. Obviously, in a comprehensive and sustainable development plan, natural potentials and human capabilities cannot be ignored, and tourism is one of the aspects of economic potential in many areas and cannot go unnoticed (Zolfaghari, 2010: 39).

Concepts such as economic and cultural capitals are key concepts as diversity in taste helps reproduce class relations. Unlike Marx who considered economic factors as determinants of the class position of individuals and groups, Weber raises other indicators such as dignity in social stratification (Saeedi, 2003, quoting Abdullahi Bektas).

The term cultural capital compared to economic capital and ideas, rules and analysis of topics related to capitalism was introduced in the early 1970s. The concept was coined to study the issue that economic barriers are not enough to explain disparities in educational achievements of students of different social classes. Cultural capital is not inherited without personal effort. Gaining cultural capital requires long-term continuous effort and sustained learning and acculturation. Gaining cultural capital requires time, and

financial and material resources. Cultural capital is closely tied to economic capital in some way and turned to its forms (Yenshoeyreh and Fontaine, 2006: 96).

John Fiske considers cultural capital the cause of critical understanding of people of their social status. Lower class finds a positive vision of its social identity by this type of cultural capital and considers itself separated from oppression structure. This class participates in its favorite trends and thus makes its life delightful.

The functions of cultural capital from Iranian thinkers' perspective:

From Chalabi's point of view, if the access to cultural capital is on an equal basis, cultural capital can have the following functions: access of the majority of the community members to sources of knowledge, development of rationalism in various spheres of life. Moreover, it can bring about the high level of public participation in production and scientific and cultural creativity, rapid social changes, the spread of new knowledge and expansion of the flow of information both horizontally and vertically, and personal growth for the majority of the population (quoting Chalabi, 2003: 214-213). Today, it is believed that free zones can import technology and asset management into the country, combine domestic production factors with modern technical knowledge, and make the country in line with global economy development (Eftekhari, 2009). Thus, given the key role of economic and culture capitals in the modern era, this study seeks to answer this question. What is the role of Aras Free Zone in cultural and economic capitals of the families living in the mentioned region?

### **Theoretical Foundations of Free Zone**

In the definition by United Nations Industrial Development Organization (UNIDO), free zones are considered as "stimuli" to encourage industrial exports. Moreover, in the new understanding of free zones, known as free zone of export processing, it refers to a special industrial area outside the customs border whose products are export-oriented.

The philosophy of this term can be considered in the change of import strategy to export development strategy. Moreover, industrial business zones can be defined as follows. "It refers to a specified geographical area established at the customs offices at ports and border of country where the customs rules of the country do not apply, and to facilitate the import and export of goods, protect domestic industry, and to attract new technologies in production and regional development, which is called special business-industrial zone (Free Trade- Industrial Zones Supreme Council Secretariat, 2006). Free zones are formed based on the belief that capital is the engine of growth and economic development in a country. Free Zone is an area of the territory of a country that is beyond the physical, legal, administrative, and customs facilities area. In this zone, the entry and exit of capital and profits and skilled labor are done easily, and foreign goods and materials that are not prohibited by law can be kept in warehouses without any customs and transit barriers, or turned them to other commodities in factories there.

Among the variety of free zones, one can refer to free trade zone, export processing zone, special economic zone, tourist free zone, and companies' free zone. The main objectives of establishing these areas in many developing countries include creation of employment, export promotion, attracting and encouraging foreign investment, creating foreign exchange income, technology transfer, regional development, and holding exhibitions (Badinger and Tondl, 2002). The first free zones in the world had been formed in ancient Greece and Rome. True pioneer of free trade zones is the free port of Hamburg founded in 1888. Special privileges were granted for products made in the port under condition of competing with the country domestic industries and continually move in the direction of export. Outstanding success of Hamburg Free Port led to establishment of other free zones, especially in Europe (Mohammadi Alamuti, 1995). Heckscher and Ohlin (1919) were among the first scientists who laid the basis for a new theory of international trade. They believe that countries that have an abundance of capital should exports capital-intensive goods and labor-abundant countries should attempt to export needing work (Esfandiari, Moghadas Hossein Zadeh, Delawari, 2004).

### **Economic Capital:**

Economic growth refers to quantitative change of any variable over a given period. Economic growth of the country includes increase in the production of a country in a given year compared with its value in the base year. At the macro level, the increase in the gross domestic product or GDP in the year in question in proportion to its value in a base year is considered economic growth.

