

IRAQ

MER 79

Michael Field

author of *A Hundred Million Dollars a Day*
(Sidgwick and Jackson)

During the last two years or so life in Iraq has become a little more relaxed. The government's growing, and justified, feeling of security, springing not only from the end of the Kurdish war and the rapprochement with Iran in March 1975, but also from its own success in crushing all internal opposition, has led to a decline in the number of arrests and a very much less tense atmosphere in the country. At the same time the increase in oil prices has given the government the revenues it has needed to pay higher wages and allow more consumer imports and easier foreign travel.

The more lenient régime seems to conform to the political philosophy and personal inclinations of Iraq's effective leader - Saddam Hussein Takriti, the Deputy Chairman of the Revolution Command Council. Saddam Hussein is a pragmatic man - a very much less hard line Baathist ideologue than such figures as Taha Jazrawi, who up to May 1976 held the industry and planning portfolios. When he and President Ahmed Hassan al Bakr came to power in 1968, Saddam Hussein was convinced that to survive his government would have to be totally ruthless. Having come through this stage it now seems that Saddam Hussein has decided that to build Iraq into a strong industrialised country which will spread the Baathist creed throughout the Arab world he will need the co-operation rather than just the passive acquiescence of the Iraqi people in his rule. In its purest form he probably feels that for the time being Baathism is too strong for ordinary Iraqis.

Baathist rule

This is not to say that Iraq is becoming even a semi-liberal society of the type that Egypt has become under President Sadat. The relaxation is a very relative affair, and in every important respect Iraq remains a very strict country, the tone of whose government is summed up by one of the slogans on the walls of government offices in Baghdad, which urges 'fellow citizens' to be 'austere' in all their dealings 'whether at home at school or in the office.' After being exposed to a relentless barrage of propaganda, backed where necessary by the terrible methods of the Mukhabarat, the Directorate of General Information, for the past eight years, the Iraqi populace has not only been disciplined, it seems to have come to accept much of the government's philosophy and to have had



its capacity for independent thinking somewhat worn down. Compared with the early days of Baathist rule, the Iraqis are less frightened but more conformist.

Officially Iraq is governed by a National Front, formed in 1973 by the Baath and the Communist Party (which gained legality through the alliance) but spurned by the only other legal party, the Kurdistan Democratic Party. The National Front was never of much political importance, being a somewhat unholy alliance, influenced by Moscow, between two parties whose relations in the past had been marked by a great deal of bloodshed; and since early 1976, much to Moscow's dissatisfaction, the Front seems to have lost significance almost entirely. If such a thing is possible it now seems that the Baathists' dominance is more complete than ever.

In its most visible form the Baathist leaders' determination to secure themselves in power is evident in the way they have taken over

private houses in the vicinity of the Republican palace, bulldozed areas around strategic buildings in order to ensure a clear field of fire, established alternative radio stations, relocated garrisons, and adopted the practice of rotating the commanders of large units.

Equally important has been the régime's policy of favouring fellow Baathists in making even junior appointments not only in the civil service and in the army but also in the academic world and in the state industrial enterprises. In any organisation, and particularly in the army, Party members carry more authority than non-Party members, and often have the power to overrule the decisions of non-Baathists senior to them. In early 1976 the Party newspaper, *al Thawra* (the Revolution), attacked the practice of Baathists being favoured without regard to their ability, and claimed that what the country needed was not just good politicians but good managers as well. Such sentiments have

Official title of country:
REPUBLIC OF IRAQ

Head of State:

Field Marshal Ahmed Hassan al Bakr

Currency: Dinar (1,000 fils)
£1=0.536 ID; \$1=0.298 ID
(as of May 1976)

Office hours:

Government: summer: 0800-1400
winter: 0830-1430

Commercial: summer 0800-1400 and
1700-1900

winter: 0830-1430 and 1700-1900

Banks: summer: 0800-1200

winter: 0900-1300

All offices close an hour earlier on Thursday
and commercial offices do not re-open on
Thursday afternoons

Holidays:

(August 1976-1977)

24-27 September Eid al Fitr - end Ramadan

1-4 December Eid al Adha - the
Pilgrimage

22 December al Hijra - Muslim New
Year

1 January al Ashoura and New
Years Day

6 January Army Day

8 February 14 Ramadan Revolution

3 March Mulid al Nabi -
birthday of the Prophet

21 March Nowruz - Persian New
Year

1 May Labour Day

14 July Republic Day

17 July National Day

Ramadan: 26 August-24 September 1976
16 August-14 September 1977

Note: The beginning of each Muslim feast is
determined by a sighting of the moon, which
may involve there being variations of a day
or two. When a holiday falls on a Friday it is
customary for the authorities to declare
Saturday to be a holiday.

Hotels:

Hotels:

Baghdad: off Saadoun St (tel: 89031,

telex: 2200) (only hotel with telex)

Kasr al Abbassi: Saadoun St. (tel: 94384/6)

Khayam: Saadoun St (tel: 96176)

Dar es Salam: Saadoun St (tel: 93733)

(not yet connected in March 1976)

Adam: Saadoun St (tel: 92381/5)

Ambassador: Abu Nawas St (tel: 96176)

Carlton: Aqaba al Nufi Sq (tel: 96091)

Diwan: Saadoun St (tel: 89961)

Gilgamish: Saadoun St (tel: 96051)

Rumalia: Saadoun St (tel: 92058)

Sahara: Andalus Sq (tel: 90003)

Tigris Palace: Rashid St (tel: 87624)

Ara Rest House: Masbah Centre (no tel.
in March 1976)

Restaurants:

The best restaurants are: Candles, Farah,
Golden Plate, Lanterns, Pine Palace, Strand,
Surab

Time: GMT+3

Visa regulations:

All non-Arabs require visas, which must be
obtained before departure. Applications may
take some time to be processed

