

# INFITAH, AGRARIAN TRANSFORMATION, AND ELITE CONSOLIDATION IN CONTEMPORARY IRAQ

Robert Springborg

The Egyptian *infatih*, or economic open-door policy, which President Sadat initiated in the wake of the October War, currently is being echoed in Iraq. While the Egyptian innovation may have had a demonstration effect, the Iraqis, now grappling with many of the same problems which caused the Egyptians to adopt such a policy, probably would have arrived at similar answers independently. Not only did the shortcomings of public sector import substitution manufacturing, as well as those of collectivized and semi-collectivized agriculture, which became evident in both countries in the 1970s, necessitate changes in both places, but the sudden and dramatic rise in oil prices and oil related revenues made it possible to consider and to effect far more than minor re-arrangements. The large scale acquisition of Western, as opposed to Soviet Bloc technology, was one such new option. The sudden surge of revenues also made it possible to allocate investment capital to an emerging private sector without having to force public enterprises to make large, compensatory sacrifices. Skilled labor shortages in both countries required new approaches in agriculture and industry.

Emerging political considerations dovetailed with economic imperatives. The enhanced US presence in the region coupled with declining Soviet capabilities demanded some response. The failure of radical Arab nationalism to contain either Israel or divisive tendencies in the Arab world itself could also no longer be denied. Consumer societies springing up virtually overnight in the Gulf provided powerful attractions to Egyptians and Iraqis which their leaders could not easily ignore.

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The policies of *infatih* in both Egypt and Iraq received further impetus from the need of their respective political leaders to consolidate power following their successions to the presidencies. Sadat capitalized on the legitimacy won by the October War to initiate the political and economic openings which simultaneously undermined the old Nasserite power base and erected a new group/class, *cum* political/organizational base in its stead. For Saddam Hussein, the establishment of unchallenged authority has required substantial realignments of forces existing when he finally shouldered President Hassan Al Bakr aside in July 1979. The Baath Party, which derived its strength from domination of the state apparatus and public sector of the economy, constrained his autonomous exercise of power. Through skillful maneuvering he fractured the party elite. Simultaneously, his encouragement of the private sector has weakened the hold of the Baath over the economy and paved the way for the emergence of a new, as yet amorphous group, rather than a class, upon which an increasing amount of the President's political base and legitimacy rest. These changes are still underway, but the process is sufficiently established as to be both easily identified and difficult to reverse.<sup>1</sup>

While the *infatih* is not noticeable in the oil industry, which is the leading sector of the Iraqi economy, because the international and capital intensive natures of that industry determine its fundamental character, in agriculture, the sector of next greatest importance, the impact of *infatih* is widespread and increasing. The decisions which have led to a significant increase in the role of private enterprise in agriculture since 1979 were impelled by the factors mentioned above and by considerations specific to that sector. The food import bill, which had climbed to \$1.4 billion by 1980, was a political as well as financial embarrassment, since self-sufficiency had been ostentatiously identified as a major goal in the 1976-80 Five Year Plan. Moreover, despite the massive expenditure on imports, food shortages, particularly of fresh commodities, including fruits, vegetables and eggs, continued to plague consumers. Urbanization, accelerated by the oil boom, resulted in indigenous agricultural labor declining by one half million workers from 1973 to 1977, causing agriculture's share of the total labor force to slide from 50 per cent to 30 per cent.<sup>2</sup> The resultant labor shortage in the countryside necessitated importation of foreign laborers and technicians, mainly Egyptians, causing a further drain on oil-generated foreign exchange earnings. By the time Saddam Hussein became President it was

1. Saddam Hussein, when asked if his policies toward the private sector amounted to an *infatih*, replied, "I do not like this kind of terminology because it has come to apply (sic) rights reactions." He then went on to defend the necessity of balancing the public and private sectors. See Fuad Matar, *Saddam Hussein: The Man, the Cause and the Future* (London, 1981), pp. 254-258.

2. Economist Intelligence Unit Special Report No. 88, *Iraq: A New Market in a Region of Turmoil* (October 1980), p. 5, cited in Joe Stork "Iraq and the War in the Gulf," *Merip Reports*, 9 (June 1981), p. 13.

painfully obvious that resulted in the hoped for

Changes in the agricultural transfer of power in Baghdad has identified as the third wave of the Middle East.<sup>3</sup> The first wave, with the mechanization of agriculture, led to the estates. This eventually led to the 1958-1975, under which the peasants were exploited by the state. Technological innovations brought significant gains in production, but they did not direct the vestigial traditional public agricultural enterprises, where in the Middle East contributed to the adoption of the private sector. But Hopkins is c

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3. Nicholas S. Hopkins, "The Middle East and Iliya Harik, *Local Politics*"  
4. *Ibid.*, p. 7.

Vol. 40, No. 1  
Winter 1986  
MEI Washington  
Middle East Journal

painfully obvious that the massive infusion of capital into agriculture had not resulted in the hoped for rapid gains in productivity.