Economic development is not synonymous with economic growth. As mentioned earlier, economic growth is a quantitative growth but economic development is a qualitative concept. In other words, economic development includes qualitative and quantitative aspects of changes in transitional variables not mechanically, but in a biological and organic way. In another definition, economic development is considered as all-inclusive promotion of society and the standard of living and behavior. For this reason, in defining development, Brookfield says development should be defined based on progress towards welfare goals such as reducing poverty, unemployment and inequality. Economic development is growth with the increase in production capacities in physical, human, and social capacities. In economic development, quantitative growth of production will be achieved, but along with it, social institutions will change, attitudes will change, the ability to exploit the available resources will increase continuously and dynamically, and every day an innovation will be seen. In addition, it can be argued that the combination of production and proportion of inputs changes in the production process. Development in an inclusive issue in society and cannot happen in just one section of it. Development does not have boundaries and a distinctive limit but because of its dependence on man, it is something qualitative that has no limits. The purpose of economic development is first, increasing wealth and general welfare of society and second, creating jobs, both of which are different in line with social justice and economic development in developed and undeveloped countries.

### **Cultural capital:**

It includes the accumulation of values and valuable cultural and artistic manifestations, educational qualifications and formal education, and old desires and habits where "socialization" and acculturation are obtained. In some cases, cultural capital has been defined as a set of symbols, manners, language practices, educational degrees, taste and methods, and language approaches. Bourdieu considers habits and manners in the form of a habitus that indicates a system and set of permanent and removable habits and characteristics, through which we perceive and judge and act in the world around. The habits that people acquire depend on position or positions they possess in society. This means that it depends on the amount of capital. For Bourdieu, social capital is any origin in social areas that is effective in the ability of individuals to benefit from special interests achieved in this field (Stones, 2000: 335).

Moreover, cultural capital refers to special ways of living that stabilize in the formal and familial education process in the people. Moreover, it encompasses people's cognitive capacities in the application of cultural instruments. In fact, the users of cultural capital are placed in upper class society in social stratification, and the holders of economic privileges who are in the upper class of society have easy access to different aspects of cultural capital. In other words, this capital shows the things that people know and can do. Internalized cultural capital has a potential that has gradually stabilized in part of the person's existence (Noghani, 18: 2003). This capital ingrains in person, becomes a part of his behavior, and therefore does not transmit in real time. In addition, by taking advantage of time and good investment in time available through mechanisms learning and education increase. Obviously, in this regard, educational institutions, such as education and higher education, where a significant portion of the life and time of the people are spent, in can have the greatest share in this regard. The requirement of objectified cultural capital is the existence of embodied cultural capital. This means that facilities with qualified individuals that are mutually dependent should be formed, so that the objectified cultural capital is manifested. This capital is the most obvious type of cultural capital that the community can benefit from that is often embodied in goods and material objects. Among its distinguishing features is its portability. Therefore, this capital is discussed in economic aspect and its symbolic concept can be kept as well. In short, to all objects and cultural goods, they say the objective of cultural capital. One of the most obvious and most visible forms of cultural capital is various cultural goods consumption among the various strata of society that may be a function of various individual and social factors. Objectified cultural capital is transmissible in material objects, such as paper, paintings, tools, etc. and in general its materiality. Therefore, cultural goods can be attributed both to material that would lead to economic capital and to symbolic aspect that would lead to cultural capital (Sharepour and Khoshfar, 2002: 137)

### **Method:**

Research method is survey. The citizens were asked questions on each of the capitals studied before and after the establishment of Aras Free Trade Zone and were compared with dependent t-test. The statistical population included all households residing within the Aras Free Zone in 2014. According to the census in

2011, there are households, and according to a multi-stage cluster sampling, Jolfa region (area) was divided into 15 clusters. Then 5 regions were selected, and from each region (neighborhood), 67 families were randomly selected. Finally, based on Cochran formula, 335 of heads of households in Jolfa completed the questionnaires. In order to gather the necessary information, a researcher-developed questionnaire was used where Cronbach's alpha coefficient for 14 items of cultural capital in subjective aspect before establishment of Aras Free Zone was equal to  $\alpha=0.9273$ . In addition, it is observed that Cronbach's alpha coefficient for 14 items of cultural capital in subjective aspect after establishment of Aras Free Zone was equal to  $\alpha=0.9249$ . Cronbach's alpha coefficient for 14 items of cultural capital of the objective aspect before establishment of Aras Free Zone is  $\alpha=0.9307$ . In addition, Cronbach's alpha coefficient for 14 items of cultural capital of the objective aspect after establishment of Aras Free Zone is  $\alpha=0.9307$ . Student's t-test and Spss software were used to test research hypotheses.