Communications:

Telephone: Reasonable local service, slow
international connections

Airport: Baghdad is only international airport

Airline: Iraqi Airways

Roads: all main towns easily accessible on
good roads

Railways: main routes: Basra-Baghdad and
Baghdad-Mosul

Press and broadcasting:

Newspapers: al Jumhuriya (government)

Arabic daily

al Thawra (Baath party) Arabic daily

al Iraq (Kurdish paper) Arabic daily

Baghdad Observer (government) English
daily

Broadcasting: State radio and television
services

Area: 438,446 sq km

Climate: Very hot summers - Baghdad
July average 35°C but may reach over 40°C.
Cooler in north. Cold winters - frequent
frost in Baghdad. Warmer in south, but
snow in north

Population: 11.1 M est. in 1975. Includes
big minorities of Kurds and Persians, and
smaller minorities of Turks, Turkomans,
Armenians, Assyrians and Jews

Language: Arabic. Kurdish in north.
English fairly widely spoken

Religion: Islam - mainly Shia, especially in
south. Kurds are Sunni. There are large
numbers of Christians

Iraqi government

(after reshuffle of May 1976)

President, Chairman of the Revolution
Command Council, Minister of Defence:
Field Marshal Ahmed Hassan al Bakr

Deputy Chairman of the Revolution
Command Council: Saddam Hussein al
Takriti

Vice-President: Taha Mohieddin Maarouf

Minister of the Interior: Izzat Ibrahim al
Douri

Minister of Oil: Tayeh Abdel-Karim

Minister of Youth: Naim Haddad

Minister of Higher Education and Scientific
Research: Ghanem Abdel-Jalil

Minister of Education: Mohammed Majhoub

Minister of Communications:

Saadoun Ghaydan

Minister of Foreign Affairs: Saadoun Hamadi

Minister of Public Works and Housing:

Taha Jazrawi

Minister of Transport: Abdel-Sattar Tahir
Sharif

Minister of Information: Tariq Aziz

Minister of Finance: Fawzi al Kaissi

Minister of Industry and Minerals:

Filaih Hassan al Jasim

Minister of Health: Dr Riad Ibrahim Husain

Minister of Labour and Social Affairs:

Izzat Mustapha

Minister of Irrigation: Mukarram Talabani

Minister of Municipal and Rural Affairs:

Amir Abdel-Kader

Minister of Internal Trade: Hassan Amiri

Minister of External Trade: Hikmat Azzawi

Minister of Awaqfs: Ahmed Abdel-Sattar
Jawari

Jawari

Minister of Planning: Adnan Hamdani

Ministers of State: Obeidallah Mustapha

Barzani, Aziz Aqrawi, Abdullah Ismail Ahmed,
Amer Abdullah

President of the Legislative Assembly for the

Autonomous Region: Bababekir Pishdari

President of the Executive Council of the

Autonomous Region: Hisham Aqrawi

Director of the Revolution Command Council

Office: Hamid Jebouri

government in a country which is not only
notoriously factious (having experienced four
major coups since the overthrow of the
monarchy by Brigadier Kassem in 1958 and
any number of attempted coups and con-
spiracies) but also contains an extraordinary
number of racial and religious minorities.
The Sunni Muslim Arabs of Iraq, from whom
the Baathists come, are greatly outnumbered
by the combined communities of Shia
Muslims (who come mainly from southern
Iraq and are themselves in an outright majority
in the state), Christian Arabs, Kurds, Ar-
menians, Assyrians, Iranians, Failis (a Kurdish/

been voiced before without having had much
practical effect, and in view of the overall
trend of Iraqi politics it seems doubtful on
this occasion too whether al Thawra's com-
ments were made for any reason other than
appearances sake.

Within the Baath Party itself there has been
a noticeable predominance of people from
the small town of Takrit, and the neighbouring
towns of Rawa, Ana, Samarra and Haditha.

At one point, in 1971, Takrit, a town of some
20-30,000 inhabitants, furnished the Presi-
dent, Vice-President, Minister of Defence,
Foreign Minister, Mayor of Baghdad, Com-
mander of the Baghdad garrison, and
Commander of the Republican Guard.

This tendency of Iraq's rulers to gather
around themselves people who feel not only
a political but also a tribal or family loyalty to
the régime is an entirely natural approach to

Lurish race from western Iran, many of whom have been expelled since 1971), Jews, Turks, and Turkomans. One of the most laudable achievements of the Baathists in imposing their rule on Iraq has been their bringing an end to the factional warfare of the Shias/minorities/Communists versus Sunnis/pan-Arabs/Baathists which plagued Iraq between 1958 and 1966.

In spite of the clannishness of the Baathists, however, there have been numerous instances of senior members of the régime being demoted, expelled from the government, or, if they have been suspected of plotting, meeting a still worse fate. In 1968 the body of Foreign Minister Nasir Hani was found in a ditch outside Baghdad; in March 1971 former Vice-President Hardan Takriti, who had been made a scapegoat and expelled from the RCC for Iraq's inaction and consequent embarrassment over the Black September civil war in Jordan, was gunned down in Kuwait; later that year Vice-President Salah Mahdi Ammash was demoted to the position of ambassador, in which capacity he has since served in Moscow and Paris; in July 1973 Nazim Kazar, the security chief, was executed after attempting a coup; and most recently, in May 1976, Taha Jazrawi was demoted from being Minister of Industry and acting Minister of Planning after being made a scapegoat for the various shortages that Iraq has faced in 1975 and 1976.

Apart from the President, who is of an older generation than the other RCC members and has a somewhat paternal status, the only major figure to have weathered all the crises to have hit Iraq internally and in its foreign policy over the past eight years has been Saddam Hussein. Any threat to Saddam Hussein's rule it now seems would have to come from inside the Party, for the chances of the Baathists being overthrown by outside elements look very remote indeed.