Changes in the agricultural sector initiated almost immediately following the transfer of power in Baghdad in 1979 have amounted to what Nicholas S. Hopkins has identified as the third wave of agrarian transformation in the recent history of the Middle East.<sup>3</sup> The first wave of change in Iraq commenced earlier this century with the mechanization of agriculture and consolidation of landholdings into vast estates. This eventually led to the reaction embodied in the agrarian reforms of 1958-1975, under which large estates were broken up and distributed to peasants, or were exploited by the state, which sought simultaneously to retain the technological innovations that had been introduced in the first wave. But significant gains in productivity were not achieved, for the state could not capably direct the vestigial traditional sector nor efficiently manage the newly created public agricultural enterprise. So this developmental blockage in Iraq, as elsewhere in the Middle East had an independent effect on the agricultural sector and contributed to the adoption of policies conducive to the growth of the private sector. But Hopkins is careful to note that,

Those who sponsor development programs are interested not only in the potential economic benefits, but also in the political consequences. The outcome is thus to create a different kind of society, or perhaps to reinforce imaginatively an existing one, in which their own role and position will be enhanced.<sup>4</sup>

The third wave of agrarian transformation in Iraq can thus be seen as reflecting a general economic imfitah, a policy which is most closely associated with Sadat's Egypt but which has echoes in other Arab economies, as a manifestation of agricultural change in the Middle East in which constraints on technological innovation and capital intensification are being swept aside, and/or as an example of the process of consolidation of political power by a new elite or ruler. The discussion that follows, although focused on Iraq, may provide evidence useful for charting these hypothesized phenomena at the regional level. The policy package identified as the third wave of agrarian transformation and its impact on Iraqi agriculture will first be identified. That these developments in the agricultural sector are a reflection of broader economic changes will then be investigated, with some concluding observations being offered on the political constraints to economic liberalization.

3. Nicholas S. Hopkins, "Development and Center Building in the Middle East" in Louis J. Cantori and Iliya Harik, *Local Politics and Development in the Middle East* (Boulder, 1984), pp. 7-45.

4. *Ibid.*, p. 7.

## AGRICULTURAL POLICY CHANGES: LAND TENURE

In the first decade of Baathist rule the second wave of agrarian transformation identified by Hopkins, which had begun in Iraq with the 1958 revolution, was intensified. Law 117 of 1970 further reduced land ownership ceilings and in 1975, with the termination of the Kurdish revolt, land reform was applied in the Kurdish Autonomous Region. By the mid 1970s agrarian reform had affected over 50 per cent of Iraq's cultivable land.<sup>5</sup> Confiscated holdings were either retained by the state, rented to private operators, or distributed to small holders grouped in cooperatives. But the Baathists were disenchanted with land reform that did not assign a larger role to public ownership. During the 1970s an increasing number of cooperatives were established to group not only agrarian reform beneficiaries, but also those who had been untouched by land redistribution. Collectives, of which there were but six in 1972, numbered 79 in 1976. The Five Year Plan for 1976-80 forecast rapid expansion of the socialist sector in agriculture. Over 300 collectives were to be created, cooperatives were to be spread into areas unaffected by reforms, and some 1.3 million dunums (325,000 hectares) were targeted for conversion into one form or another of public sector ownership and operation.<sup>6</sup>

But all of this was not to be. Shortly after assuming the presidency, Saddam Hussein launched several initiatives intended to enhance his popularity, one of which was a series of tours to the countryside during which he promised to implement changes to stimulate agricultural production. Although there was no immediate amendment of legislation regulating land ownership, nor an open attack on the public sector, policy change was underway. The number of collective farms plummeted from 77 in 1979 to 33 a year later, continuing a gradual decline to 10 by 1983.<sup>7</sup> Reduction in numbers of local cooperatives occurred more slowly, declining from 1923 in 1979 to 1893 in 1980, but then falling by more than one half (from 1877 to 811) in the single year 1982-83.<sup>8</sup> Unfortunately, trends in private ownership during this crucial period cannot be traced, because the government, possibly for political reasons, has released no new statistics on agricultural land ownership since January 1, 1979. There can be little doubt, however, that the percentage of land exploited by private owners increased significantly from that time. Agricultural councils in the governorates, which are composed of the governor, representatives of the municipalities, of the Ministries of Agriculture and Irrigation, and of the Peasants Union, began to play a role in

5. Richard F. Nyrop, *Iraq: A Country Study* (Washington D.C., 1979), p. 160.

6. For discussions of land tenure at this time see *ibid.*, p. 157-161; K. S. McLachlan, "Iraq" in R. M. Burrell, et. al., *The Developing Agriculture of the Middle East: Opportunities and Prospects* (London, 1977), pp. 41-53; Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq* (Princeton, 1979), pp. 1116-1120; and Robert Springborg, "Baathism in Practice: Agriculture, Politics and Political Culture in Syria and Iraq," *Middle Eastern Studies*, 17, 2 (April 1981), 191-209.

7. *Annual Abstract of Statistics, 1983* (Baghdad, Central Statistical Organization, nd.), p. 87.

8. *Ibid.*, p. 87.

this trend. By 1982 they were permitted to make recommendations to the government in Baghdad to increase the size of farms permitted under the 1970 agrarian reform law.<sup>9</sup>

That it took almost four years for the trend toward privatization of agriculture to be enshrined in legislation may suggest continued political opposition. Whatever the reason, it was not until 1983 and the passage of Law 35 that the government gave official blessing to this development. Under the provisions of this act, Iraqis or Arab nationals, acting individually or in companies, can apply to rent land from the Ministry of Agriculture and Agrarian Reform for a period of five to 20 years. No upper limit on the size of land parcels is specified in the act. In fact, in the rainfed areas tracts in excess of 1,000 dunums (250 hectares) have been leased to private operators. Rents charged are well below prevailing market rates. Land in the wheat belt surrounding Mosul, for example, has been leased for as little as one half dinar per dunum. When renting land back from private owners the government has had to pay as much as six dinars per dunum in this same area.<sup>10</sup>

Although Law 117 of 1970 has not been repealed or amended, its provisions are no longer strictly enforced. The government, in implementing Law 35, is itself violating land ceilings specified in Law 117, while in the private sector land consolidation is occurring. Families that distributed land among their members to avoid confiscation have re-integrated their holdings while they and others have obtained additional acreage through purchase or rental. For example, the branch of the 'Ugail tribe which resides north of Mosul and which was forced to camouflage its wealth and landownership in the 1970s is again openly farming huge areas in Nineveh Province.<sup>11</sup>

Virtually as important as relaxation of ownership ceilings and the transference of usufruct rights from the state to private lessees is the progressive reduction of controls over recipients of agrarian reform land. Originally these beneficiaries were obliged to join cooperatives, which for all intents and purposes acted as bailiffs for the state, dictating costs, prices and farming patterns. In early 1984, however, the Deputy Premier, Taha Yassin Ramadan, went on record indicting this system by saying, "farmers must be given greater freedom to cultivate their land in a way they think suitable and most profitable."<sup>12</sup> Hundreds of cooperatives throughout the country have in fact been abolished in the past two years, their former members now free to exploit their holdings as they see fit.

