

Economics

Each of quadrants is described in terms of research and technology and production-financial modules. There is a short description of all quadrants at the Fig. 3.

<p>Quadrant 4 "Research workers" Organizations with developed R&D infrastructure, but with weak manufacturing capabilities.</p>	<p>Quadrant 3 "Winner" Organizations with the best innovation potential</p>
<p>Quadrant 1 "Loser" Organizations with a very low innovation and production-financial potential.</p>	<p>Quadrant 2 "Manufacturer" Organizations, which are susceptible to innovations, but have no R&D infrastructure.</p>

Fig. 3. Grouping and placement organization innovation potential in quadrants of the matrix

Organizations, located in quadrant "Winner", have allocated resources for the implementation of innovation. Innovation priorities are as follows: development of process innovation, introduction of new or improved process for the production, development on this basis new products, as well as research and development of new lines of activity. Internal infrastructure innovation represents a relatively large number of employees engaged in research and development. Implementation of innovation is one of the main priorities of business activity.

Thus, the proposed methodology based on integral assessment of innovation potential can determine the innovation capacity of an organization, using the system of indices and indicators to estimate the innovative potential of the organization, assess the current implementation capacity (driving dynamics in the matrix), conduct a comparative analysis of the innovation potential of an organization. The advantage of using this method is determined by the fact that it interprets the innovation potential not just as the sum of its indicators, but as an integral complex, located in an objective liaison.

REFERENCES

1. Регион Альянс. Инновации. Инновационный потенциал организации – Режим доступа: <http://www.region-alliance.com/company.html>. – Дата доступа: 08.09.2013.
2. Алексеев, А.А. Метод оценки инновационного потенциала региона с позиции формирования кластерной политики / А.А. Алексеев, Е.С. Дятлова, Н.Е. Фомина // Вопросы экономики и права. – 2012. – № 54. – С. 106 – 111.
3. Осипова, О.Н. Оценка и классификация факторов, сдерживающих инновационную восприимчивость региона / О.Н. Осипова, Н.С. Бороздина // Современные наукоемкие технологии. Региональное приложение. – 2011. – №2 (26). – С. 58 – 63.

UDC 338.2(567)

THE ECONOMY OF IRAQ IN THE ISLAMIC ECONOMIC MODEL

THAAR UMRAN MOUSA, PETR GOROBETC
Belarusian State Technological University, Belarus

This article deals with an important aspect in the development of the economy of Iraq, the implementation of the 5-years' National Development Plan (NDP). The article reveals the features of Touhid economics, studies the Islamic economic model, based on the provisions of the Koran and Sunna, which arose in the Middle Ages thanks to the works of Muslim jurists.

Economic growth in Iraq in 2011 was one of the highest in the Middle East and North Africa. Its GDP growth in real terms, according to the IMF, was 9.9%, in 2012 – 11%, in 2013 – 13,5% and in 2014 is projected to 15%.

Of course, such high growth is largely explained by the low starting point. Decades of wars, foreign intervention, wave of terrorism and violence, sanctions and underinvestment heavily damaged the Iraqi economy. Virtually every sector – from health care, education and housing to electricity and water supply – requires huge investment and recovery. More than 30% of the eligible population is unemployed.

Lack of electricity and poor infrastructure, which is destroyed or completely absent, hinder the development of the industry. A significant part of the population of Iraq is in distress: revenues of more than 20% of Iraqis are estimated at a level below the poverty line. At the same time, having a large oil and gas reserves, Iraq has significant potential to become again one of the most prosperous economies in the Middle East and to rebuild the economy, if, of course, Iraq is able to overcome many economic and political problems that the country faces.