Kurdish war 1974-5

Up to March 1975 it always seemed possible that the position of the Baathists might be undermined directly or indirectly by the war being fought against the Kurds.

On 11 March 1970, about eighteen months after they had come to power, the Baathists had earned considerable credit by concluding a peace with the Kurds. The terms were the most comprehensive ever negotiated between the rebels and Baghdad, which put the Agreement in a different category from the truces arranged by previous republican régimes,

and it seemed that if the agreement were implemented it would at least involve the two sides living at peace, if not in complete unity.

During the first nine months or so good progress was made with the Agreement. Al Taakhi (a Kurdish paper in Arabic now renamed Iraq) was allowed to resume publication in Baghdad; the Kurdistan Democratic Party (KDP) became Iraq's second legal political party and the Baath's ally in government (though it later refused to join the National Front); five prominent Kurdish nationalists were given minor ministries; and a certain amount of reconstruction was undertaken in the north. ('The North' was the jargon euphemism for Kurdistan before 1975, when it was replaced by 'Autonomous Region'.)

By the winter of 1970-71 all the easier parts of the March Agreement had been implemented, and there progress came to a halt. No Kurd was appointed Vice-President or given a place in the RCC; there was no significant reduction in either side's armed strength; and, most important of all, the government made no attempt to carry out the promised census which would determine whether the oil-rich area of Kirkuk should be part of the semi-autonomous Kurdish province. The two sides accused each other of infiltrating their own tribes to alter the population balance of the region.

In 1971 spasmodic outbreaks of fighting began again, and Mullah Mustapha Barzani, the Kurds' veteran leader, resorted to sending the government a series of increasingly tough memorandums detailing those aspects of Iraqi policy which were not in accordance with the March Agreement. For their part the Baathists, apparently believing that once Barzani was dead the KDP would become more pliant, mounted a number of bizarre assassination attempts.

Events continued in this mould through 1972 and 1973, until a marked rise in tension in Kurdistan forced the two sides to resume serious discussions in January 1974. No progress was made in these talks, and in March, as the four-year deadline for the implementation of the 1970 Agreement expired, the Baghdad government gave the Kurds fifteen days in which to accept a new series of autonomy proposals. These fell a long way short of those agreed in 1970 and offered the Kurds less than the considerable degree of de facto autonomy they enjoyed already. When the Kurds failed to respond to these proposals the government declared them to be effective by decree, and simultane-

ously Barzani's Pesh Merga forces began seizing frontier posts on the Turkish and Iranian borders and overrunning Iraqi garrisons — activities which have traditionally heralded the start of rebellions in Kurdistan.

The war which followed during the next twelve months was much fiercer than its predecessors, involving incidents in which Iraqi planes bombed villages in Iran, and the Iranians providing Barzani's forces with considerable support in men, weapons and base facilities. In part the Iranians' support stemmed from the list of long-standing Irano-Iraqi frontier disputes, which included not only demarcation issues and disagreements over water rights, but also the question of sovereignty over the Shatt al Arab river, where, much against normal international practice, the boundary had been placed (by the British) on the Iranian shore rather than in the middle of the waterway. More important though was the fundamental ideological difference between the Iranian and Iraqi régimes, which had led each government to try and subvert the other on various occasions, and seemed liable in future to bring the two sides into conflict in the Gulf. The Iranians clearly hoped that an unsuccessful war in Kurdistan would topple the Baathists in Baghdad.

However, committing almost their entire army to the battle and taking very heavy casualties, the Iraqis fought through the winter, when the harsh climate of Kurdistan traditionally favours the Kurds, and by early 1975 were sorely pressing Barzani's forces. For the Iranians this posed the threats either of a loss of face should the Kurds be defeated, or of their own forces becoming more directly involved. These circumstances provided a powerful stimulus for Tehran and Baghdad to resolve their differences, and on 6 March 1975 the Shah and Saddam Hussein, brought together by Algerian mediation, sealed an accord at the OPEC summit in Algiers. Although the agreement has not made any fundamental difference to the two sides' views on the future of the Gulf, Baghdad and Tehran have stopped their propaganda wars and subversive activities, agreed a division of the Shatt al Arab in accordance with international practice and embarked upon a thorough and businesslike review of the land frontier and issues, such as the status of border tribes, related to it.

Post-war Kurdistan

For the Kurds the Algiers Accord, which led not only to the immediate withdrawal of all

Iranian support but also to Iranian pressure on Barzani to abandon any thought of guerrilla activity which might have prolonged the war, was a disaster. Within twelve days of the accord the Kurds stopped fighting.

Although neither the Iranians nor the Iraqis would allow the Red Cross to observe their activities after the Kurds had surrendered, it seems from the reports of unofficial visitors that, by the standards of victorious parties in similar wars, the Iraqis' behaviour was humane and generally free of recrimination. Those Kurds who had fled to Iran were offered an amnesty, and by the beginning of 1976 200,000 out of a quarter of a million had returned.

The KDP has remained a legal party, and al Iraq (the former al Taakhi) has continued publication – though its views are not as outspoken as they were in 1970–74. A Kurdish Vice-President, Taha Moheddin Maarouf, formerly Iraqi ambassador in Rome, and several Kurdish ministers have been appointed in the central government – though there is still no Kurd in the RCC and none of the ministers nor the Vice-President are members of the KDP. (It should be noted that not all of Iraq's Kurdish community was involved in the 1974–75 war or earlier rebellions. A few Kurds, including Kurdish members of the Baath, are actively opposed to Barzani, and many more – including most of the quarter of a million or so who live in and around Baghdad – have never been involved in politics.)

In the north the three governorates of Dohuk, Erbil and Sulaimaniyah (though not Kirkuk) have been formed into an Autonomous Region with its own Legislative Council and Executive Council, which have been given certain local government powers. The Executive Council is responsible for the economic development of the Region, which in 1975 was allocated \$135 M for urgent reconstruction and \$340 for further development – though there is little evidence of the product

of these outlays on the ground.

