

## Implications of transferring ownership of the public sector to private sectors in Iraq

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The call for privatization, according to the narrow concept of it on the assumption that what serve the developed countries would serve undoubtedly the developing countries without regard to different circumstances and the nature of the national private sector and its ability to assume the leadership of economic activity in general.

According to the characteristics of programs of the IMF and World Bank that privatization is one of the key components of adjustment and economic stabilization programs submitted itself as treatment to the economic problems faced by most countries of the world, with different economic and social systems and varying degrees of sophistication. Beginning by improving the performance of production units and to increase its economic efficiency, and ending with an end to the financial and economic imbalances, through expanding the base of participation in wealth and income. While the Fund is supposed to operate quickly to market needs, the reality is that state intervention in the economy and effectiveness, if the government moved over market failure in securing the necessary services and that is why many European countries to establish a network of social security and unemployment insurance systems.

Markets can not ensure a permanent annual revenue within the framework of a private market fund, while the Fund is

seeking to overturn these systems in developing countries and argues that it is important to convert towards the private sector first and then focus on the issues of competition and limitations of any control after that, the fund focuses on economic issues as the total volume of the government's inability more than focusing on structural issues like efficiency and competition in economic activities. With regard to Iraq the more characteristic of the local private sector is the weak financial and economic solvency, and its inability to compete in the dumping policy followed by the of exporters to Iraq, as well as suffering from backwardness and the lack of public infrastructure and the flight of domestic capital abroad and the lack of transparency of domestic investment laws, which negatively reflects on its economic performance and makes the statement (without pre-conditions for the turning the Iraqi economy and the transfer of ownership of the public sector to private) isolated word of the circumstances and the fact that the success of privatization depends largely upon what must be preceded of paving measures beginning by an accurate diagnosis of conditions for the General sector and their relationship to the situations of the national economy and ending by the restructuring of troubled production units in this sector through the preparation of the appropriate general economic climate, where, the

removal of the distortions subsequent to the market mechanism and the establishment of the active financial market as Without such pre-conditions for privatization it could lead to the emergence of private interests have the incentive and money to maintain its monopoly to overcome the checks and to disrupt the political process. As in most Latin American countries while the IMF stresses that the transition to the private sector is transferring for government projects from the losses to profits through the reduction of salaries, there is no evidence to make the type of ownership the renewed element of the efficiency of production units, and therefore if the performance of production units in the public sector often weak that is due to reasons and factors not related to the nature of ownership, but the nature of the market and the quality of management and the circumstances surrounding the whole economy and it should not wait for a clear improvement in the economic performance of faltering production units than transfer to the private sector as long as this shift was not accompanied by a range of measures the most important restructuring of production units at all levels on technical, financial and administrative and, in particular, put in a real competitive environment free of distortions that usually characterize the State market. As for the Fund and the Bank to confirm that the positive impact of privatization in preparing a climate conducive to advance the process of investment in various productive activities, in this regard, Only two things seem related to this issue the first is attracting capital and the second is a qualitative change in the behavior of the private sector, with regard to the first

matter, privatization, including the transfer of ownership or the administration to the private sector, does not appear to have a significant impact on attracting the capital and the return of origin, this matter has a close relationship as well as the profit or return on capital employed by a factor of economic stability and especially political stability factor. With respect to the second factor it does not seem that just to engage in the process of privatization will be a qualitative change introduced to the private sector in his taking behavior since this change in turn is linked to a comprehensive transformation at the social and political levels that its merits may not be available so quickly. either for the impact of privatization on the labor market, there is no doubt that in the short term have a negative impact towards increasing rates of unemployment, especially if it is implemented on the principle of speed without a study the selection of the institutions in the process of transfer of ownership ,that only the demobilization of people from low productive jobs in the State enterprises to the unemployment does not increase the country income and certainly or the well-being of work, thus transformation to the private sector needs to be a part of the a holistic programs that requires the creation of jobs in tandem with the inevitable elimination of jobs, which often results from the transformation to the private sector .Conditions in Iraq in terms of financial market failure and the weakness of tendency towards savings , the concentration of wealth in the hands of a few staff and the social objectives usually pursued by the public sector on the other hand all of these things make the privatization to increase social

polarization and deepening the gap at the level of the distribution of wealth and income. It could be argued that the shortcomings and pitfalls that may result from the transfer of property not limited to the economic side, but it has the dimensions of social and political problems.

The most important negative economic effects of privatization for Iraq are: What could result from the absence of mechanisms and social and economic criteria which govern and organize transfer operations of ownership, where the low efficiency of securities markets, investment banks, consulting firms, business incubators and the necessary studies to evaluate the assets and determine the price which have the property procedures under the sale directly and cheaply, as has happened in many countries of Eastern Europe and Russia as foreign capital launched the most economic institutions by virtue of the financial capacity and expertise and skill for the management of these institutions, in light of weakness of the domestic private sector and the lack of national savings necessary for the purchase of enterprises to be privatized. the possibility of lack of commitment of those parties entitled to such institutions and facilities, by the economic and social direction of state, which gives priority to the mechanics of the market as a result of monopolistic situation arising from the transfer of ownership, which would negatively affect the consumer price

- Transfer of ownership to the private sector means a logically to provide economic considerations on social considerations and may mean sometimes topple social considerations, the private sector's desire to use the skilled labor,

including what known human capital and minimize the opportunities to work through the establishment of capital and the fight against unemployment (which is an obvious widespread phenomenon in the public sector institutions in Iraq) would mean practically the demobilization of thousands of workers, this is at the same time, in which the transfer of ownership of economic institutions may lead to the emergence of solvent groups and to a significant disparity in the income of individuals and it may increase the negative impacts and threatens the stability and social fabric, and even the political and also the composition and balance of the social structure.

- The transfer of ownership of public enterprises through direct sales as part of the narrow concept, especially for foreign investors may lead to the sale of the the successful and winning institutions puts the state in front of reality for the continuation of property of loss-making enterprises, and thus loses the income it earned from successful institutions and will continue to incur increasing losses of the failed institutions, which increases the burden of taxpayers and the loss of the public treasury For the above. an institutional framework Should be built that governing the nature of the relationship between public and private sector and the organization of the rules of the market to prevent monopoly and to address unemployment in the context of an active role for state intervention in economic activity.