In 2010 in Iraq the realization of the 5-years' National Development Plan was launched, providing an investment of \$ 186 billion. It is anticipated that \$ 100 billion of this amount will be obtained at the expense of the federal budget and the remaining \$ 86 billion from foreign and local investors. Sectors of the economy to which the National Development Plan gives priority in terms of investment include: oil production, power generation, agriculture, transport and communications. Alongside with this, the NDP includes a number of social tasks, particularly, the creation of 3 – 4,5 million of new jobs to reduce unemployment that is at a high level, the reduction of poverty by 30% in comparison with its level in 2007, providing housing to the low-income population. Diversification of the Iraqi economy, reducing of over-reliance on hydrocarbons and the development of other sectors (industry, building, etc.) – this is another important goal emphasized in the development plan of the country

The achievement of all the objectives stated in the NDP will largely depend on the growth rate of production and export of Iraqi oil, the incomings of which form more than 90% of all state revenues. In 2011, Iraq received about \$ 83 billion from oil exports, which amounted to 2,17 million barrels per day (b/d) with the extraction of 2.8 million b/d. By 2015, it is planned to raise extraction to 4.5 million b/d. The most important condition for the implementation of the planned projects in the oil sector and other sectors of the Iraqi economy is to attract enough of foreign investment. In 2011, foreign direct investment (FDI) in Iraq, according to U.S. research firm Dunia Frontier Consultants, rose to \$ 55,7 billion, which is 40% more than it was in 2010. At the same time 23% of the total FDI was invested in oil and gas sector.

According to MEED Projects, starting from the I quarter of 2010, Iraq has signed contracts with foreign companies worth a total of \$ 70,1 billion for projects in various sectors of the economy (infrastructure, oil and gas extraction, power industry, manufacturing, housing etc.). Attracting the foreign direct investment and the purchase of machinery, equipment, vehicles and other goods in Iraq are carried mainly through a bidding system. In this regard, it is important to note that the Russian organizations, firms and companies virtually don't participate in tenders declared in the country. However, the first in more than 20 years Russian-Iraqi Business Forum held in September 2012 will help, as its members hope, to change the situation for the better.

To avoid abrupt changes in the management of Islamic economy, it is necessary to use the basic elements of the banking system, which is based on principles of the modern Islamic banking - international Islamic financial institutions.

Islamic economics, or the Islamic economic model is a relatively new concept, formulated in its final form only in second half of XX century. In 1947, there have been published several studies that set out the view on a certain ideal system that meets the requirements of Shariah. They are "Islami Ma'ashiyat" by Sayyid Manazir Ahsan Gilani [1], "Economics of Islam: a Comparative Study" by Shaikh Mahmud Ahmad [2] and "Islam and economic establishments" by Mohammed al-Ghazali [3]. But the term "Islamic economy" was finally established in the scientific literature only since the mid-1970s.[4]

The implementation of the touhid model is inconceivable without an Islamic state, which acts as a conductor of Shariah economic principles to life. As for the Islamic economic model in a broad sense, the creation of an Islamic state as a basis, and not as a super structure, is declared by Muslim jurists' Sunni desirable but not a prerequisite for the implementation of the principles out lined above. In practice, this means that the supporters of Touhid model, before embody it postulates in life, should attend to the creation of an Islamic state, where all spheres of public life are subject to Shariah. Consequently, the existing experience of a large number of Muslim and non-Muslim countries to create a separate Islamic financial institutions in the context of Touhid economy is actually irrelevant.

However, as it turned out, even the assertion of Islamic government cannot guarantee the success of Shariah economic model. As you know, politics often hurts the economy, including countries with an Islamic form of government.

But not only politics interrupt the implementation of the Touhid model principles. The economic conditions made impossible its realization. Touhid economy was poorly adapted to carry out serious economic reforms in the spirit of Islam, as some members of the clergy would like. After the victory of the Islamic Revolution the country's leaders did not have an exact concept of socio-economic development in the spirit of Islam. Banisadr's ideas due to objective reasons, but rather due to subjective reasons, were not good as the theoretical basis for structural change, even on the scale of the financial sector, like in Sudan and Pakistan, and

Economics

other authors have not formulated a comprehensive and capable of being put into practice theory of development in accordance with Shariah.

At the same time, the experience of other Muslim countries in the islamization of the economy almost was out of sight of Iranian economists. Policy of autarky, or self-reliance, really most suited for the implementation of certain provisions of Touhid economy. But with the change of economic policy and deviation from principles of autarky under President Akbar Hashemi Rafsanjani (1989-1997) in the 1990s Touhid model no longer fit into the realities of the economic development [5].