It is not, however, the fact that the concessions granted to Kurdish autonomy since 1975 lack much substance that has kept the spirit of revolt alight among the Kurds. What has influenced Kurdish opinion both in Kurdistan and internationally has been the attempts made by the Iraqis to water down or destroy the Kurdish identity. In part this has been done through such measures as the banning of primary school education in Kurdish and the use of the language in Kirkuk and Khanaqin, and the disbandment of the department of Kurdish Studies at Baghdad University. Much more drastic has been the policy of deporting Kurds from Kurdistan to central and southern Iraq – the Kurds claim that over 300,000 have been resettled since March 1975, and that to prevent opposition the deportations have in many cases been carried out at short notice, leading to families being split. The government has admitted to 'changing the residence of people in some border villages and strategic areas' (jargon for oil areas), but has not admitted the scale of the operation. Concurrently it has been moving Arab tribes into areas of Kurdistan.

The result of the Iraqi policy has been that since the beginning of 1976 there have been odd clashes, intensifying in May, June and July, in which the Kurds have resisted deportations, attacked army or police posts or, on one occasion, attacked Arab settlers with the intention of showing the new arrivals that they cannot rely on the Iraqi forces for their security. The units carrying out these attacks have been partly private rebel bands and partly small forces organised by the KDP or the new Syrian backed Patriotic Union of Kurdistan (PUK). In mid-1976 it was not clear how the flickerings of the new revolt would evolve, though it was clear that the semi-conventional front strategy adopted in 1974–75 by Barzani (who remains in Tehran) would be replaced by guerrilla tactics.

Standard of living

The Iraqi victory in the Kurdish war was a triumph for Saddam Hussein. It involved the resolution of the major foreign policy problem confronting Iraq and it reduced the régime's dependence on the Russians, who supply the Iraqi army. The war had not been popular at home (some hundreds of objectors in the Iraqi army had to be shot), it had cost a large number of casualties, and it had been a big drain on the economy in terms of both skilled manpower and revenues.

The end of the war therefore has made more cash available to the government, and like the final nationalisation settlement with the Iraq Petroleum Company in February 1973 and the oil price increases later that year, it has been one of the factors which has enabled the government to increase wages and the standard of living of Iraqis – or at least of those Iraqis living in the towns – over the past few years.

The main emphasis in wage increases has been on blue collar workers in manufacturing and service industries, who, like most of the Iraqi population, fall outside the tax bracket. For professional people and divil servants, who pay tax at fairly low rates (tax in Iraq starts at about 10% after a personal allowance and rises to 60% at about \$34,000 and above), most of the benefits from the government in recent years have come in the form of increased allowances. Allowances are very much the butter and jam of professional earnings in Iraq – as of July 1976 engineers could earn allowances of up to 250% of their basic salary. People employed in the private sector, which has benefited enormously from the construction boom and the arrival of foreign companies and expatriates in recent years, have done even better than government employees.

Inevitably the rise in consumer demand has caused shortages in such items as chickens, eggs, butter and milk. Some of these shortages have been exacerbated by factors beyond the

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Capital: Nom.	ID. 30,000,000	Reserves	ID. 10,352,450	As on 31st December, 1975
„ Paid up	ID. 10,352,450	Total Assets	ID. 2,763,209,372	

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government's control, such as the disruption of Beirut port and the (alleged) confiscation by the Syrians of goods in transit, but others have been exacerbated by the government's own mismanagement of supplies. Typically the methods it has used to stop speculation and the withholding of stocks have been somewhat ham-fisted.

At the same time that the Iraqi poorer classes have become visibly better fed and healthier it has been noticeable that those who have done best out of the boom – drivers and building workers especially – have not been spending all of their money. This it seems stems from the Middle Eastern instinct for hoarding and avoiding the display of wealth, rather than from the idea of 'saving' in the Western sense. The concepts of social and material self-betterment are not very strongly rooted among the devout and fatalistic poorer classes of the Arab world.

Distribution of wealth

Despite the obvious increase in the prosperity of the population as a whole, Iraq is still far from being an egalitarian or classless society. The middle and upper classes are as conscious as ever of their offspring marrying into good families, and in politics, business and civil service life personal connections are just as important as they were before 1958. A person will still help somebody just because he is a relation or a friend of a relation and is therefore entitled to expect help, rather than because of any personal liking or friendship. A more modern form of class distinction derives from the attitude of the government, and through the government's lead of society as a whole, to highly qualified and able people. Iraq is very much a meritocracy.

Nor is there yet an even spread of wealth in Iraq. At the top of the scale there are, admittedly, few millionaires, but nevertheless senior government officials can be seen to be very well off – particularly if they are members of the Party or the RCC (for whose expenditure, which includes the cost of the Mukhabarat, there is a substantial item in the current budget). Now that the government can afford to be more liberal with its foreign exchange controls, the wealthier Iraqis benefit from quite generous travel allowances (of \$1,700 for a first journey outside the Arab world in a year and \$680 for a second – and more if the person has good connections) which many travellers use to buy consumer durable luxury goods. In 1975 it was estimated that Iraqis spent about \$250 M on foreign travel.

Iraq is not, however, a corrupt society, or at least, by the standards of some Arabian Peninsula countries what corruption there is takes place on a relatively small scale. Civil servants accepting bribes may face the death penalty, and firms offering inducements in order to win contracts may be blacklisted.

Private sector

Under a new set of regulations introduced in 1976 for the purpose of eliminating fixers ('unlawful intermediaries') and discouraging the operations of agents generally, foreign firms also face the prospect of being black-listed if they trade through unregistered agents, while the unregistered agents themselves are liable to be imprisoned. Iraqi government agencies now have to deal directly with foreign suppliers, or with licensed branches of foreign companies, or through foreign consular and trade representatives.

