

The free-market system and the question of the economic system in Iraq - an intellectual vision

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Abstract:

The Economic system was found to gather with the finding of non-primitive communities. It represents the basis, mechanisms, laws and measure the concern with economical life of countries. On reading the history of these communities had shown what had been developed from it was based on the economic system that expresses the characteristics and needs of society. Iraq since the foundation of its modern country, and during the last century had experienced a different economical system which all led to decline in its economy and caused in economical, social problems specially since 2003 with adoptions of this economic system (free market economy) that the capitalist Countries worked with that shown successful experimental application in obtaining progress in economy and social life, while Iraq failed to succeed because it does not own the constituents of this system This means that the alternative suit and in harmony with the characteristics of Iraqi society to satisfy their needs to solves its crises and problems is (social market system) which combined between the advantages of the two system (capitalist and socialist) that adopted by many countries even the capitalist countries were successful in achieving progress in economy and social life that combined between the sustainable development and social justice .

Keyword: free market economy, capitalist and socialist, social market system

Introduction:

Since the emergence and development of non-primitive human societies, the economic system has been found, which represents the foundations, mechanisms, laws and procedures related to economic life, and the history of mankind has proven that the success of this system is based on the characteristics of its society and the fulfillment of its needs. The crises and problems facing every society, and recent history shows that economic systems have developed and other systems have disappeared. The capitalist economic system witnessed a clear development during its long course and had a great impact in changing other economic systems such as the communist system in the Soviet Union and Eastern European countries, just as the communist and socialist regimes abandoned Its economic system has been replaced by a new system that is consistent with its characteristics and needs, such as China, and the new system has become

the basis for its economic reform and scientific and technological progress.

During the recent history since the formation of the Iraqi state, the Iraqi economy witnessed different economic systems, all of which eventually led to a relative absence of economic and social progress, especially since 2003, which witnessed the identity of (the free market system), which led to this absence and to more economic and social problems, because this The economy does not possess the components of this system and has become unable to achieve what people seek of (sustainable development and social justice) as the basic goal of states. Therefore, it is necessary to think and work seriously to formulate an economic system in Iraq that is consistent with the characteristics and conditions of the country and meets its needs, which means (the social market system) that combines market freedom and social parity, and between economic profitability and social justice, and rejects the free and absolute

capitalist system just as it rejects the socialist system. It takes advantage of these two systems.

Research importance:

The importance of the research comes from the basic role of the economic system, especially the system that combines development and justice and achieves economic and social progress in Iraq.

Research problem:

The circulation of the term (free market system) in Iraq as the identity of the economic system, although Iraq does not possess the components of this system, and this does not lead to achieving economic reform

and social progress, and therefore there must be an economic system that is consistent with the characteristics and conditions of the country and the needs of its people.

Search objective:

The research aims to change the identity of the economic system from (the free market system) to (the social market system) as the identity of the economic system in Iraq that achieves sustainable development and social justice.

Research Hypothesis:

The (Social Market System) is what achieves the economic and social advancement of Iraq.

Research Methodology:

The research adopts the descriptive deductive analysis method, which is based on the historical method. The research will include four topics:

The first: the characteristics and needs of society form the basis of a successful economic system.

Second: The economic system forms the basis for economic activity.

Third: The components of the (free market system) and the reality of the Iraqi economy.

Fourth: The basic social market system for economic reform in Iraq.

The first topic

The characteristics and needs of society form the basis of a successful economic system.

Since the emergence and development of non-primitive human societies, every society, but rather every state, has had its own characteristics, conditions and needs, and then its economic system, which should respond to the development that occurs in needs and the movement of economic and non-economic reality, and thus be able to address crises and problems facing it and able to achieve economic advancement and social. Therefore, importing an economic system (which means foundations, mechanisms, laws and procedures related to economic activity) from other countries that have succeeded in implementing it does not mean that it will succeed in this or that country, and this issue seems very clear in Iraq after 2003, which claims that its economic system is (the market system). Free) as a capitalist recipe, this system that achieved economic development in the countries of the capitalist world and which is not without crises and problems that accompanied its long march for several centuries until it reached what it is now of economic progress in all its countries and social welfare in most of its countries.