### **Findings:**

Based on descriptive findings, gender of the subjects studied is 23.2% female and 76.8% male. Marital status of subjects is 3.4% single, 84.5% married, 9.1% without a spouse due to death, and 3% without spouse because of divorce. The education status of the subjects is 4.4% illiterate, 9.4% elementary schools, 6.1% secondary school, 30.3% diploma, 17.8 percent of school diplomas, 23.9% undergraduate, 8.1% graduate and higher. Two point two percent of Aras Free Zone citizens are not native-born citizens, but 97.8% are.

Employment status before the establishment of Aras Free Zone is 21.7% are unemployed, 12.1% are employed in private sector, 32% are in public sector, 2.8% are retired, 25.5% are self-employed, 5% are housewives, 0.9% other states, and the highest rate of people employed is in the public sector. Employment status after the establishment of Aras Free Zone is 10% are unemployed, 23.4% are employed in private sector, 34.2% are in public sector, 5.9% are retired, 22.2% are self-employed, 3.1% are housewives, 0.6% other states, and the highest rate of people employed is in the public sector.

The monthly income before the establishment of Aras Free Zone was 700 hundred thousand tomans for 68.9% of the people, from 700 hundred thousand tomans to 1 million for 17.3%, from 1 million to 1.5 million for 8%, from 1.5 million to 2 million toman for 2.9%, and 2 million and more for 2.9% of the people. The highest frequency of monthly salary was for 700 hundred thousand tomans. The monthly income after the establishment of Aras Free Zone was 700 hundred thousand tomans for 17.6% of the people, from 700 hundred thousand tomans to 1 million for 24.5%, from 1 million to 1.5 million for 28.9%, from 1.5 million to 2 million toman for 14.5%, and 2 million and more for 14.5% of the people. The highest frequency of monthly salary was for 1 million and 1.5 million tomans.

The mean for subjective aspect of cultural capital before establishment of Aras Free Zone is 43.47 with a standard deviation of 23.10, so that zero the minimum subjective aspect of cultural capital is zero and maximum 100. Skewness for distribution of the subjective aspect of cultural capital is  $sk=0.298$  that shows in fact the subjective aspect of cultural capital before the establishment of Aras Free Zone is lower than the average. The mean for subjective aspect of cultural capital after establishment of Aras Free Zone is 58.12 with a standard deviation of 22.36, so that zero the minimum subjective aspect of cultural capital is zero and maximum 100. Skewness for distribution of the subjective aspect of cultural capital is  $sk=-0.380$  that shows in fact subjective aspect of cultural capital before the establishment of Aras Free Zone is higher than the average.

The mean for objective aspect of cultural capital before establishment of Aras Free Zone is 44.43 with a standard deviation of 22.87, so that zero the minimum objective aspect of cultural capital is zero and maximum 100. Skewness for distribution of the subjective aspect of cultural capital is  $sk=0.214$  that shows in fact the objective aspect of cultural capital before the establishment of Aras Free Zone is lower than the average. The mean for objective aspect of cultural capital after establishment of Aras Free Zone is 59.95 with a standard deviation of 22.62, so that zero the minimum objective aspect of cultural capital is zero and maximum 100. Skewness for distribution of the subjective aspect of cultural capital is  $sk=-0.276$  that shows in fact the objective aspect of cultural capital before the establishment of Aras Free Zone is higher than the average.

### Comparison of the scores of subjective dimension of cultural capital before and after the establishment of Aras Free Zone

According to Table 1 and based on dependent t-test, it is seen that mean scores of the subjective dimension of cultural capital before establishment of Aras Free Zone is 43.47 with standard deviation of 23.10, and after the establishment of Aras Free Zone, it is 58.12 with standard deviation of 22.36. According t value obtained as 12.09 with a significant level of  $p=0.001$ , it is concluded that the scores of the subjective dimension of cultural capital have increased after the establishment of Aras Free Zone and this difference is significant because significance level is lower than 0.05. Thus, there is 33.70% increase in the subjective dimension of cultural capital.

**Table 1:** Comparison of the scores of the subjective dimension of cultural capital before and after the establishment of Aras Free Zone

Variable	Frequency	Mean	Standard deviation	T test	The significance level
Subjective aspect of cultural capital before the establishment of Aras Free Zone	328	43.47	23.10	12.09	0.001
Subjective aspect of cultural capital after the establishment of Aras Free Zone	328	58.12	22.37		

### Comparison of the scores of objective dimension of cultural capital before and after the establishment of Aras Free Zone

According to Table 2 and based on dependent t-test, it is seen that mean scores of the objective dimension of cultural capital before establishment of Aras Free Zone is 44.43 with standard deviation of 22.78, and after the establishment of Aras Free Zone, it is 59.95 with standard deviation of 22.63. According t value obtained as 11.65 with a significant level of  $p=0.001$ , it is concluded that the scores of the objective dimension of cultural capital have increased after the establishment of Aras Free Zone and this difference is significant because significance level is lower than 0.05. Thus, there is 34.93% increase in the objective dimension of cultural capital.