9. The author was permitted to examine one such recommendation, contained in a report issued in April 1982, by the Nineveh Governorate Agricultural Council. It requested of the government that the landownership maximum be raised from 500 to 600 dunums.

10. Based on interviews with employees of the Ministry of Agriculture and Agrarian Reform in Mosul and Tel Afar (November 1983 and January 1985).

11. On the 'Ugail, see Batatu, *The Old Social Classes*, pp. 226-7, 259. The re-emergence of the 'Ugail is common knowledge among Mosulawis, including those who have shifted to Baghdad.

12. Sally Cassels, "Iraq Update," *Middle East Business* (November 1984), pp. 12-13.

Those cooperatives that remain are for the most part nominal entities, exercising little or no power over their members.<sup>13</sup>

#### ASSOCIATED POLICY CHANGES

Coupled with tenure policies that since 1979–80 have favored private landownership are a series of steps designed further to stimulate the private sector. In 1980 the abolition of the Higher Agricultural Council, a 14 member body on which the Regional Command of the Baath had three representatives, significantly reduced the Party's influence over agricultural policy. It had been used as a command center whereby the Party maintained direct control over the Ministry of Agriculture and Agrarian Reform, the Organization for Soil and Land Reclamation, which in the 1970s was for all intents and purposes the equivalent of a ministry, and the agricultural sector in general.<sup>14</sup> By abolishing the Council Saddam Hussein cut the direct link between the Party and the bureaucracy, placing himself at the head of the new chain of command. While this in itself served to de-radicalize agricultural policy, the simultaneous enhancement of the bureaucracy's influence, particularly that of the very staid Ministry of Agriculture, reinforced the conservative impact.

The new policy on agricultural inputs, especially credit, has also benefited landowners. Table 1 reveals that the allocation of loans by the Agricultural Cooperative Bank has shifted dramatically away from the public sector. The greatest change occurred from 1979 to 1980, when the cooperatives' share of agricultural credit declined from over two thirds to less than one quarter of the total. It dropped to 15.1 per cent in 1981. The reversal of this trend between 1981 and 1983, when cooperatives' share bounced back to about one third, is a function

TABLE 1 *Shares of Agricultural Cooperatives and Private Agricultural Sector of Loans Granted by the Agricultural Cooperative Bank, 1978–83*

	1978	1979	1980	1981	1982	1983
Agricultural Cooperatives	64.7	67.0	24.4	15.1	21.6	33.9
Private Sector	35.3	33.0	75.6	84.9	78.4	66.1
Total	100%	100%	100%	100%	100%	100%

SOURCE: Calculated from *Annual Abstract of Statistics, 1982* (Baghdad: Central Statistical Organization, n.d.), pp. 83, 130; and *Annual Abstract of Statistics, 1983* (Baghdad: Central Statistical Organization, n.d.), pp. 84, 85.

13. For an excellent account of the role of agricultural cooperatives in northern Iraq, see Leszek Dziegiel, *Rural Community of Contemporary Iraqi Kurdistan Facing Modernization*, Studia i materiały, nr. 7, Agricultural Academy (Krakow, 1981), pp. 49–77.

14. On the role of the Higher Agricultural Council, see Springborg, "Baathism in Practice."

of the very sharp decline in total credit available and is not an indicator of a change in policy.<sup>15</sup> As if to underscore its commitment to the private sector, the Agricultural Cooperative Bank announced in August 1984 that it would finance 90 per cent of the cost of seed and fertilizers in low rainfall areas, a policy which would benefit private farmers almost exclusively.<sup>16</sup>

Another indication of the infitah is given by Table 2, which shows that a significant redistribution of ownership of agricultural machinery away from the public and toward the private sector occurred between 1979 and 1982. The public sector's share of pumps, combines and tractors declined from about a quarter in

TABLE 2 *Public and Private Sector Shares of Agricultural Machinery, 1979 and 1982*

	Pumps		Combines		Tractors		Total of Pumps, Combines & Tractors	
	1979	1982	1979	1982	1979	1982	1979	1982
Public Sector	17.2	5.5	72.5	31.2	27.4	8.2	24.3	7.6
Private Sector	82.8	94.5	27.5	68.8	72.6	91.8	75.7	92.4
Total	100%	100%	100%	100%	100%	100%	100%	100%

SOURCE: Calculated from *Annual Abstract, 1983*, p. 86.

1979 to only 7.6 per cent in 1982. In absolute numbers, the public sector owned fewer pumps, combines and tractors in 1982 than it had three years previously, with the sharpest decline being a two thirds reduction in the number of combines. By contrast, in the private sector there were more units of each type of machinery available in 1982 than there had been in 1979.<sup>17</sup> The surge in agricultural credit allocated to the private sector after 1979 has clearly resulted in significant capital investment by landowners. Correspondingly, the public sector has been unable to maintain its 1979 level of investment in machinery because its access to credit has been impeded. In 1979, cooperatives, a major purchaser of machinery within the

15. In 1983, because of the economic crisis brought on by the war, the Agricultural Cooperative Bank granted only one quarter of the loans it had put out in the previous year. Although the agricultural cooperatives' credit from this source decreased by some 60 per cent from 1982 to 1983, their overhead costs for seed and fertilizer, which absorbed more than half of the credit provided by the Bank, simply had to be borne by the state for there to be any production from this source. As a result, the private sector had to absorb even greater reductions in credit. For the relevant statistical data see *Annual Abstract, 1983*, pp. 84–85; and *Annual Abstract, 1982*, p. 130.