Islamic nature of the economy in Iran continues to be maintained only at the declarative level, but in the modern system of economic relations in the country it almost cannot exist. In such circumstances it would be appropriate to expect from Shiite scientists the revision of the concept of Islamic economics in the broad sense (ie not only Touhid model, that the country has declined in the 1980s), taking into account the changing economic realities. But this still has not happened.

It seems to us that the Iranian experience in the islamization of the economy not only does not give a complete picture of the Islamic financial system, but also misleads the unprepared reader about its real possibilities and perspectives. Based on the results of our analysis of the reform of the islamization of financial sector in Iran [6], one can conclude that both the financial sector and national economy of the state in general can not be characterized as Islamic. In practice this means that a number of conclusions related to Islamic finance in Iran, should be revised [7].

Experience of implementation of Islamic principles in Iran's economy is important not only for the State, but also for other Muslim countries. One of the key conclusions to which a researcher of Touhid model in Iran comes is that the concept of Islamic economics is not universal. There are differences in theory and in practice between different versions (interpretations) of Islamic economics. Often these differences can be fundamental.

A striking example is the difference of opinion regarding the conditions under which can be used Islamic economics. Based on the Shiite understanding of Islam, Touhid model means that the concept of Islamic economics can be realized only in an Islamic state, where all spheres of life are subject to Shariah. This, in particular, may mean that in the light of Touhid model the establishment of Islamic banks and other financial institutions in the non-Muslim country is unacceptable. As well as causes questions the establishment of Islamic financial institutions in the Western-style financial system in Muslim countries.

At the same time, experience shows that even in a state that claims to be called a Muslim, under the current system of global economic relations, implementation of the principles of Islamic economics in full is difficult to realize, or, to be more precise, it is impossible. Rejecting the scenario of economic development in accordance with the precepts of Touhid model back in the 1980s., Iran desperately needs a new concept of economic development that takes into account not only the provisions of Shariah, but also modern economic realities. Otherwise, Iran's economy will remain Islamic only nominally, that would be misleading not only outside researchers, but also those Muslims for whom the words about inadmissibility of loan interest in all its forms is not just a slogan, but a guide to action [8].

The final formation of the Islamic economic model in its present form began only in second half of XX century. By that time, most Muslim countries have long been forgotten provisions of Islamic law designed to regulate economic aspects of the lives of believers. Intensive analytical work carried out by Muslim scholars in the 60s. of XX century, led to the emergence of the first financial institutions attempting to implement the provisions of the Islamic economic model in practice.

Originally ideologists of the Islamic economic model driving her to the three basic provisions: the prohibition of riba (usury), compliance with the order of succession in accordance with Islamic law and the payment of zakat (alms-purifying tax levied on able-bodied Muslim men in favor of needy co-religionists). Basing his theoretical research on these "three pillars", theologians have tried to build an economic system that is pleasing to Allah.

For example, they considered insurance inadmissible because it contained elements of riba and gharar (uncertainty unacceptable in transactions). Therefore, Muslim scholars have suggested the use of the mechanism of zakat, appealing to experience of medieval Muslim community, where this tax did sometimes served as Social Security. However, it soon became clear that the possibility of zakat is not limit less. That is why the idea of takaful (Islamic insurance) began to develop in the Muslim world, where the relationship between the insured and the insurer, as well as in a number of operations carried out by Islamic banks, are based on a system of participation in profit and loss. Thus, insurance relations overcome the element of usury. In addition, the Islamic insurance takes into account peculiarities of inheritance under Islamic law, while in the western insurance (or traditional, as it is called by Muslim scholars), the order of succession is often violated.

The second attempt to implement Islamic economic model was more successful. In 1975 in the United Arab Emirates started working "Dubai Islamic Bank." In the same year in the framework of the Islamic Conference was founded the Islamic Development Bank - an international financial institution that coordinates the economic and social development of Muslim communities around the world. In 1979 in Sudan appeared the first in the world Islamic insurance company. Muslims were able to centrally pay taxes such as zakat and ushr (tithe). Pakistan even passed a special law regulating the procedure of collection and distribution of these taxes.