The study of economic history indicates that the development of the needs of individuals and countries led to change in societies. With regard to the capitalist system, we find that the economic, social and political events during the second half of the fifteenth century faced the feudal system that prevailed in most European countries and the emergence of the capitalist system at the end of the Middle Ages, beginning with the dawn of the sixteenth century, based on the foundations represented in:

1. Individual ownership of the means of production.
2. Economic freedom in ownership, work and production.
3. Market mechanism system.
4. Profit motive as the motive for production.

In light of those foundations, the capitalist system arose and its foundations, laws and

mechanisms developed, beginning with commercial capitalism during the sixteenth and seventeenth centuries, which made trade its backbone, then industrial capitalism came in the eighteenth and nineteenth centuries in light of the industrial revolution that made industry as the backbone. It is based on the ideas of classical economists, especially in England in the late eighteenth century, and in particular the ideas of (Adam Smith) in his book (*The Wealth of Nations*) in 1776, which some consider the launch of economics and the actual birth of the capitalist system (*John Knight Galbraith, 1990, p. 103*).

Then came financial capitalism during the period (1850-1914), which made financial and banking institutions the backbone of economic activity, then monopoly capitalism in the twentieth century relied on transcontinental companies, and still witnessed a revolution in the capitalist economic system reflected in the Keynesian economic theory (In reference to the British economist Keynes), which succeeded in addressing the Great Depression (1929-1933) that pervaded the entire capitalist world, and this success was through the use of the financial policy adopted by Keynes, which made the classical economic theory (as the mother theory of the capitalist system) a thing of the past (*Minsky, H. P. (1976). John Maynard Keynes. Springer.*) Since the seventies of the last century, this capitalism witnessed the beginning of the stage of globalization of capitalism, which some call the capitalism of American hegemony, relying on the information revolution and the communication system, and it made the world an economic village (*Muhammad Taqa (2018) p. 73*).

Thus, those transformations in the capitalist system at the level of theory and practice made it able to face the challenges and crises that accompanied and confronted it and paved the way for the (free market economy) system, some of whose contents differed from the initial foundations of the initial capitalist economic system (*Adnan Manati Saleh (2000) p. 17.*).

It is worth mentioning here the birth of the communist economic system after the October Revolution of 1917 in Russia and the birth of the Soviet Union and other countries of the socialist camp, based on the strong centralization of economic management and public ownership of the means of production. After seven decades,

these experiences became a thing of the past. Many economic systems have witnessed fundamental changes combining public ownership and private ownership of the means of production, and to borrowing capitalist ideas for its economic system, such as Russia, the heir of the Soviet Union and the socialist state of China, which succeeded in reforming and renewing the theory (Marxism - Maoism) according to Chinese characteristics and the needs of society since the seventies of the last century. And the formulation of a new economic system that combines the advantages of the capitalist and communist systems and prevents their disadvantages, which is the (socialist market system) since 1993 (*Deng Xiaoping (1990) Fundamental issues in present-day China, p. 48*),

which made China at the forefront of the economically advanced countries, and today it is a strong competitor to the American economy, which sits on the throne of global economies in general and capitalism in particular. On the basis of the foregoing, the foundations of the economic system, its mechanisms and laws should be subject to the characteristics and needs of society and not to imitating the systems of other countries that are different in their characteristics, reality and needs, and for this the economic system that is called (the free market system) has proven its failure and has exacerbated the problems of the Iraqi economy such as stagflation. The increase in unemployment rates, the aggravation of the issue of external and internal debts, the problem of the deficit in the public budget, the spread of administrative and financial corruption, and it remained a rentier economy that lost economic diversity and was characterized by a slowdown in economic growth rates in the commodity sectors, especially the manufacturing industry and agriculture, and this was reflected in other aspects of life such as social, political and security.

The second topic

The economic system forms the basis of economic activity

The general system of any country consists of a group of systems such as the political system, the military system, the social system, the cultural system and the economic system, and that each system affects other systems as it is

affected by them, meaning that the economic system affects all life systems and forms the material basis for them, and is represented by the foundations, mechanisms and special laws. By economic activity, which is concerned with production, distribution, exchange and consumption of various goods and services, this activity, which contains subsidiary activities such as agriculture, industry, trade and services, and for this there is an agricultural system and an industrial and commercial system, as well as other activities branched from these branches.