The government's campaign against agents is not just an attempt to eliminate middlemen but part of a much broader and more gradual process of controlling the scope of the private sector as a whole. Iraq has not adopted any of the economic liberalisation policies that there have been in Egypt, Sudan and, to some extent, Syria over the past five years; the areas in which the private sector may operate in Iraq are fairly rigidly defined. Agriculture, construction, the retail trade (apart from the big stores), ownership of residential and office property, hotels (apart from the Sheraton and Meridien under construction) and cinemas remain largely in the private sector. Quarrying, the wholesale trade, transport, health services and manufacturing are mixed – with the government controlling most of the volume of industrial output and the private sector the larger number of manufacturing enterprises. Otherwise the entire economy – including oil, electricity and water supplies, import and export (except imports of contractors), education, banking and insurance – is controlled by the public sector.

Despite their being somewhat overwhelmed by the public sector, parts of the private sector are enjoying a boom at present. The government is encouraging private sector investment in import substitution industries by offering cheap loans and capital participation through an industrial development bank – though even in those cases where the government directly acquires a majority in an enterprise, the firms are still run by their private shareholders and are classed as part of the

The investment programme

(\$ million)	1975		1976
	9-month allocations	Adjusted on a 12-month basis	
Agricultural	1,513	2,018	2,395
Transport and communications	701	935	905
Building and services	635	748	819
Other	225	300	204
	3,635	4,847	5,044

Contribution of different sectors to GDP

(at current prices)							
Sectors	1953 %	1964 %	1969 %	1971 million ID	%	1974 million ID	%
Agriculture, forestry and fishing	22.1	16.8	17.2	188.0	13.5	259.7	7.1
Mining and quarrying	40.2	34.7	30.9	518.4	37.1	2,295.0	62.9
Manufacturing	6.1	8.0	9.3	135.3	9.7	171.0	4.7
Services and others	31.6	39.5	42.6	555.7	39.7	924.3	25.3
Total	100.0	100.0	100.0	1,397.4	100.0	3,650.0	100.0

Note: Figures for 1974 are preliminary.

private sector. Industries in which the private sector predominates are aluminium building materials, carpentry, textiles and food processing – and although prices are controlled, the fact that the government will not licence imports of goods produced locally still ensures healthy profits.

Property owners are benefiting from the influx of expatriates, the huge demand for hotel rooms and the general increase in government purchases. In the past two years or so land values in Baghdad and Basra (where most land is privately owned) have multiplied up to five times – rising in Baghdad from ID 3 per square metre to ID 12–15 in early 1976. Rents at the same time have multiplied by ten, though the government has been ahead of the Arabian Peninsula states in protecting sitting tenants with rent controls and legislation giving them security of tenure. The professional classes are buffered to some extent from inflation in the property market by the arrangements under which the government sells the various professional Associations land at cut rates. The land is distributed among members on the understanding that they will not speculate with it and will build within six years – the former three-year limit having been extended to relieve the inflationary pressure on building materials.

The property inflation has led to a boom for contractors, particularly in the construction of apartment buildings, despite their costs having soared. Building labourers, wages are high, as are the salaries of engineers and

draftsmen. Furthermore people in these key professions working for the government (having been educated abroad on government scholarships or induced back by special privileges – see below) may not leave the government's employ without permission, which means that despite the competitive salaries offered, the private sector is still faced with a shortage of skilled manpower. Contractors also suffer from inflation in building materials and delivery delays (which have led to the emergence of a blackmarket in certain items), shortages of good labour and difficulties in providing good housing for labour – though since 1975 the government has authorised contractors to pass on increases in materials costs incurred after the signing of contracts.

Planning

In 1974 31% of Iraq's GDP originated in the private sector, but by 1980 it is forecast that the proportion will be reduced to 15%. In part this will be due to restrictions placed on such private sector entrepreneurs as agents and the expansion of the government into such areas as hotel ownership, but most of the decline in the private sector's role will stem from the much faster growth rate predicted, with some considerable optimism, for the public sector.

Between 1974 and 1980 Iraqi planners forecast that total GDP will rise from \$11.8 Billion to \$26.1 Billion, while public sector production will rise from \$8.1 Billion to

\$22.3 Billion. These figures give some indication of the scale of investment envisaged in Iraq's new five-year plan.

The framework of this plan was originally worked out in 1974, when the government was talking of making a total investment of \$23.6 Billion. During 1975 various indications of the plan's contents emerged, interspersed with announcements of the contents of the 1975 nine-month plan (see table) instituted because Iraq was changing its financial year to coincide with the calendar year. It seemed that both plans were undergoing a reassessment in the light of the Iraqis' realisation (paralleled in other oil states) that the purchasing power given to them by the 1973 and 1974 oil price increases was not quite as limitless as had originally been thought. In 1975 a fall in oil production early in the year (leading to some unauthorised price cutting and a rise in output totally at variance with the pattern in other OPEC states later in the year) plus a drop in the country's monetary reserves caused by the coincidence of downpayments on a number of big contracts, led the government in the middle of the year to postpone signing several contracts and to arrange a \$500 M loan facility – which as of mid-1976 it was not believed to have drawn upon.

In early 1976, by which time the five-year plan allocations were thought to have been increased to some \$34–44 Billion, it was made known that the plan would be published in April, but in the mid-summer it was announced that it would not be published until the beginning of 1977 at the earliest. Meanwhile the government published a one-year \$5,044 M development budget for 1976 (see table). The delay will presumably have some effect on the GDP forecasts quoted above – though the figures are still useful as a guide to the speed of growth that is hoped will be achieved when the plan gets under way.

