

IRAQ

INDUSTRIAL, ECONOMIC DEVELOPMENT, POLICY CONSIDERED

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[Article by 'Adnan Manati Salih: "The War and the Brilliant Horizons of the Course of Economic Development in Iraq"]

[Text] The Rich Experiment

During the past stage of the struggle for national independence, the experiment of the party has prospered... and it has discovered, profoundly, that the matter does not end with the matter of political independence, which has been achieved decisively. Rather, there is a strong connection between the preservation of free national will and the assurance of all of its political, economic, military and other needs, particularly within the context of undertaking large and complicated national and pan-Arab tasks. [The Central Report of the Ninth Regional Conference, June 1982]

The work of development in Iraq is not limited to modernization and development of the economic structure of the country alone, but includes all areas of social and cultural life.

Expressed differently, in the view of the 17-30 July revolution, the work of development is not meant only to achieve quantitative development for sections of the economy, but also to achieve qualitative development, because the process of socialist building in our country aims to achieve spiritual and material well-being for the people and to connect this to the work of building society. Based on this, the strategy of progress aims to realize quantitative and qualitative development in progressive plans and programs. This strategy is determined by two basic factors: the special socialist system and the pan-Arab dimension.

We aim, by this study, to throw light on the course of progress in the country through development of the industrial sector, which is one of the indicators of development for countries in general and a measure of economic development in particular. We start from a saying of the builder of the new Iraq, leader President Saddam Husayn, emphasizing that Iraq must become a "developed country, agriculturally and industrially," in spite of the war of aggression by the Iranian regime against our country and the Arab nation. This war has as one of its most prominent goals halting the renaissance of Iraq completely. But Iraq and its builder Saddam Husayn are resolved to continue the course of progress

side by side with the priority of developing our country militarily for the defense of Iraq and the Arab nation. This is the distinctive feature of the idea of the revolution and the work of building on the experience of other nations that have tackled courageously the adversities of war.

Before entering into the indicators of industrial development and information of the things achieved by this work according to the goals of the development plans for 1970-1974, 1975-1980 and 1981-1985, it is necessary to know the situation prevailing in this sector before the 17-30 July revolution, so that we can show that the development taking place in this basic sector is not just in the work of building the economic system but is in the work of building the socialist system, because, as leader president Saddam Husayn has said, the industrial sector will continue to be the primary sector in calculations on setting down the material bases for the practice of socialism.

Among the most outstanding characteristics of backwardness in this sector before the revolution are the following:

1. A lack of strategic industries and dependence on light consumer industries that were of a limited and scattered nature, with production insufficient to satisfy local consumption.
2. Reliance by consumer industries' production processes on foreign imports, a matter that made these industries dependent on the economic of foreign countries. This, in turn, had an effect on the products, particularly their price, which was subject to change and which was set by the price of materials used in the production processes of the exporting country.
3. The weak connection between the industrial sector and national resources. This was a result, in turn, of weak investment in these resources. Also, this sector was not well connected with the other sectors of the economy, particularly agriculture and foreign trade, due to the lack of export industries.
4. A decline in the level of productivity of industrial projects and a spread of the phenomenon of hidden unemployment plus poor distribution of workers among the industrial projects.

The importance of this sector is in the work of socialist building and in achieving economic and political independence. Because of the deep backwardness of this sector, the remedies of the revolution for this sector were radical. The 5-year development plans reflect this clearly.

As leader President Saddam Husayn has pointed out, the priority of this sector in socialist building appears in the following:

1. Its participation in setting down the material bases for socialist building by creating economic surplus.
2. Response to local consumer demand in the direction of decreasing the influence of foreign purchases on our practice of socialism, and, at the same time, participation in diversifying the make-up of our exports, which will lead to increased financial revenues for our country, particularly of hard currencies.



3. Response to the needs of other sectors of the economy, particularly the agricultural sector, including its needs for implements, machines, fertilizers and insecticides, so as to make Iraq, as president Saddam Husayn says, "a developed country, industrially and agriculturally," and, thus, exploitation of primary materials and agricultural products.

4. An increase in job opportunities and absorption of the surplus in the labor force in other sectors in light of the work of planning to redistribute the labor force over the sections of the economy.