The economic system in Iraq since 2003, whose apparent identity is (the free market system), which was not stipulated in the state constitution with this name, has brought the country's economy to close to collapse and exacerbated many economic problems facing the state and the citizen such as inflation, stagnation, unemployment and the lack of balance between economic activities. The weak diversity in the gross domestic product, the dominance of the oil extraction sector over the economy, the increase in poverty rates, the low living standards of the population, the increase in external and internal indebtedness, and the chronic budget deficit, for many reasons, the basis of which is the alienation of the free market system from the characteristics of Iraqi society, especially the absence of the components of this system and its weakness in meeting the needs of his sons, that is, after seventeen years, which means a long period in the matter of economic reform and development, only more economic problems have occurred, for which the American occupation and the successive governments that ruled the country bear the responsibility.

Reading the history of the (free market system) in the capitalist world shows that this system was not like its present form several centuries or even decades ago, but has undergone major changes and modifications in its theory and practical experiences, benefiting from the experience of socialist countries in the economic and social field (6). Until he became able to overcome his crises and problems, and was able to achieve his economic development and social welfare and to remove competing regimes such as communism and socialism, and thus those changes and amendments constituted a reform of the capitalist economic system that the founder of communism (Karl Marx) and others

after him did not predict (*Gorbachev, Michael. (1990). p.1.*), most notably:

1- The development of the role of professional unions, which contributed to balancing power between employers and workers, and it is an answer to the absolute power of the capitalists.

2- The emergence of the welfare state or the welfare state in the eighties of the nineteenth century in Germany

Bismarck's era, which Engels called socialism in the Prussian way.

3- The administrative substitution of the traditional capital owner in the late nineteenth century, based on the theory of (Alfred Marshall).

4- The government intervened economically using fiscal policy, starting with Britain according to (Keynes' theory) to address the crisis of the Great Depression (1929-1933) that pervaded the capitalist world. Then the government also intervenes by using monetary policy to achieve economic stability, and this theory was authored by the American economist (Milton Fred Man) at the end of the fifties of the last century, in order to address the new problem that the capitalist world has not witnessed, which is (stagflation) and which is still facing these economies (*Adnan Manati Saleh(2018) p. 113*).

5- Changing the size and expansion of production units, especially through transnational companies that internationalize investments and production.

6- Adopting economic planning and the state's general budget to influence economic life

7- Diversity of productive activities in the public, private and mixed sectors.

Those changes and adjustments led not only to achieving high economic growth rates and a level of production that guarantees the maximum possible profits for the product (*Oscar Lange (1972), p. 9*), but also to achieve social welfare, and this was embodied in many capitalist countries such as Germany, which combined economic development and social progress, and Sweden, which combined in its system The economic, public, private and mixed sectors in achieving economic development and social welfare, Switzerland, which was

characterized by political, security and economic stability and became a safe haven for foreign investment, and other countries that are also benefiting from the experiences and expertise of communist and socialist countries in the economic and social field.

In accordance with this continuous reform, the capitalist economic system got rid of some of its shortcomings and disadvantages, and therefore this system did not collapse and continued and was affected by other economic systems such as China, Malaysia, Singapore and South Korea, those countries that made the basis of their economic system sustainable development (the comprehensive concept of what is economic, social and environmental). Therefore, reform is not a defect in the Iraqi economic system, but rather a force factor if its goal is to address economic and non-economic problems and achieve economic development and social justice.

Thus, it is noted that many transformations entered the original image of the capitalist economic system to surround its accompanying crises represented in (economic recovery that leads to inflation and then stagnation that leads to depression), which have weakened and replaced and since the sixties of the last century the emergence of a new problem represented by stagflation in the United States, Britain and capitalist countries Others, until it became said that the free market system developed its foundations and mechanisms in response to the economic needs of society and facing crises and problems. On the basis of the foregoing, reforming the economic system in Iraq that achieves sustainable development in its economic, social and environmental content is not impossible, but it is possible, especially since Iraq possesses rich resources and wealth, if the free national will is available for this reform and development.