16. Cassels, "Iraq Update," p. 12.

17. In 1979 the public sector owned 5,541 pumps, 2,497 combines, and 5,492 tractors, while by 1982 those figures had fallen to 2,074, 865, and 2,449, respectively. The number of pumps in the private sector increased from 26,717 in 1979 to 35,662 in 1982, of combines from 946 to 1,908, and of tractors from 14,566 to 27,507. See *Annual Abstract, 1983*, p. 86.

public sector, borrowed just over 1.9 million dinars to purchase agricultural machinery and equipment. In 1982 they were able to secure loans from the Agricultural Cooperative Bank for the same purpose in the total amount of only 824,000 dinars.<sup>18</sup>

In addition to governmental subsidies to the private agricultural sector through favorable rental arrangements for land and substantial quantities of subsidized credit, a further, hidden subsidy is provided through the setting of currency exchange rates. Purchasers of agricultural equipment may buy combines, pumps, tractors, and so on from the government importation agency at the official exchange rate, which currently is more than three times that which obtains on the black market. This subsidization of imports by the state has been of particular advantage to the private sector, for it has imported well over half of all equipment since the onset of the war and the unofficial devaluation of the Dinar.

Government policies affecting agricultural output reveal a similar desire to stimulate production, especially within the private sector. Prices for virtually all commodities have been increased, not just as a result of irresistible market forces, but as a consequence of explicit policy decisions. Saadoun Hammadi, currently President of the National Assembly and formerly Minister of Foreign Affairs, when asked in January 1985 about the increase in private investment in the agricultural sector, replied:

This is due to a very wise agricultural price policy which we have been following in the past few years. Now in pricing agricultural goods for the consumer we don't take into consideration only the advantage of the consumer, we also take into consideration the advantage of the producer. So you can notice now thousands of agricultural products in the cities, in the markets, are a little—not a little bit—appreciably higher in price than before. So now the farmer really is becoming aware of his advantages . . .

Our agricultural price policy has been corrected to cater to the interests of the private producer . . . City people have been able to get their share of the pie of development, so there is no reason we should deny the farmers and producers of agricultural commodities an income . . .

This policy has been discussed in the government several years ago and our government has clarified it.<sup>19</sup>

Price increases, which initially affected mainly those commodities in short supply and marketed at least in part privately, such as fruits, vegetables and red meat, have now been extended even to field crops. The price of rice for example, was increased by 32 per cent in 1984.<sup>20</sup> Table 3 presents consumer price indices for 1981–83. Only fuel and light, medical services and miscellaneous services have had higher rates of inflation than that for foodstuffs during this period. Moreover

18. *Ibid.*, p. 84.

19. Interview, Baghdad (27 January, 1985).

20. Cassels, "Iraq Update," p. 12.

TABLE 3 Consumer Price Indices, 1981–83 (1979 = 100)

	1981	1982	1983
Foodstuffs	131.5	164.4	186.5
Cloth & Clothing	136.8	165.0	184.6
Furniture	116.1	136.1	145.9
Rent	126.0	136.7	152.2
Fuel & light	100.0	129.9	152.5
Transport & Communications	143.1	193.8	199.0
Medical services	112.7	153.7	182.8
Miscellaneous services	136.7	163.6	208.2
General index	129.4	157.9	177.1

SOURCE: *Annual Abstract*, 1982, p. 140; *Annual Abstract*, 1983, p. 145.

these calculations are based on official prices. The gap between them and actual market prices, particularly with regard to foodstuffs, is quite substantial.<sup>21</sup> Since 1979 then, price policy, like policies for land tenure and agricultural credit, appears to have been consciously designed to stimulate production and to expand the role of the private sector.

Producers of agricultural commodities have also benefited from new marketing arrangements as a result of which state control has been diluted. Cooperatives, which formerly acted on behalf of the state as sole legal purchaser of their members' outputs, have been significantly reduced in number and authority. Beginning in 1979 there was an unofficial, gradual slackening of enforcement of marketing regulations. In 1983 this development was given official status through the amendment of rules governing marketing. Producers were given the right to bypass the State Organization for Agricultural Marketing and sell to licensed private shops or public wholesale markets.<sup>22</sup> In a related move the government announced the establishment of the Iraqi Company for Marketing Agricultural Produce, a joint venture with the private sector capitalized at ten million dinars. In the first stage of operation the company is to deal mainly with fresh fruits and vegetables, but it is intended that it will expand its activities into the marketing of field crops.<sup>23</sup> The development of a private marketing system will further benefit

21. The government, which weekly sets the price of foodstuffs, is unable or unwilling to monitor the literally millions of daily transactions conducted by tens of thousands of food retailers. In contrast, setting and enforcing the price of petrol, electricity, automobiles and many other goods and services is relatively easy. Official consumer price indices for them are, therefore, more accurate and higher.

22. Cassels, "Iraq Update," p. 12.

23. Interview, Dr. Yusuf Ahmed Abdilla, Program Officer, FAO, January 28, 1985.

private producers in several ways, one of which will be to introduce greater price differentials according to quality.