5. Creation of a national industrial base to participate in strengthening the defensive capability of Iraq within the framework of the Arab dimension.

6. Rapid response by this sector, including response to technological development.

In order to encourage the industrial sector, the 17-30 July revolution set forth serious remedies to modernize and develop this sector. It relied on two policies: the first was the development of existing industries and the second the establishment of new industries, in order to achieve the basic tasks of this sector mentioned in the preceding points.

We can state the most outstanding indicators of development of the industrial sector according to the goals drawn up for it in light of the 17-30 July revolution, and in spite of the war, by noting the following:

1. An increase in the relative weight of industrial production as a component of GDP as opposed to decreased reliance of the GDP on the production of crude oil, since the domestic product for processing industries rose, in current prices, from 94.6 million dinars in 1968 to 187.8 million dinars in 1974, to 875.1 million dinars in 1982 and to 1.34 billion dinars in 1984. This reflects the great degree of development that has occurred in the industrial base of the country, particularly with the entry of industry into new manufacturing areas such as the iron and steel industry, engineering and electrical industries and mining industries such as phosphate and sulfur, in light of a policy of ideal utilization of national resources.

2. The development of processing industries. This indicator reflects economic development generally and industrial development in particular, in light of the establishment of industries to replace imports and the establishment of export industries. The value of production by processing industries rose, in current prices, from 266.5 million dinars in 1968 to 594.9 million dinars in 1974 and to 2,731.2 million dinars in 1984. This reflects the level of development that has occurred in those industries that form the primary base for the work of industrial development.

3. The determination to transform Iraq into a developed industrial country of the first rank explains the large increase in investment appropriations for the industrial sector in the development plans, where these appropriations rose from 39.5 million dinars in 1968 to 730.1 million dinars in 1984.

4. Development and strengthening of the role of the socialist industrial sector's leadership of the industrial base of the country. This role explains the rise of the relative importance of the value of production of the processing sector from 31.7 percent in 1964 to 39.3 percent in 1974 and to 59.5 percent in 1984. Moreover, the domestic production of processing industries rose from 41.5 percent of the socialist sector in 1964 to 47.1 percent in 1974 and to 63.3 percent in 1984.

5. Development of the mixed sector and strengthening its role in achieving the goals of industrial development, so as to gather the financial savings of individuals and direct them toward productive industrial investment and its integration with the socialist sector to speed along economic and social development in the country. The number of mixed-sector companies increased by 11. Their normal capitalization is 64 million dinars and their total capital investment is about 61 million dinars.

6. Development and modernization of the private industrial sector, giving it opportunities for development in order to serve the policies of socialist practice, because, as leader President Saddam Husayn said during his reception of a group of managers and workers in the industrial sector on 14 August 1984, this sector "is needed for socialist building. It is not fixed at one stage, but is fully in the historical process, because private activity is able to work with the fingertips and with pointed thought to enter into the intricate web of life. The socialist sector cannot replace it. On the basis of this analysis, we cannot imagine that we can achieve prosperity for the people unless we can achieve the best prosperity developed within life. We cannot do this without private activity continually developing in all areas without exception, whether that be in the areas of industry, agriculture, commerce or services." This is equivalent to requiring that private activity in the industrial area encourage production and a volume of investments that expands the industrial base of the country rather than making quick profits, which do not contribute to the task of development. According to President Saddam Husayn, this sector is still laggardly in the type of production and the volume of investment, in spite of the support that it has received from the leadership of the party and the revolution to encourage its effective role in the task of socialist building.

7. The task of socialist building in the country is connected to Arab industrial integration, as the central resolution of the ninth national conference of the party pointed out, considering that national and Arab politics are important political characteristics of development in Iraq, particularly in the area of heavy industry. President Saddam Husayn pointed this out when he said that building the base of heavy industry without connecting it to the Arab thinking of the ASBP makes us commit the mistake of anticipating stopping and not achieving the goal that is incumbent on us.

In fact this has been given concrete form by means of Iraq's participation in joint Arab companies and industrial projects and by its participation in Arab industrial organizations. Among these companies are the Arab Company for Industrial Investments, of which Iraq has a 16 percent share; the Arab Mining Company, in which Iraq also has a 16 percent stake; the National Company for



10. Continuing to raise the competence of the workers in the industrial sector, because this helps to lower the costs of industrial production.