The third topic

The components of the free market system and the reality of the Iraqi economy

The previous study concluded that a country that possesses the components of a (free market system) becomes able to achieve its development and address its economic problems, and that a country that lacks these components is unable to achieve its development and solve its problems, and this

applies to Iraq as it applies to others, the capitalist countries that have adopted this The system and did not leave it even in conditions of crises and wars, it was concerned with issues of economic growth and dealing with economic cycles and applied monetary and financial issues and others (*Fathallah Walalo(1981) p. 146*), and this was done under the government's economic authority by interfering with its planning means and monetary and financial tools, and its success in this is due to its possession of the components of a free market economy, consisting of the following:

1. The economy is robust and diversified with high growth rates.
2. An abundance of commodity and service production, which made it at the forefront of the world economically. According to the order, the United States came to the throne of those countries, then China, Japan, Germany, Britain, France, India, Brazil, Italy, Canada, then Russia and the former communist countries (which combined what was communist and capitalist, especially in the increasing role of the private sector in economic life). The market economy has undergone a difficult transformation (*Samuelsen, Nord House(2006), p. 629*) and so other countries come.
3. The large volume of investments that achieve great profitability in the investment process, which is:

The main factor for abundance of production.

4. Possession of advanced monetary and financial markets that have a major role in activating direct and indirect investments.
5. The high level of scientific and cognitive development, especially technology and information and communication systems.
6. The large size of the average per capita income, which is based on the size of the national income, which is positively reflected on people's standard of living and social welfare.
7. A high level of development of the education system and the health system, which is positively reflected on economic development and social justice.
8. Efficient financial, monetary and banking systems that would reflect positively on

economic development and social justice, especially the tax system and other revenues.

And if we look at the reality of the Iraqi economy in the components of the free market system in the capitalist countries, we will find that these components are relatively absent from this economy, as we find the following:

1- The economy is characterized by rentierism rather than economic profitability, weakness in its production structure and low non-oil growth rates.

2- This economy does not enjoy an abundance of local (commodity and service) production, but rather an abundance of unchecked import from other countries, especially some neighboring countries, so that the country remains economically and socially backward without agricultural security, manufacturing industry and infrastructure.

3- The low volume of foreign direct investment for economic, social and security reasons, foremost of which is the phenomenon of administrative and financial corruption that is rampant in the country.

4- It lacks active and effective monetary and financial markets. Banks of all kinds are still not helping in the development and stability of the economy, including the Central Bank, which uses it to auction currency as one of the channels for wasting hard foreign currencies, as well as the weakness of public revenues, whether economic profitability, especially from projects (agricultural and industrial) Non-oil sources and other sources such as taxes and revenues of border commercial outlets.

5- Weakness of the scientific and technological level in the country, as well as the weakness of information and communication systems, especially the absence of electronic government.

6- The people's standard of living doubled until the unemployment rate reached nearly 30%, and the extreme poverty rate reached more than 30% of the population size, according to the World Bank standard, which is less than (600) dollars annual income.

7- The poor level of education in its various stages and the deterioration of the health and preventive system, which has proven its weakness in the face of the Corona pandemic.

8- Weak monetary, financial and banking systems, which negatively reflect on economic development and social justice, especially the tax system and other revenues, and waste and waste in public expenditure items, including the absence of justice in the non-uniform salary system in the country.

Thus, Iraq has moved away from the free market system by losing the components of this system, and therefore it is unable to achieve economic development and social justice, and for this it is necessary to think and work seriously to formulate the identity of an economic system that is consistent with the characteristics and conditions of Iraq and meets the needs of living and sovereignty and to achieve sustainable development and desired social justice This is called the social market system.

The fourth topic

The social market system is the basis for economic reform in Iraq

The previous study came to a conclusion represented in the absence of the basic components of the free market system in the Iraqi economy, which led to the absence of development and justice. Therefore, there must be an economic system appropriate to the characteristics and components of this economy, and not as we have heard or read 17 years ago.

Since the occupation in 2003, when you listen to a speech, a speech, or a lecture by a governmental or parliamentary figure, or when you read a research or article or any other source dealing with the economic system in Iraq, you find the answer is (the free market system), and when we return to the basic reference for the methodology of economic life, we will find The constitution, which was drafted after the occupation in 2005 under the American civil administrator (Bremer), did not include what refers to the designation (the free market system), as Article (25) of it states (*The Constitution of Iraq issued in 2005*)