### RESPONSE OF THE AGRICULTURAL SECTOR

The impact of these policy changes on the agricultural sector has been to stimulate output of those commodities produced primarily by private operators and particularly those produced by capital intensive methods. In the livestock sector, for example, Table 4 reveals that only chicken production has surged since 1979. It more than tripled by 1982 before slipping back in 1983, like almost all

TABLE 4 *Livestock Products, 1979-83 (00 ton)*

	1979	1980	1981	1982	1983
Red meat	1375	1153	1006	979	957
Chicken	457	578	646	1547	1115
Milk	3424	3025	3096	3254	3429

SOURCE: *Annual Abstract, 1983, p. 78.*

other agricultural products, as an economic consequence of the war. Most poultry is now produced in privately owned batteries, which dot the countryside around Iraq's major cities. By comparison, red meat production has declined steadily since 1979. Although urban based investors are involved in the livestock industry, for the most part this activity remains the preserve of the traditional sector. Milk production has likewise stagnated, with 1983 output being only marginally greater than that of 1979. While the traditional sector produces some milk, the greater amount is produced by government owned dairy farms which were frequently designed by European agribusiness firms and which operate on reclaimed land. They have not been particularly successful and as yet there is no significant private investment in the modern milk industry.<sup>24</sup>

Crop production reveals a similar trend. Those commodities produced mainly in the modern, capital intensive private sector have shown rapid increases, particularly since 1980. On the other hand, productivity gains have not been registered for crops grown primarily in the traditional and/or public sectors and marketed under strict governmental controls. Table 5 shows that the production of fruits and vegetables, an increasing proportion of which are produced through capital intensive methods, has soared. Over two and one half times as much fruit was produced in 1982 as in 1975, with the greatest percentage increase occurring in the years 1980 and 1981. The increase in vegetable production has not been as

24. For an example of problems encountered in the dairy industry, see Springborg, "Baathism in Practice," p. 196.

TABLE 5 *Index Numbers of Total Production of Crops by Groups (1974-1976 = 100)*

Year	Cereals	Oil Seeds	Tubers & bulbs	Legumes	Industrial crops	Vegetables	Fodder crops	Fruits	Dates	Others
1974	107.0	90.7	113.7	97.4	125.6	88.8	100.2	—	76.3	89.6
1975	74.6	93.5	88.5	103.0	84.7	96.6	91.1	87.0	147.4	105.2
1976	118.5	110.8	104.2	99.3	89.4	114.5	108.8	113.1	76.3	105.2
1977	83.8	88.7	101.8	101.2	86.5	119.6	95.0	134.8	127.0	105.2
1978	99.7	104.1	127.6	102.1	90.1	116.6	105.3	151.9	75.6	82.3
1979	82.6	139.9	121.8	98.0	83.5	90.5	92.8	149.4	105.0	93.1
1980	104.8	128.6	158.5	104.8	77.1	115.0	101.9	143.6	84.5	108.7
1981	109.7	89.7	168.4	107.0	85.9	130.3	128.8	174.3	77.0	120.2
1982	111.6	99.4	145.1	102.7	82.1	154.8	137.6	224.0	72.3	86.3
1983	96.9	91.7	127.6	82.0	84.7	147.5	140.4	215.7	71.2	84.7

dramatic, but the trend is similar, with the very rapid increase coming between 1980 and 1982. By contrast, the production of field crops, price rises for which have been restrained by government action and which are grown principally in the traditional and public sectors, has for the most part declined. Cereal output was less in 1983 than in the base years 1974-76, and so were the outputs of legumes, and industrial crops, while oil seed production was barely above the base years. In fact, the only field crop produced in significantly greater quantity on average in the 1980s than in the period 1974-79 was fodder. It is precisely that crop which private farmers, some of them being urban based investors, have turned to because it is privately marketed and/or is fed to animals which in turn are sold at private auction. Dates, on the other hand, grown almost exclusively by the traditional private sector because the return is so low that no new investors care to risk their capital, show a serious decline.

In sum, crop and livestock production figures suggest that government policy changes since 1979 have significantly affected the agricultural sector. The availability of land and credit on favorable terms and the selective increase in commodity prices have stimulated production by those private "farmers" who have access to the necessary inputs. The public sector, relatively disadvantaged in terms of input supports and output prices, has not been able to keep pace. Obviously the Iraqi leadership since 1979 has developed a policy that gives the modern private sector a very prominent role in agriculture. It may be revealing to determine, therefore, just who the beneficiaries of that policy are.

## AGRICULTURAL ENTREPRENEURS

Although there are little relevant statistical data, some observations about the beneficiaries of new agricultural policies can be offered on the basis of impressionistic evidence. What is most noticeable is the very rapid increase in entrepreneurial activities in agriculture by comparatively wealthy urbanites. Their involvement is concentrated in irrigated as opposed to dry farming areas and in comparatively close proximity to large cities. In 1979 private individuals began to act on opportunities made possible by irrigation, particularly for fruit and vegetable cultivation. Medium and high ranking state employees and party officials joined private businessmen and professionals in buying or leasing land, especially in the environs of Baghdad. Through the state importation company they were able to purchase pumps, pipes, plastic sheets and the other accoutrements of modern plasticulture and drip and sprinkler irrigation. Returns to these investors have been impressive, particularly when one considers that a large proportion of investment funds are provided by the government on favorable terms. For example, one group of academics at the University of Basra who purchased trickle irrigation to produce tomatoes on small blocks of land adjacent to Basra that they rented from the state have over the past three years netted annually some 18,000 dinars per hectare. While their investment has been among the more profitable, they are representative of the type of individuals who, with secure government jobs that provide free time, personal connections and access to capital, have turned to fruit and vegetable production to earn extra income.

Other urbanites now investing in agriculture are private sector entrepreneurs who, like their counterparts employed in the public sector, utilize resources generated through primary employment and personal connections to secure land, equipment, and credit directly from the government. The symbiotic relationship between public and private sectors, in which the latter exists by servicing the former, frequently provides the network in which the crucial contacts are made. Occasionally these personal networks extend upwards into the political elite.

