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How Do Businessmen Manage the Economy When They Are in Power? And Do They Shift the Principle of Economic Management from Patronage to Value Added?

Dr. Salam Jabbar

● **Analyses**

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Dr. Salam Jabbar / Economic Expert

About

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Al-Bayan Center pursues its vision by conducting independent analysis, as well as proposing workable solutions for complex issues that concern policymakers and academics.

www.bayancenter.org

info@bayancenter.org

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The public often holds almost firmly entrenched perceptions when businessmen assume power in their countries, and these perceptions may reach the point of conviction that power will be harnessed for the businessman's own benefit. However, some fail to realize that there are legal, legislative, ethical, and even practical constraints on businessmen's exercise of power, which fall under the principle of what is known as Conflict of Interest. This issue represents one of the cases that demand attention and focus, especially since today in Iraq we are facing a new situation in the exercise of power in the country; namely, that a businessman is assuming the management of economic, political, and social affairs, and sovereignty in general, in his capacity as a symbol of the Iraqi state.

Businessmen in Power: In reality, the phenomenon of businessmen assuming power represents one of the prominent situations that has begun to spread significantly in the world today. There is a global wave characterized by businessmen taking power and becoming politicians. It is noted that, in most cases, when businessmen assume power, there are indicators proving an improvement in public service in the countries they manage. This results from an advantage businessmen possess, which is that they measure their decisions according to feasibility, and they often subject the decisions they make to in-depth economic calculations and logical analyses. Consequently, any decision made is the result of quantitative data, rather than being based on a descriptive approach to decisions; meaning that they subject their decisions to measurable outcomes, as the businessman understands decision-making as a matter of life or death.

Furthermore, their decisions often do not reflect the perspective of a political party or the demagogic manipulation of the masses' emotions in a manner that guarantees cheers of support or secures the highest number of voters. One can observe prominent global cases where businessmen have managed countries, states, or municipalities. Examples include New York State in the United States of America, which was managed for decades by businessmen and is considered the most attractive to capital as well as a global financial hub; the same applies to Shanghai in China and Johannesburg, and is also evident in the case of President Trump, South Korean President Lee Myung-bak, and a number of presidents in Africa, including the nation of South Africa, which has become a major developmental focal point in the south of the continent.

Higher Capacity to Effect Change: A businessman's decision-making calculations are based on profit and loss and on a longer-term time horizon, as they often differ from the environments in which politicians operate. Politicians believe in weaving rhetorical speeches and creating a linguistic narrative that captures the public's attention; however, the environment in which businessmen operate is typically one of risk. This means that their economic decisions bear either profit or loss, which requires them to be diligent and armed with a high degree of knowledge, understanding, and analysis before making any decision. This carries over to their role when they become leaders; meaning they must be fully cognizant of the decisions they make, and they often calculate their decisions over a long-term time horizon, akin to the projects they deal with. Thus, their calculations are deeper than those of individuals with political backgrounds, who mostly seek immediate gains without scrutinizing profit and loss calculations over the foreseeable horizon.

Better Improvement in Public Services: Recent studies indicate that businessmen bear civic responsibility more than others, and they largely possess a greater capacity to effect change than others do. This is because they generally have a broader understanding of society, its desires, and its classes, as well as a profound comprehension of economic problems and the nature of market dynamics, being closer to them than other politicians. Class barriers in work environments are often dissolved due to the varied interactions among different classes, and this understanding may be unattainable for someone outside this work environment.

Rising Dynamic in Change: Global experiences indicate that businessmen tend, at certain stations in their lives and in an attempt to prove their success and skills in other practical aspects, to generalize the experiences they have gone through. This occurs through reforming the macroeconomic environment in which they conducted their businesses, especially in countries undergoing a faltering transitional economic phase and possessing a fragile economy, like Iraq. They are the most capable of recognizing failures in the public sector and the government business regulation sector, and they have inevitably suffered from compromises or hostile practices by government apparatuses, making them quick to understand what is happening in the market and what it requires in terms of reform and rectifying failures. The first signs of this understanding appeared when the Undersecretary of the Ministry of Oil for Refining Affairs was arrested in early June 2026.

Value Added in the Public Sector, Continuous Accountability for Results, and Periodic Changes in Positions: Businessmen in power tend to inject new energies into the public sector. They belong to an environment that seeks to achieve tangible results, and they begin by reflecting their viewpoints on corporate management and achieving administrative efficiency onto state institutions, considering this one of the utmost necessities they work on. They also distance themselves from rhetorical speeches aimed at mobilizing the public or employees, and instead adopt an approach of accountability and reward as an expression of achieving the desired change. Therefore, it is expected that there will be continuous replacements of officials in order to reach the highest degree of change and to seek value added in tasks.

Decreasing Gap between the Public and Private Sectors: By virtue of the environment in which businessmen operate and the network of relations they possess, they often view narrowing the gaps between the leading sectors they manage and public sector institutions as a situation or necessity that cannot be postponed. The reason, from their perspective, is that advancing private sector business is achieved by addressing the diagnosed failures in the public sector and the public service sector in general. This matter drives the modernization or replacement of legislation, or the adoption of new policies and practices leading to an improved level of service, which may require transferring expertise and resources from pioneering projects to the public sector.