Several reasons were given for the delay in publishing the plan: the need to remove bottlenecks that had persisted in transport labour supplies and building materials; the fact that there were still projects left over from the 1970–74 and 1975 plans; and the need to prevent further overheating of the economy and dampen the rate of inflation. By mid-1976, according to officials in the Ministry of Planning, some of the bids put in by Iraqi contractors for construction work had dropped by as much as 50% – an indication not only of a decline in the blackmarket for materials, but also of the huge profit margins that Middle

Eastern contractors and merchants are accustomed to work with.

Industry

Inevitably under the new five-year plan the expansion of the oil industry will be regarded as the single most important area of the development effort. Iraq's proven oil reserves stand officially at 36 Billion barrels, but it is thought that the true figure may be somewhere between this level and the US State Department estimate of 75-80 Billion barrels - or bigger still if Iraq's considerable deposits of heavy oil are included. Either way Iraq has no need to restrict production, and its present capacity of some 2.5 M barrels a day is being expanded to 4 M b/d by 1982.

The biggest expenditure in the new plan will be on industry - as it has been in the 1976 development budget. And although there will be a significant amount of light industrial development, involving an industrial estate at Baquba, the emphasis will be on heavy industry.

At present manufacturing industry in Iraq accounts for only some 5% of GDP (if oil refining is excluded) and is orientated towards simple import substitutes: textiles, clothing and footwear, food (including a sugar refinery at Mosul), beer, cigarettes, building materials (particularly cement and cement products), paper, soaps and deter-

gents, furniture, and as more recent additions, chemicals and fertilisers.

In the period up to 1980 it is forecast that the value of industrial output will grow from \$561 M in 1974 to \$2,463 M - a performance which labour constraints alone will make impossible - and, rather more plausibly, that industry's share of GDP will rise to about 10%. As in other Middle Eastern states, industrial development is being centred on the utilisation as feedstock or fuel of associated gas, of which 85% (an unusually high proportion) has up to now been flared. Planned or under construction are two fertiliser plants (to add to the one already in operation at Basra), two petrochemical plants, a steelworks and two sponge iron plants, and an aluminium smelter. Both the alumina and the iron ore will be imported. Although deposits of iron ore have been located in Iraq, the possibilities for its exploitation and for the exploitation of other minerals such as chromite, copper, lead, zinc, gypsum, salt, limestone, dolomite and bentonite have yet to be determined. (Only sulphur deposits, at Mishraq near Mosul, and phosphates are being mined on a commercial scale in Iraq at present.)

After the energy intensive process plants, second in the line of priority are building materials industries. Capacity which will double Iraq's cement output is already under construction, and by 1980 it seems possible

Imports by country

(Million ID)

	1973	Jan-Sept 1975
W Germany	10.8	105.3
Japan	18.2	102.6
United States	16.0	60.9
France	22.7	34.4
United Kingdom	23.3	31.7
Italy	8.8	20.2
India	5.4	13.8
USSR	23.8	12.1
Sweden	4.9	10.9
Czechoslovakia	14.9	10.3
Belgium	11.6	9.1
Netherlands	4.3	7.5
China	10.8	7.2
Poland	5.0	5.4
Switzerland	3.4	5.4
Australia	1.2	5.4
S Korea	0.1	5.0
Canada	0.6	4.8
Austria	3.0	4.6
Spain	6.1	4.1
Hungary	2.4	3.8
Bulgaria	3.2	3.2
Romania	1.6	2.7
Yugoslavia	1.6	2.2
E Germany	6.4	2.1
Total (inc others)	270.3	545.5

that Iraq will have quadrupled production, making 60% of its cement available for export. A number of brickworks and glass, ceramics, tiles, and prefabricated houses plants are also under construction or planned.

Commodity imports

(million ID)

January-September 1975

Live animals	0.001	Coal, coke and briquettes	0.04	Iron and steel	89.7
Meat and meat preps	0.7	Petroleum and products	1.4	Non-ferrous metals	4.7
Dairy products and eggs	7.5	Gas, natural and manufactured	0.004	Manufactured metals	22.0
Fish and fish preps	-	Section total	1.4	Section total	172.0
Cereals and preps	25.4	Animal oils and fats	0.04	Non-electrical machinery	84.3
Fruit and vegetables	3.1	Fixed veg oils and fats	11.0	Electrical machinery	25.3
Sugar	26.9	Processed animal and veg oils and waxes	0.5	Transport equipment	119.8
Coffee, tea	4.1	Section total	11.6	Section total	229.4
Animal feed	0.7	Chemical elements and compounds	5.0	Heating, sanitary and lighting fittings	1.7
Misc food preps	0.2	Crude chemicals from petroleum	-	Furniture	0.07
Section total	68.6	Dyeing and colouring stuffs	2.4	Travel goods	0.01
Beverages	0.4	Medicines and pharmaceuticals	8.2	Clothes	0.6
Tobacco	0.4	Toilet, polishing and cleaning oils	1.6	Footwear	0.05
Section total	0.8	Fertilisers manufactured	2.6	Scientific, control and optical goods, clocks	4.9
Hides etc	0.7	Explosives	0.2	Misc manufactures	3.1
Oil seeds etc	0.4	Plastics materials	5.6	Section total	10.5
Synthetic rubber	0.7	Chemical materials and products	5.9	Personal belongings	0.3
Wood, lumber and cork	7.7	Section total	31.5	Coins other than legal tender	0.2
Pulp and paper	2.8	Manufactured leather goods	0.2	Section total	0.5
Textile fibres	5.1	Manufactured rubber goods	4.8	Grand total	545.5
Fertilisers a. minerals	0.9	Manufactured wooden goods	9.5		
Ores and scrap	0.01	Manufactured paper goods	7.0		
Crude animal and veg materials	0.8	Textile yarn and fabrics	27.8		
Section total	19.2	Non-metallic mineral manufactures	6.2		

Third in the priority ratings are engineering industries. Plans in this sector include the assembly of automobiles, trucks and agricultural vehicles, a telephone cable and coiling wires plant, a tyre plant and a diesel engines factory.