The example of the two principal partners of Maktab Khaled is a case in point. These businessmen, one of whom is an Armenian, have become millionaires from the profits of their contracting concern. Among other large projects in the public and particularly the military sector they built the runways of Baghdad's **Saddam Airport as well as numerous military bases along the front.** Maktab Khaled's success in these spheres may be due to the fact that one of the partners is married to a close relative of the Minister of Defense, Adnan al Khairallah al Tulfah, who in turn is a cousin and brother-in-law of Saddam Hussein. This partner, known popularly as Abu Saad, has a large farm in Rashidiya, a choice location on the Tigris River much favored by wealthy Baghdadis. There Abu Saad and his neighbor, who is in fact Adnan al Khairallah al Tulfah, produce a wide variety of horticultural products using the very latest in trickle irrigation tech-

niques. Owner of a Boeing 707, Abu Saad flies in necessary supplies, including avocado seedlings from California. Although wealthier and better connected than most businessmen who have begun to invest in agriculture, Abu Saad represents a discernible type created in the past few years by the policies of the incumbent government.

In the dry farming areas there is much less investment by urban based entrepreneurs, but there is some. On wasteland in the vicinity of the major cities there has been a very rapid expansion of chicken farms, almost all of which are owned by businessmen and government and party officials. Also, the long established tradition of urbanites, particularly Mosulawis, of purchasing sheep and goats in partnership with shepherds drawn from tribes inhabiting the surrounding pastureland, continues.<sup>25</sup> A fledgling feedlot industry, made possible by increased supplies of commercially grown fodder and made necessary by severe rangeland degradation, is almost exclusively in the hands of urban entrepreneurs.

Possibly the most successful entrepreneurs in the rainfed areas are those who provide contract seeding, tillage, and harvesting services for small landowners. The intensification of cereal cultivation in northern Iraq, and especially in the Jezira, after World War II led to the rise of contractors, many of whom were drawn from the region's minority groups and virtually all of whom came from and continue to live in the larger towns or provincial capitals. The agrarian reforms of 1958, 1970 and 1975, paradoxically, enhanced their importance. The beneficiaries of those reforms lacked the capital and equipment effectively to exploit their new holdings, which in any case were too small to support the necessary capital overhead. As a result most sought employment in the towns and cities. While some subsequently sold their plots to larger landowners, others continued to exploit them under sharecropping arrangements with contractors. For planting and harvesting the contractor typically receives 40-50 per cent of the crop, with arrangements varying according to rainfall and soil conditions and the relative influence and bargaining skills of the concerned parties.

Many contractors have become extremely wealthy and own large fleets of combines, tractors, seeders, trucks, etc. Although they differ from the newer, strictly urban based entrepreneurs in that they have been active for a longer period, are usually from the area in which they operate, have generated their capital from agricultural as opposed to other activities, and generally have fewer linkages to national elites, both types have benefited very substantially from agricultural policy changes in the 1980s. As such, they constitute a growing, although still amorphous group of supporters of the regime. Over time they could

25. See Amal Rassam, "Al-taba'iyya: Power, Patronage and Marginal Groups in Northern Iraq," in Ernest Gellner and John Waterbury, *Patrons and Clients in Mediterranean Societies* (London, 1977), pp. 157-166.



develop more coherence and cohesiveness, and the attributes of an identifiable class, but internal divisions according to place of residence and primary employment, religion, ethnicity and so on, coupled with regime wariness of emerging class solidarities, constitute substantial obstacles to the formation of a self-conscious class of agricultural entrepreneurs, or what might be thought of as a sub-class of an "infatih class."

#### AGRARIAN TRANSFORMATION OR INFITAH?

Iraqi national accounts lend some support to the proposition that a broad based redirection of economic activity away from the public and toward the

TABLE 6 *Public and Private Sector Shares of Gross Domestic Product, 1980-82*  
(Exclusive of Mining and Quarrying)

	1980	1981	1982
Public Sector	52.7	53.3	50.0
Private Sector	47.3	46.7	50.0
Total	100%	100%	100%

SOURCE: Calculated from *Annual Abstract, 1982*, p. 118; and *Annual Abstract, 1983*, p. 121.

private sector is occurring. Table 6, which presents public and private sector shares of gross domestic product, exclusive of the oil industry, reveals that the private sector contributed 50 per cent of GDP in 1982, up from an average of some 47 per cent in the two preceding years. Similarly, the private sector's share of gross domestic fixed capital formation, as shown in Table 7, increased by more than three per cent between 1979 and 1982. That the private sector is enjoying across the board growth is suggested by the data in Table 8. Taken as a whole GDP arising in the private manufacturing, construction, transportation and communication, and trade sectors increased from 59.2 per cent to 63.6 per cent

TABLE 7 *Public and Private Sector Shares of Gross Domestic Fixed Capital Formation 1979-82\**  
(Excluding Mining and Quarrying)

	1979	1980	1981	1982
Public Sector	81.9	77.2	79.4	78.6
Private Sector	18.1	22.8	20.6	21.4
Total	100%	100%	100%	100%

\*Calculation of the public and private sector shares of mining and quarrying were done on the basis of their relative contributions to gross domestic product, as provided in *Annual Abstract, 1983*, p. 121.

SOURCE: Calculated from *Annual Abstract, 1983*, pp. 122, 124.

between 1980 and 1982.<sup>26</sup> In sum, the small but generally consistent shift from the public to the private sector as revealed by their relative contributions to GDP and their shares of fixed capital formation lends support to the hypothesis that the infitah has been generalized.

TABLE 8 *Public and Private Sector Shares of Gross Domestic Product for Selected Economic Sectors 1980-82 (in %)*

	1980		1981		1982	
	Public	Private	Public	Private	Public	Private
Agriculture	46.9	53.1	51.3	48.7	52.7	47.2
Manufacturing	62.9	37.1	54.6	45.4	59.2	40.8
Construction	12.2	87.8	6.4	93.6	6.2	93.8
Transportation and Communication	28.8	71.2	27.5	72.5	24.0	76.0
Trade	59.3	40.7	55.4	44.6	56.2	43.8

SOURCE: *Annual Abstract, 1982*, p. 118; *Annual Abstract, 1983*, p. 121.