The state shall guarantee the reform of the Iraqi economy in accordance with Modern economic foundations in a manner that guarantees the investment of its full resources, diversification of its sources, and the encouragement and development of the private sector. This means that the constitution does not include the designation of the free market as a capitalist

recipe, while we find that the constitutions of various countries refer to the identity of the economic system under which the process of development and economic construction takes place, as well as the previous constitutions of Iraq. In the Provisional Constitution of Iraq for the year 1958 (13) Article (*Constitution, I. I. (1958). Iraqi National Congress.*)

stated: "Private property is safeguarded, and the law regulates the performance of its social function, and it is taken away only for the public interest in return for fair compensation in accordance with the law." And Article 14 states that "a. Ownership Agricultural property is defined and regulated by law, b. Agricultural property is protected by the laws in force until legislation is issued and the necessary measures are taken to implement it." In these two articles, the constitution combines development and social justice, and does not refer explicitly to the free market system or to the socialist system, but rather indicated that The economy is based on the public sector, which is the basis, as well as the private sector, but the development process has stalled for reasons, the most important of which are conflicts and political problems. In the interim constitution of Iraq in 1970 (*The Iraqi Interim Constitution of 1970*).

There is a clear reference to naming the economic system the socialist system, in the first article of it, which stipulated "to achieve the one Arab state and establish the socialist system", which made the state take some of the contents of this system, which Its application faltered for many reasons, including what is internal, especially the severe centralization of the management of the economy, and what is internal and external such as wars and sieges, which led to the faltering of development and the weakness of economic construction.

Thus, an explicit reference is necessary to determine the identity of the economic system in the constitution of any state, and the most necessary is to work and implement according to what the constitution stipulates.

On the basis of the foregoing, it is wrong to talk about the free market system as the recipe and identity of the economic system in Iraq despite the fact that the state implements many economic policies and measures that reflect the unrestrained market system such as the system of prices, imports, revenues, expenditures and

the salary system. Perhaps the interpretation of Article 25 does not stray far from the economic interpretation of the 1958 Constitution. The goal is to achieve (development with justice), but the problem is in the application, as neither development nor justice has been achieved.

Therefore, the economic system that aims to achieve development and justice and is capable of that and appropriate to the characteristics, conditions and components of Iraq is (the social market system), which combines (economic profitability and social justice), between private ownership of the means of production with public ownership, and between the private sector with the public sector, and the rejectionist The socialist system, which has proven to be a failure, has lost the elements of a free market system, and is beset by economic, social, political, security and cultural problems, the most prominent of which are the following:

1. The imbalance in the production structure in the economy and the dominance of the oil extraction sector in the output

GDP, and in the formation of public revenues, which constitute about 95%.

2. The deterioration of the economic infrastructure, especially electricity, drinking water, sewage system, roads, bridges, transportation and housing.

3. An increasing increase in the size of unemployment and the area of poverty in the population.

4. The problem of stagflation, which exacerbated the cost of living of people and the weakening of the value of the Iraqi currency.

5. A chronic deficit in the public budget resulting from external factors related to oil prices, and internal factors related to the government's weakness in collecting its public revenues.

6. The spread of administrative and financial corruption in the state as a scourge of economic, social, political and security life.

Based on the foregoing, the solution to Iraq, salvation from problems and achieving sustainable development and social justice must be the identity of its economic system (the social market system), which contains the advantages of the capitalist and socialist systems, consistent

with the characteristics and conditions of Iraqi society, which many countries of the world have adopted.

Conclusions and Recommendations

Conclusions:

1. Each country has its economic system according to its characteristics, its economic reality and the challenges it faces, meaning that the identity of this system reflects these characteristics and needs and not imitate other economic systems.

2. It becomes clear through economic events and developments that it is very difficult to talk about the existence of an economic school that alone represents the basic interests of the capitalist system, and this shows the relativity of all economic theories at the level of time and space.

3. The experiences of countries with their various economic systems have shown that nothing is impossible to achieve

Economic reform, and that Iraq, with its capabilities and resources, is able to achieve sustainable development and social justice, which is embodied in the social market system, if there is a free national will.

4. The relative absence of the components of a (free market economy) in the Iraqi economy reflects the difficulty of the success of this system in Iraq. Therefore, it is unable to achieve sustainable development and social justice, and therefore it is necessary to think and work seriously to determine the identity of the economic system in Iraq that combines this development and this justice, which is represented by the social market system.

Recommendations:

1. Making (the social market system) the identity of the economic system in Iraq, thus working to replace some articles or add new articles in the 2005 constitution to clarify this.

2. Serious work to address the economic crises and problems in Iraq in a way that makes the economy diversified and active and not rentier.

3. Serious work to combat administrative and financial corruption, which constitutes the scourge of economic, social, political and security life.

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