In every case projects are being implemented as fast as possible. This emphasis was evolved at the Baath Party Congress in early 1974 and was stressed repeatedly by ministers in 1974 and 1975, though in view of the problems encountered it seems that it may now be being modified slightly. In effect the decision of the Congress was that time was a commodity worth paying for. The speed emphasis has led to a lot of contracts being concluded on a turnkey basis, which is more expensive than the usual process of using different consultants for feasibility and design studies and then putting different parts of the project out to tender. In many cases the foreign turnkey contractors are obliged to import their own labour and arrange training schemes for the technicians and engineers who will run the plant when it is complete. To assist contractors the government has passed Law 157 of 1973 which empowers the Oil Affairs Follow-up and Agreements Implementation Committee to cut through red tape affecting such matters as taxes, labour relations and permits for personnel and materials.

Change in suppliers

It is partly because of the need for speed that in the last year or so Iraq has begun looking to the West for the bulk of its imports. Other reasons have been the poor quality of East European, and especially Russian, goods, and a reaction against what had come to be seen as an overdependence on the Soviet Union. The Soviet Union virtually underwrote Iraq's development effort between the nationalisation of the Iraq Petroleum Company in June 1972 and the oil price rises of 1973, but although Moscow and Baghdad acknowledge each other as being 'progressive', the Baathists have never felt very close to Moscow either ideologically or in Middle East policy.

The move away from the Soviet Union (which is fairly slight and should not be exaggerated) has not been accompanied by much of a political move towards the West, and Iraq certainly does not wish to attract Western investment. Relations with France are good, but with most other Western countries, including Britain, with whom diplomatic relations were restored in April 1974 after a two and a half year break,

relations are little more than cordial. Diplomatic relations have still not been resumed with the United States.

Clearly the Iraqis, like the Algerians, have come to regard trade and politics as separate, for while trade with the East bloc countries has stagnated or declined over the past two years, the expansion of trade with Germany and Japan has been really spectacular (see *table*). The performance of the United States has been only a bit less impressive. Apart from there having been huge sales of basic foodstuffs, a US-German consortium is building a \$1.1 Billion petrochemical plant at Basra, Brown and Root is building a deep water Gulf oil terminal, and in a \$200 M deal Boeing is re-equipping, and partly managing, Iraqi Airways.

Three countries, Japan (one of whose biggest contracts is the fertiliser plant being built by Mitsubishi), Italy (with agricultural, infrastructural and social projects) and France (with Cruesot-Loire building the iron and steel industry at Zubair), have tied up a series of projects in (flexible) package deals. At one stage, in May 1975, it was announced that Britain and Iraq were establishing a joint committee which would act as a clearing house for the activities of British companies in Iraq – but as of early 1976 this idea seemed to be waning.

Return of the brains

A major incentive for the conclusion of package deals by Middle Eastern governments has been their scope for reducing the administrative burdens placed on already inefficient bureaucracies lacking well qualified staff willing to take decisions. In Iraq's case the shortage of manpower shows up not only in the labour problems of private sector contractors but in every sector of the economy. Relative to its size and resources Iraq has a small population (11 million), and thanks to its unstable politics and the general stagnation of the economy until recently, unusually large numbers of its skilled labour force, management and professional people have gone to work abroad. In fact in numbers of well qualified and skilled expatriates the Iraqis probably outnumber all other Arab peoples bar the Egyptians and Palestinians. In 1974 the government estimated that in the three biggest centres of emigration, the United States, Britain and West Germany, there were in total some 10,000 well qualified Iraqis plus their families.

At the skilled labour level the government's response to its manpower shortage has been

to get contractors engaged in turnkey projects to provide their own workforce, and at the professional/management level it has been to attract back expatriate Iraqis and other Arabs working outside the Arab world. (In accordance with its own pan-Arab philosophy the government now draws virtually no distinction – legal or fiscal – between its own citizens and the citizens in Iraq of other Arab countries. For instance whereas Western investment is discouraged, other Arabs may now invest in Iraq on exactly the same terms as the Iraqi private sector.)

The first two laws in 1970 and 1972 designed to attract back expatriates were unsuccessful, and so in October 1974 a very much wider ranging piece of legislation, establishing a 'Committee for Nursing the Return of Highly Qualified Personnel', came into effect. The new law offered the 'Brains' (as the highly qualified personnel are invariably known in Iraq) a wide range of very attractive privileges – such as the waiving of import duties on many items, interest free loans, free transport back, payment from the day of arrival, etc – and applied not only to Iraqis and other Arabs abroad, but also, so as not to stir up jealousy, to people of similar qualifications already in Iraq.

As far as the actual numbers of applications received by the Committee was concerned, the response was quite good – given that it had always been acknowledged that for various reasons a great many of the expatriates would never return. Two thousand eligible returnees applied, and by early 1976 600 (90% Iraqis) had actually arrived in Baghdad. The trouble for the government was that many of those applying and returning were of the wrong professions. The legislation attracted a good number of doctors, but few engineers applied, and in general the government found itself offering privileges to people who had been studying abroad and were about to return anyway, to people with degrees in arts subjects and academic sciences, and to people who were already working in Iraq and had no intention of leaving. By late 1975 it also seemed that the rate of applications was slowing down, for despite the privileges and the lower tax, for many expatriate Iraqis return would have involved a drop in salaries and for their families adaptation to a socially much more backward environment than they had been accustomed to.

The government therefore decided to put a deadline on the receipt of applications for the end of May 1976 – though the Committee is

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remaining in existence, and on its own initiative is approaching Iraqis abroad who it feels could make a valuable contribution to their own country.