Beginning from the existence of a course of development, all of our goals are not then achieved, even if the course is a continually rising one. In each stage, new principle tasks stand out, demanding to be implemented. Therefore, achievement of the tasks that were mentioned in the area of industrial development does not by its nature make us achieve our desired development goals in material and spiritual human development and the building of society, because the course of development is connected with political factors and economic and social variables and conformity to circumstances given by the stage and the topic of study.

Thus it is clear that the task of industrial development has continued in its course without pause since the establishment of the 17-30 July revolution, even during the past 5 years of the war, even though our economic circumstances were affected by the Syrian regime's audacious decision to prevent the flow of Iraqi oil through Syrian territory in 1982. The industrial capability of the country developed and our petroleum potential has developed in terms of the following indicators:

1. Iraq has about 115 billion barrels in petroleum reserves in addition to 40 billion barrels that might be added during the next 5 years. With this, Iraq is second in the world in petroleum reserves.

2. Implementation of new petroleum exporting projects, the first of which is implementation of the first stage of a project through Saudi territory to the Red Sea. It has an export capacity of 500,000 barrels per day. Iraqi oil began to be exported through this pipeline on 30 September 1985. A second project is to export oil through Turkish territory, alongside the existing pipeline, to increase the amount of oil exported.

3. The fact that the current export capacity for Iraqi oil has reached 1.5 million barrels per day, which will rise to 2 million barrels per day in 1987 and to 3 million barrels per day in 1988. These figures do not include the export capacity through Syrian territory or the Arab Gulf.

Thus Iraqi ascendancy has become clear and conclusive in every area of military, political, economic, social and communications life. This contrasts with the decline and collapse that affects not only Iranian individuals but also all areas of life in Iran, particularly the military and economic areas. As our leader President Saddam Husayn said, "military supremacy is decisive, new openings have been made and, by the help of God, these openings in the area of the economy will develop, and the 6th year will be better than the 5th year of the war," especially after the destruction of Kharg Island, the basic source for financing the continued Iranian aggression, which will increase the depth of the military, economic, political, personal and social collapse in Iran so long as the Iranian regime does not respond to the call for truth, justice and peace.

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Industry and Mines, of which Iraq holds 16 percent; the Arab Company for Minerals, of which Iraq owns 25 percent; the Gulf Company for Aluminum Forming, of which Iraq owns 20 percent and the Somali Arab Mining Company, of which Iraq owns 33.3 percent. Iraq has also participated in the Gulf Organization for Industrial Investments, to which it contributes 17 percent of its annual budget, and the Arab Organization for Mineral Wealth. These indicators reflect the role of Iraq in supporting the task of Arab economic integration through the industrial sector.

It is important here to mention the most outstanding future goals and requirements set out by the central resolution of the Ninth Regional Conference of the party in the area of development of the industrial sector.

1. Continued broadening and development of the industrial base by means of entering into new primary fields in a direction that embodies leader President Saddam Husayn's affirmation that Iraq should become an industrial country of the first rank.
2. Continuing to connect the task of industrial building in the country with Arab industrial integration in order to serve Arab economic integration.
3. Continued qualitative and quantitative development of industry.
4. Continued study of technology transfer for suitability and for the adaptation and development of technology in accordance with the conditions and needs of the country and the Arab nation to bring about qualitative development in industry.
5. Solving the constrictions in the areas of industrial production and organization of the flow of raw materials, and concentration on national production of them.
6. Serious consideration of the economics of the industrial plan, not from the angle of capitalist profit but for the sake of providing the socialist accumulation needed to serve the progress of the model socialist system, to be a model of competence and development of high performance.

[Number 7 is omitted from the text]

We can add other tasks, including:

8. The need to avoid expansion of industrial production beyond the needs of domestic consumption and the goals set for other types of demand, or which does not have the ability to compete with foreign goods in price, quality or both.
9. Continuing to realize close connections between the industrial sector and the agricultural sector in light of a commercial policy that aims to develop them both, and, also, realization of close connections between the branches of industry.