**Table 2:** Comparison of the scores of the objective dimension of cultural capital before and after the establishment of Aras Free Zone

Variable	Frequency	Mean	Standard deviation	T test	The significance level
Objective aspect of cultural capital before the establishment of Aras Free Zone	328	44.43	22.87	-11.65	0.001
Objective aspect of cultural capital after the establishment of Aras Free Zone	328	59.95	22.63		

### Conclusion and Recommendations

According to the findings based on t-test, considering employment status before and after establishment of Aras Free Zone, and monthly income and comparison of the two, it can be concluded that establishment of Aras Free Zone has a role in economic capital of Jolfa citizens.

According to Table 1 and based on dependent t-test, it is seen that its value is obtained as 12.09 with a significant level of  $p=0.001$ . Thus, it is concluded that the scores of the subjective dimension of cultural capital have increased after the establishment of Aras Free Zone and this difference is significant because significance level is lower than 0.05. Thus, there is 33.70% increase in the subjective dimension of cultural capital.

Moreover, according to Table 2 and based on dependent t-test, it is seen that its value is 11.65 with a significant level of  $p=0.001$ . Thus, it is concluded that the scores of the objective dimension of cultural capital have increased after the establishment of Aras Free Zone and this difference is significant because significance level is lower than 0.05. Thus, there is 34.93% increase in the objective dimension of cultural capital.

According to what was said, it can be concluded that upper classes of the society do not just have the economic resources, but also non-economic and especially cultural capital funds are also available, and thereby separate themselves from other social classes. The results of this special view on issues related to development or justice become important, as the concept of development has nowadays gone beyond the limited definitions of mere economic growth, and special attention to other capitals can be seen in development agenda. Today, the aim of developing is establishing and maintaining various forms of capital including physical, human, social, and cultural aspects, and not mere economic agenda that is at agenda (Pag: 78: 2004). Based on the discussions, it is clear that cultural capital, due to its importance and the link it has with other forms of capital, has a notable role in social and cultural life in micro and macro scales. This capital at the micro level as a social activist is as a member of society, and as a community and social trait has the role of a kind of source and asset that as other sources affects different processes of social life and communities. Thus, having it, the quality of its accumulation, and distribution could have various outcomes and conclusions in positive and negative forms. Among the important consequences of this capital, if properly produced, promoted, and distributed in society, is that cultural participation, interaction, and dynamic generation interference, and cultural knowledge becomes more widespread. Nevertheless, if this capital does not have proper production and distribution, it will have negative consequences such as the polarization of society due to unequal distribution of knowledge as a source of great strength. In addition, it prevents effective, sustainable, and public cultural participation and disturbs the optimal and comprehensive reproduction of culture and learning, as well as creativity and innovation.

In the modern world, market relations have penetrated all areas of life. What constitutes the core of the market is capital. The concept of capital is considered as one of the richest explanatory frameworks in contemporary sociological and economic considerations. This concept can be traced in the works of Marx. For Marx, social status of a person is determined with the amount of capital at his disposal more than any other aspects. By capital, Marx meant economic capital. In economic thoughts, the concept of capital referred to accumulation of money that was invested in the hope of lucrative returns in the future. However, from a few decades ago, a revolutionary change in the concept of capital was created and a new capital was raised. Thus, in the modern world, instead of showing interest merely in economic capital, capital theorists also considered other capitals.

With regard to the issues raised, it is recommended that planning be conducted for proper education through various programs and various classes and skills training to citizens by Aras Free Zone authorities to expand cultural and social capital factors of citizens to increase participation and trust in order to achieve development and progress. Moreover, coordination in the formulation of policies and strategies presented between executive agencies and organizations of the free zones is recommended. Policies should be adopted in such a way that instead of negative competition, free zones take steps to increase imports to the mainland in order to achieve their goals mainly towards production for export. The process of interaction between the government, people, and authorities of Aras Free Zone is necessary for the development of partnership and trust in order to increase the level of cultural and social capital. Ultimately, creating different spaces such as libraries, recreation centers, holding different events, creating institutions, and holding concerts should be done optimally by the authorities of Aras Free Zone in order to increase civilians' cultural capital. Among the limitations of the study was non-cooperation of the respondents in filling in the questionnaire where it was tried to attract their attention and ensure them of the secrecy of their cooperation to have them cooperate. Another limitation was limiting research tool to a close-ended questionnaire, so in future research, it is better to use open-ended questions along with the closed questions.

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