Agriculture

Iraq's manpower shortage extends even to agriculture, where the drift of farmers to the towns has caused the government recently to import fellaheen from Egypt. Compared with the Nile Valley, the Tigris-Euphrates basin is extraordinarily unintensively cultivated - in fact in Iraq as a whole only half of the potentially cultivable land is used, and at any time about half of this is fallow. The lack of population pressure has encouraged irrigation methods which are wasteful of land and liable to increase salinity. Even by low standards the Iraqi farmers are not good.

It would be wrong, though, to put too much of the blame for the gradual but steady decline of Iraqi agricultural production on the farmers. The country is not easy to farm well. The floods in March and April are inconveniently early. The frost which can occur all over Iraq in winter limits the scope for perennial cultivation - the Iraqis can get only one rice crop a year, which means that normal irrigation schemes, geared to two or three crops, may become uneconomic. The summers are desperately hot and arid, with fierce bruising winds.

Furthermore the economic system of rural life has been disrupted by a badly administered land reform introduced in 1958. The course of the reform has been made difficult by frequent changes in the law governing its operation, and by inadequate administration and technical resources on the new collectives and state farms. The government has failed to provide a substitute for the management of the traditional tribal shaikhs, and it has not even induced a feeling of permanence and a desire to invest on the part of the farmers by giving them security of tenure on redistributed land. At times land acquisition has outrun the government's ability to reallocate - involving large areas still being held by the state and being rented to farmers on short-term leases.

To add to all these chronic difficulties, in 1975 the rice crop on the Euphrates was badly damaged by the Syrians impounding the end of the river's flood behind the Tabqa dam shortly before the planting season was due to begin. Both the Tabqa reservoir (providing storage for irrigation and electric power) and the Keban reservoir (providing storage for electric power) in Turkey are now more or

less full, which means that in the short-term future (until the Syrians start using significant amounts of water for irrigation) the Iraqis should again receive sufficient supplies from the Euphrates. But no agreement has been reached on river development and the apportionment of water by any of the four countries (Turkey, Iran, Syria and Iraq) sharing the Tigris-Euphrates system - and in 1975 the Iraqi-Syrian dispute, fuelled by longstanding cultural, political and inter-Baathist ideological rivalries, was extremely bitter. The Syrians have some advantage in having the Russians (the builders of the Tabqa dam) on their side, but the Iraqi claims are more in accord with accepted international practice in the division of water resources.

To try and remedy the poor state of Iraqi agriculture the government is expected to be spending some \$8.5-10.5 Billion over the course of the next five-year plan. Part of this money is to go on the further development of state farms and the mechanisation of Iraqi agriculture - a sensible policy given the manpower shortage, which is leading to major opportunities for the export by Western firms of agricultural machinery.

Further large sums are to be spent on irrigation projects. There are in all 36 definable 'projects' on the Tigris, Euphrates and Shatt al Arab in Iraq. These projects include schemes for the development of many areas under traditional irrigation and some areas not under irrigation at all; they include schemes which will almost certainly never be built; and they include a number of recognisable modern irrigation projects at different stages of development. As yet no single project has been completed in Iraq - but the projects on which the main activity is centred both at present and for the five-year plan are: Eski Kelek on the Greater Zab tributary of the Tigris, Kirkuk-Adhaim south of the Lesser Zab tributary, Ishaqi south of Samarra, Diyala east of the Diyala river, Lower Khalis west of the Diyala river and just north of Baghdad, and Badra and Mandali near the Iranian border. (These last two projects have been made necessary by the Iranians' interference with water supplies.) It is noticeable that all of these development schemes are taking place around the Tigris system, which is much bigger, less saline and offers more development potential than the Euphrates.

Tigris-Euphrates

It also seems likely that the Iraqis will embark upon at least one or two major schemes during the rest of this decade to regulate the Tigris

and Euphrates. At present the only regulation works on the two rivers' systems in Iraq are the annual storage dams at Dokan on the Lesser Zab and Derbend-i-Khan on the Diyala, and a series of five barrages. Three of these, Kut, Diyala and Hindiyah have been built to provide heads of water for irrigation purposes, but two, Samarra on the Tigris and Ramadi on the Euphrates are also used for diverting flood waters into the Tharthar and Habbaniyah depressions. Under construction by the Russians at present is a Tharthar outlet canal designed first to stop the Tharthar depression filling up to capacity; and second, if it proves possible in future to prevent new inputs of Tigris water mixing with the extremely saline waters of the depression, to relieve part of the anticipated Euphrates shortage.

To supplement these works a number of new schemes have been put forward. There have been plans at different times for annual storage dams, either at Rawa or at Haditha, on the Euphrates. The benefits, in the form of storing Tabqa spillage and the floods of the Balikh and Kharbur tributaries downstream of Tabqa will be less than could be obtained from an agreement with the Syrians on the regulation of the outflow from Tabqa, but it now seems likely that Haditha will be built, with Russian assistance. On the Greater Zab the proposed Bekhme dam (a much bigger project than Haditha) will probably not be built because of the site's position in Kurdistan, but the equally big Eski Mosul dam, on the Tigris north of Mosul, is now out to tender.

The Eski Mosul project is undoubtedly necessary because there is a foreseeable shortage on the Tigris system in late summer, and what storage is already provided by Dokan and Derbend-i-Khan is used already by irrigation projects on the lesser Zab and Diyala tributaries. Eventually it may be that the role of Eski Mosul will be supplemented by a second Tharthar outlet canal, which it has been proposed should run back into the Tigris and so turn the Tharthar depression into an off-river storage reservoir.

It is extremely difficult to predict exactly which projects will materialise on the Tigris-Euphrates system over the next few years - and this is not just because in some cases the same desired effect can be achieved by several different methods. It is not known how quickly the Syrians will increase their use of Euphrates water, or how much they will use, or how quickly the water flowing down from Tabqa will become more saline as Syrian irrigation is developed.