In Table 8 the private sector's share of manufacturing was shown to rise from 37.1 per cent in 1980 to 45.5 per cent in 1981, before then falling back to 40.8 per cent in 1982. That a stronger, unilinear trend toward the privatization of manufacturing is not revealed in national accounts is mirrored in the public and private sector shares of output of large industrial establishments (i.e., those employing more than nine workers). From Table 9 it can be seen that the private sector's share, which was in excess of one third in 1964, declined to about one quarter by 1974. It remained at approximately that proportion until 1982.

But what is disguised by these ratios is the limitation of the public sector to only the very peaks of the commanding heights of the manufacturing sector. In the largest manufacturing enterprises, those with more than 250 employees, the public sector is overwhelmingly dominant, as suggested by Table 10.<sup>27</sup> In 1981 and 1982 the public sector accounted for more than 87 per cent of inputs into such firms and

26. The impact of the war on the wage structure has distorted the private sector's share of GDP arising in agriculture, which is shown in Table 8 as declining by almost 6 per cent between 1980 and 1982. Wages constitute a very large portion of GDP. In 1981 and 1982, for example, they were 35.4 and 36.6 per cent of GDP, respectively. Wages are higher in the public agricultural sector and are more accurately recorded. In addition, "free" family labor is not included in national accounts. The war has reinforced this distortion, for while the private sector has lost labor to the military, the public sector has continued to employ large numbers of comparatively well paid foreign workers.

27. In 1981 there were 83 public sector companies employing more than 250 people, as compared to 20 private firms. In 1982 the figures were at 82 and 12, respectively. In addition, whereas these private firms had on average 523 employees in 1981 and 756 in 1982, those in the public sector had 1491 and 1521, respectively. See *Annual Abstract, 1982*, p. 92, and *1983*, p. 93.

TABLE 9 *Public and Private Sector Shares of Output of Large Industrial Establishments\**

	1964	1974	1978	1979	1980	1981	1982
Public Sector	65.0	74.0	73.5	73.8	75.5	71.6	73.0
Private Sector	35.0	26.0	26.5	26.2	24.5	28.4	27.0
Total	100%	100%	100%	100%	100%	100%	100%

\*Those employing more than nine persons.

SOURCE: For 1964 and 1974, *Annual Abstract of Statistics, 1965 and 1975*, cited in Joe Stork, "Iraq and the War in the Gulf", *Merip Reports* (June 1981), p. 15; *Annual Abstract, 1982*, p. 91; *Annual Abstract, 1983*, p. 92.

about the same share of outputs. The picture is very different, however, for manufacturing firms which have 10-249 employees.<sup>28</sup> As shown in Table 11, in 1981 private companies accounted for about four fifths of input and more than three quarters of total output by firms in this size category. In 1982 they accounted for some four fifths of both input and output.

While the state clearly controls the commanding heights of the industrial sector, the private sector, which totally dominates manufacturing in firms employing less than ten workers, also plays a surprisingly predominant role

TABLE 10 *Public and Private Sector Shares of Inputs and Outputs of Industrial Establishments with More than 250 Employees, 1981-82*

	1981		1982	
	Inputs	Outputs	Inputs	Outputs
Public Sector	87.7	86.8	87.3	88.9
Private Sector	12.3	13.2	12.7	11.1
Total	100%	100%	100%	100%

SOURCE: Calculated from *Annual Abstract, 1982*, p. 92; *Annual Abstract, 1983*, p. 93.

among medium sized enterprises. That there are also some dozen private firms employing on average more than 500 persons also suggests that the private sector has not been precluded from playing a very significant role in industry.

Iraqi national accounts for this period, then, provide some evidence of a redirection of activity away from the public and toward the private sector and also point to the relative vitality of private manufacturers. That a greater overall shift from public to private is not revealed by the data may be due to the fact that it is

TABLE 11 *Public and Private Sector Shares of Inputs and Outputs of Industrial Establishments with 10-250 Employees, 1981-82*

	1981		1982	
	Inputs	Outputs	Inputs	Outputs
Public Sector	18.7	23.6	18.9	20.1
Private Sector	81.3	76.4	81.1	79.9
Total	100%	100%	100%	100%

SOURCE: Calculated from *Annual Abstract, 1982*, p. 92; *Annual Abstract, 1983*, p. 93.

also some two to three years old. As the Iraqi infitah did not begin to gather momentum until 1982 or 1983, it will be the national accounts eventually released for 1984 and 1985 that will presumably better record component trends of the infitah.

Certainly impressionistic evidence suggests a very rapid growth in the private sector from the early 1980s, not only in agriculture, but in most other areas of activity. A regular visitor to Iraq will have observed the veritable explosion of privately owned boutiques, restaurants, night clubs, and medium sized retail outlets during this period. cursory inspection of the industrial sector reveals a proliferation of private firms ranging from small offices of consulting engineers to large enterprises engaged directly in manufacturing. The well know Buniyah family, for example, which for business purposes consists of a father and his three sons in their 30s, has expanded its activity very rapidly since 1980. While their most highly capitalized interests are in food processing, they have branched out recently into construction, engineering and trade. The Buniyah conglomerate now consists of almost 30 firms, headquarters for which will soon be located in the new seven story Buniyah edifice now rising in Baghdad's exclusive Jadriyah quarter.