Currently, almost all countries where there are significant Muslim communities function, the institutions based on the provisions of Shariah. The undisputed leader in this field for more than two decades is Malaysia. Here, were adopted specific laws governing Islamic economics and finance, for example, the law on Islamic banking in 1983, Takaful Act in 1984 and other. Muslim economists and lawyers continue to develop new types of institutions and services. As a result, Islamic banks and insurance companies offer their customers the same services as similar (non-Islamic) financial institutions. The difference lies in the mechanism of these services, so some researchers consider the Islamic alternative to Western economic model.

However, is not quite correct to reduce the whole concept of Islamic economics exclusively to Islamic banking and insurance. These spheres of business activity received the greatest development in the modern world, because it is in the traditional banking and insurance sectors where the provisions of Shariah concerning the prohibition of usury and unacceptable uncertainty in transactions are most clearly violated.

It is also important to consider that in recent years, Islamic financial institutions have shown interest in non-Muslim customers. For example, in Russia representatives of other religions willingly use the services of "Badr-Forte Bank" operating on the basis of Islamic principles. Founders of Islamic insurance company, which should begin its work at the end of this year in St. Petersburg, expect that its customers will not be only Muslims.

Sociological polls indicate that not only Muslims are deprived of the opportunity to realize their plans in the existing economic model for ethical reasons. The same applies, for example, to the Orthodox. Even if ethical imperatives underlying the Muslim economic theories are not common for all the followers of traditional religions, but they are clear to them. It lays a solid foundation for the further work of Islamic financial institutions in the world. Perhaps that is why a number of these institutions do not have in the title the word "Islamic", thereby pretending to the universality of its services.

Hard to say what will be the Islamic financial institutions in the XXI century, how much they will be effective from the economic point of view. One thing is certain: traditional banks and insurance companies have now competitors, forcing them not to forget the moral and ethical aspects of business in the pursuit of profit.

There are many definitions of Islamic economics, but there is no a universal one. Here is the most accurate definition of Islamic economics: the way of organizing economic life of society based on the provisions of the Koran and Sunnah, as well as n conclusions of Islamic legal doctrine.

REFERENCES

1. Sayyid Manazir Ahsan Gilani. *Islami Ma'ashiyat / Sayyid Manazir Ahsan Gilani.* – Hyderabad, 1947.
2. Shaikh Mahmud Ahmad. *Economics of Islam: a Comparative Study / Shaikh Mahmud Ahmad.* – Lahore, 1947.
3. Mohammed al-Ghazali. *Islam and economic establishments.* – Cairo, 1947.
4. Bekkin Renat Irikovich. Read more about the features of the interpretation of the term "Islamic economics": Islamic economic model and modernity / Bekkin Renat Irikovich. – Second edition. – M.: Publishing House Marjani, 2010 (P. 13 – 29); *Islamic Economics: between capitalism and socialism // Problems of Economics.* – 2007. – № 10 (P. 147 – 155).
5. Cukanov, V.P. State economic regulation in Iran: departure from the Islamic principles? / V.P. Cukanov // *Islam and social development at the beginning of the XXI century.* – M., 2005. – (P. 427).
6. Bekkin Renat Irikovich. Read more about this: Islamic economic model and modernity / Bekkin Renat Irikovich. – Second edition. – M.: Publishing House Marjani, 2010. – P. 222 – 234.
7. For example, according to the report of Ernst & Young on the development of the global takaful industry in the world, Iran is a leader in the development of Islamic insurance among Muslim and non-Muslim countries. However, the authors of the report in their conclusions were based on an incorrect thesis that all Iranian insurance companies operate in accordance with Islamic principles, as long as the entire financial sector is officially considered as islamized (read more about this: *The World Takaful Report 2011*//[http://www.ey.com/Publication/vwLUAssets/World_Takaful_report_April_2011/\\$FILE/WTR2011EYFIAL.pdf](http://www.ey.com/Publication/vwLUAssets/World_Takaful_report_April_2011/$FILE/WTR2011EYFIAL.pdf)).
8. Bekkin Renat Irikovich. *Problems of Modern Economics / Bekkin Renat Irikovich.* – № 2(42). – 2012. – P. 448 – 450.