Improvement in Doing Business Indicators: Due to the nature to which entrepreneurs belong, the bold decisions they make-which tend to improve the performance level of the private sector-work in turn to improve international doing business indicators. This pushes towards providing higher incentives for local and foreign investors toward a greater orientation in launching projects and beginning to raise investment ceilings. In the Iraqi case, this orientation will inevitably drive diversification and raise employment levels, leading to a local and foreign orientation toward increasing the rates of the income cycle in the local Iraqi market.

More Efficient Investment in Human Resources: Generally, businessmen hold the conviction that their successes are not achieved solely by their individual capabilities; therefore, they tend to rely on highly productive and efficient human resources. They believe that the success of an institution or organization depends on an integrated structure of human resources complementing one another. They often gather talented individuals around them, and do not focus on loyalties except to a limited extent. As for the working classes, they see the necessity for them to be skilled and knowledgeable, and they often reflect this understanding on the public sector, especially since the logic of patronage in Iraq has weakened the principle of skill and knowledge among many productive segments. From my personal interviews with businessmen, they largely view the organization or institution as an interconnected series of operations; therefore, they consider that a production unit can only be efficient to the extent it integrates with other production units. This means greater focus and attention on the production pyramid, from its highest unit down to the base of the pyramid.

Paid Services to Reduce Waste: Businessmen have a high and strong sense that public services should be paid for, not free, as they realize that the sustainability of a public service cannot be achieved except by collecting fees for that service. Therefore, it is expected in Iraq that focus will be placed on fee-collection services, automating those services, and improving their level of transparency to ensure the sustainability of those funds and guarantee their reinvestment into developing public services. Because businessmen lean heavily toward transparency in the movement of funds, centralization, and prompt disclosure, it is expected that these considerations will be directed into government collection institutions. This implies clear and explicit automation, and centralization in data transmission, matched by greater accountability for the entities supervising them.

However, there remains an important issue worth noting, which is the ability of businessmen to amend and influence decisions related to economic legislation and investment. Fears in governments run by businessmen often begin with the emergence of a new paternalistic system that pushes the wealthy class to the top, where the rich increase in wealth due to the lobbies they possess, as businessmen are accused of investing their money to reach politics in order to create an official level that allows them to set policies serving their interests, and to control the governing trilateral relationship: money, power, and politics.

If this relationship prevails, the class gap could widen and increase; because wealth-oriented decisions in fragile and non-dynamic economies, like Iraq's, push toward greater poverty for societal segments and an increase in the numbers of socially marginalized classes. This picture is evident in the case of the state of Bangladesh, where the exploitation that occurred during the process of transferring economic power, which generated a state of wealth concentration against a weakness in public services. The intermediary (government regulatory bodies) often played a role in distorting that process, compounding the deterioration of public services as a result of corruption, the consequences of which were borne by the Iraqi citizen, as public service frequently turns into a salable commodity. The political environment in Iraq is highly sensitive and strongly intertwined with economic mechanisms; economic reforms cannot proceed by demolishing existing structures, as they might be harnessed to raise the level of public discontent and push a political base from various factions to the brink of unrest, which could cause a setback in advancing the reform agenda. I am among those who believe that creating role models through the application of pioneering models may foster a high level of awareness among the masses to adopt, apply, and transfer those models to their own environments.

The issue of fighting corruption will be one of the most difficult tasks undertaken by the new Prime Minister in businessmen established laws and decisions contributing to the success of the business sector, particularly after businessmen gained control of 48% of the Bangladeshi parliament. This outcome generated a state of financial and economic stability for the businessmen, yet it weakened the middle class at the expense of a widening poverty gap for vulnerable groups; thus, rates of migration, displacement, and social problems began to rise, in addition to the emergence of a living class for the rich isolated from the poor. This situation must be firmly kept in mind by His Excellency the current Prime Minister, for the economic advantage of a businessman is adopting the principle of value added for all societal classes in the economy, as an alternative to the patronage state, which is also a cause of economic distortions and the prevalence of the principle of inefficiency.

The time has come in Iraq to allocate greater space and higher priority to focusing on improving the national economy, especially since the expertise for transition stems from the harmony of competencies between the public and private sectors, following years of failure, neglect, and distortion that afflicted this economy, and

Iraq, as it is vertically entrenched, and these attempts often clash with obstacles preventing change or hostility toward altering the status quo. Another economic challenge will be how to manage relations with various political factions, which might view economic reforms as a threat to the societal segments they represent, due to the prevalence of the logic of the Patronage State. This state is considered one of the most firmly rooted systems for more than twenty years, and serves as the primary driver of the political economy in Iraq.

In conclusion, politicians in Iraq significantly influence economic outcomes, and while citizens desire competent leaders capable of facing challenges and properly leading their countries, a state of anxiety often prevails among various social classes. Nevertheless, there is a high probability that a businessman’s leadership of the economy will foster greater probabilities for raising the growth level, creating more job opportunities, and establishing greater stability in monetary performance, alongside reasonable levels of inflation. Furthermore, competitive advantage will increase due to the principle of value added that businessmen typically seek.

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www.bayancenter.org
info@bayancenter.org