Another component of the policy of infitah, the opening up of the foreign trade sector and the redirection of that trade from the East Bloc toward the West,

TABLE 12 *Public, Private, Mixed and Foreign Sector Shares of Imports, 1975-82*

	1975	1976	1977	1978	1979	1980	1981	1982
Public Sector	91.6	88.8	88.4	89.4	90.8	88.9	84.9	83.0
Private Sector	7.6	11.0	9.3	8.6	7.6	9.8	13.8	15.1
Mixed Sector	0	0	2.1	1.9	1.2	1.1	1.1	1.8
Foreign Sector*	.8	.2	.2	.1	.4	.2	.2	.1
Total	100%	100%	100%	100%	100%	100%	100%	100%

\*Presumably refers to imports by foreign companies and embassies in Iraq.  
SOURCE: *Annual Abstract, 1982*, p. 152; *Annual Abstract, 1983*, p. 159.

28. There were 1162 such private firms in 1981 and 1072 in 1982, *Ibid*.

can also be documented. As shown in Table 12 the public sector accounted for almost 92 per cent of imports in 1975 and in 1979 that figure again rose to over 90 per cent. But from that time a decline set in as the private sector almost doubled its share from 7.6 per cent of imports to 15.1 per cent by 1982. As for sources of imports, the socialist countries of Europe and Asia declined significantly during the same period. In 1974 they provided 15 per cent of Iraq's total imports. By 1977 that proportion had slumped to 12 per cent. An even sharper drop was recorded between 1979 and 1980, when, as shown in Table 13, imports from the socialist

TABLE 13 *Shares of Western European and Socialist Countries of Iraqi Imports, 1977, 1979-82*

	1977	1979	1980	1981	1982
Western European countries' percentage of total imports	49.0	50.8	52.8	47.7	54.2
Socialist countries' percentage of total imports	12.0	11.1	7.8	5.7	7.9

SOURCE: Richard F. Nyrop, ed. *Iraq: A Country Study* (Washington, 1979); *Annual Abstract, 1982*, pp. 154-158, 167; *Annual Abstract, 1983*, pp. 161-165.

countries dropped from over 11 per cent to less than 8 per cent. In the following year they fell again, before recovering during the bleak war year of 1982 to 7.9 per cent. Most of the socialist countries' market share was picked up by Western Europe, which accounted for 49 per cent of imports in 1977 and 54 per cent by 1982. The remainder was won by various countries, most noticeable of which are the emerging capitalist states of the Pacific Rim.

The direction of Iraqi exports and their source in the public as opposed to private sector is, because of the dominance of the oil sector, not a good indicator of overall trade policy. It might be noted, however, that the private sector increased its share of exports from 1980 to 1982 by a factor of about ten, rising

TABLE 14 *Public and Private Sector Shares of Exports, 1975-82*

	1975	1976	1977	1978	1979	1980	1981	1982
Public Sector	76.2	81.9	80.4	87.6	88.2	95.6	59.7	54.1
Private Sector	23.8	18.1	19.6	12.4	11.8	4.4	40.3	45.9
Total	100%	100%	100%	100%	100%	100%	100%	100%

SOURCE: Calculated from *Annual Abstract, 1982*, p. 152; *Annual Abstract, 1983*, p. 159.

from 4.4 per cent to 45.9 per cent (see Table 14). This very rapid increase was due primarily, if not exclusively, to the slump in oil exports.

In sum, the private sector has been granted increased access to foreign trade

as the socialist countries' share of imports has been declining. That this has occurred while the economy is ostensibly on a war footing is all the more testimony to the strength of this particular aspect of infitah. Moreover, statistical inference is supported by observation. Not only have privately imported goods become more noticeable since the late 1970s, but they are with increasing frequency not the products of socialist economies. With regard to foreign trade, the Iraqi infitah is closely paralleling that of Sadat's Egypt.

The available evidence suggests, then, that the trend toward private activity in the agricultural sector is not idiosyncratic. It is indicative of a general policy designed to enhance the private sector and to further integrate the Iraqi economy into the Western capitalist system. The third wave of agrarian transformation, which hypothetically may take place in isolation from other trends, is, at least in Iraq, part of a more general strategy of development.

### THE LIMITS OF INFITAH

For the foreseeable future there will be pressure on Iraq to further open its economy. The forces already identified will remain operative, while Iraq's increasing indebtedness, apparently to be accompanied by steadily improving political relations with the West, will be supportive of a broadening of the infitah.

But there are limits to this process. Domestic political realities are not conducive to a truly thoroughgoing assault on the public sector, or on its protector and associate, the Baath Party. Both institutions, after all, continue to provide organizational underpinnings for the political elite, even if loyalties within them are increasingly cemented by patronage rather than by ideology. Moreover, there are strong disincentives for Saddam Hussein to restructure the economy in such a way as to encourage the development of sharply focused class identities. Not only would such a step enhance the possibilities of domestic political turmoil, but the emergence of class solidarities could trigger the mutation of an amorphous, anomic opposition into a cohesive, organized one. It is reasonable to conclude, therefore, that the Iraqi infitah has been designed to stimulate economic performance and the popularity of the political elite, and not to transform the economic system from a state capitalist into a free enterprise one nor politics from authoritarian to liberal democratic.

With regard to the regional context, the Iraqi infitah reflects and is part of a broader trend. Arab political economies are moving toward a centrist position. Those in which the public sector has been dominant and the state structure well established, including Egypt, Algeria, and Iraq, are, for a combination of political and economic reasons, permitting increased latitude to the private sector. Later developing Arab states, principally those of the Gulf, whose state structures have in the past been overshadowed by traditional loyalties, chief of which are to families and tribes, are now busily erecting more impressive state apparatus to

underpin personal, family and/or tribal rule. Part of that effort includes the rapid expansion of public sectors.

It appears, then, that authoritarian government, at least among the Arabs, is more compatible with a mixed economy than one dominated overwhelmingly by either the public or private sector. Among other things, such an economy blunts class distinctions, thereby inhibiting the formation of firmly based political movements and thus perpetuating the very authoritarian rule that has presided over its development.

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