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The Impact of Government Measures on Achieving Economic Development in Iraq for the Period 2004-2023

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ABSTRACT

Concern over government measures is one of the challenges facing financial policymakers. It is well known that the primary goal of any government is to achieve the desired level of economic development by adopting the best spending methods and government policies that support diverse economic activities to achieve real economic goals. The Iraqi economy is one of the developing economies that can achieve the desired level of development by directing economic activities. Government measures include mechanisms for achieving economic stability by reducing government spending through public expenditure rationalization policies, in addition to controlling the monetary pace of monetary policy. These measures are intended to achieve sectorial compatibility between the two policies to achieve full employment or less. However, it is clear from conducting a standard analysis of the period under study that the contribution of the total service activities studied suffers from significant declines in productivity. This is not due to government measures, but rather primarily due to the obsolescence of the infrastructure of capital used in the production process, as well as the persistence of the old, classical mentality in the practice of production work. This is in addition to the significant slackness in the number of workers in the sector. Various economic activities were decisive factors in the decline in actual productivity of these activities in the Iraqi economy, in addition to being a factor that contributed to the failure to achieve the desired economic development goals.

KEYWORDS: economic development - agricultural sector - poverty - health sector

ARTICLE DETAILS

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SIGNIFICANCE OF THE RESEARCH: The research stems from the importance derived from the weakness of government measures that could potentially create progress in various areas of economic development, ultimately achieving the required degree of economic stability and income redistribution in line with the size of public spending, in addition to achieving the desired rates set by the government.

RESEARCH PROBLEM: The research problem is based on the fact that, despite the enormous sums represented by public revenues, the Iraqi economy suffers from numerous distortions in various economic activities. Even the oil sector, which is the main artery for financing public expenditures, suffers from its inability to meet the actual market need for petroleum derivatives, as does other economic activities.

RESEARCH OBJECTIVE: The research aims to develop realistic visions by studying the actual impact of government spending measures directed towards certain development variables, such as the agricultural and health sectors, as well as the phenomenon of poverty. It aims to shed light on these measures and their findings during the study period.

RESEARCH HYPOTHESIS: The research hypothesis is based on the fact that despite the increase in government spending directed towards the three variables, these variables did not witness any significant change, but rather exacerbated the severity of the impact based on the decline in the level in many years during the study period.

THE INTRODUCTION: Over time, government intervention in economic life has become necessary to protect economic activity and ensure societal well-being by increasing the production of tangible goods (material goods) and intangible goods through the implementation of economic policy in all its components. However, achieving this goal depends to some extent on the nature of the policy adopted and its suitability to the prevailing economic structure, as well as its response to the circumstances of technical problems (Abdul Samee, 2013: 65). With the development of capitalism and the rise of the bourgeoisie, this new political concept became the result of a long journey in increasingly complex societies witnessing significant economic developments. This political form spread to developing countries after liberation. As most economists now know, it is a form of organization that ensures its citizens achieve and maintain a sustainable and good lifestyle. Accordingly, it should strive to achieve economic and social goals (Hassan, 2010: 34). According to the definitions presented so far, we can say that the state is: a group of people permanently residing in a specific geographic area and subject to political authority in regulating their affairs. It is essentially independent of the people and committed to comprehensive development that maximizes opportunities for social success, achieves society's goals, maximizes its interests, and addresses its current and future challenges.

CHAPTER ONE: ECONOMIC DEVELOPMENT POLICIES

Achieving Economic Stability

To achieve this goal, fiscal policy cooperates with other economic policies to achieve the full utilization of available economic resources, avoid significant changes in the general price level, and maintain an appropriate real growth rate of the national product (i.e., gross domestic product) to achieve optimal production levels. Therefore, fiscal policy aims to achieve economic stability, for which the government must strike a balance between the activities of the public and private sectors to maximize production, as private enterprises are more productive and efficient than public enterprises. It is essential for the government to refrain from direct intervention. Its mission is to manage sectors through subsidies and taxes when necessary (Musa, 2012: 60). In addition,

Therefore, the benefits that society reaps from public spending should not be less than what could be achieved if resources were left in the hands of individuals. Economic balance is achieved between the public and private sectors when the combined benefits of public spending reach their maximum. This is possible when the gross national income reaches its maximum. In other words, balance and stability are achieved when the marginal benefit arising from the state's economic activities is equal to the marginal cost incurred by the state in collecting its revenues from individuals. Balance here means making maximum use of the company's capabilities to achieve the optimal level of production (Mustafa and Abdul Rahman, 2014: 35).

2. ACHIEVING JUSTICE IN INCOME DISTRIBUTION:

The government strives to achieve social justice recognized by society, meaning that society will achieve the highest possible level of individual well-being within the limits of its capabilities and the requirements of social justice. Therefore, fiscal policy should not end with increasing production. Rather, this goal must be accompanied by improving methods for distributing products among individuals, as redistribution can increase the profits a company generates from a given quantity of product for individuals, which is closer to justice (Helmy, 2017: 30).

This requires the government to intervene through its financial instruments (taxes and expenditures) to redistribute income and wealth among members of society by providing equal opportunities for all. This is achieved through a series of measures related to the initial distribution of wealth, which achieves justice in income distribution and the use of wealth sources and sustainable distribution to correct imbalances arising from the use of available resources (Muzaffar, 2020: 57).

3. ACHIEVING ECONOMIC DEVELOPMENT:

Although development is synonymous with economic growth, it is not entirely synonymous with it. Although this is an important element, it alone is not sufficient to ensure its achievement. Growth is expressed as a faster overall increase in the production of goods and services compared to the increase in population (change in the size of the economy), while economic development refers to an increase in the gross domestic product, as well as the process aimed at... Bringing about significant changes in various fields, including the economic, social, and cultural, as well as in the organizational and political spheres, and overcoming poverty, but one of the factors contributing to the success of economic development is the provision of the necessary resources (Al-Afandy, 2018: 69).

However, most developing countries have low national incomes, a significant shortage of capital to finance the development process, and a low domestic savings rate. Fiscal policy tools can be used to support these developments through public spending and revenues. State revenues of various types have a positive impact on the factors of production used in economic activities to finance various programs and investments, which are considered among the most important circles of economic development. Furthermore, public spending contributes significantly to the development process, as the state manages significant expenditures on development, investment, transformation, and services, which form the foundation of the development process (Al-Aasar, 2016: 70). Developing countries should adopt fiscal policies that rely on domestic sources of financing, drawing on actual savings within communities to avoid inflation, and then on external financing to pool capital to drive development. However, external financing may be limited in scope and limit a country's ability to accelerate economic development. This is a step in the right direction, as any developing country can use fiscal policy tools such as taxes and public debt as distribution tools, first to increase savings and second to direct investments toward urgent development (Idris, 2021: 34).

4. ACHIEVING FULL EMPLOYMENT

The goal of fiscal policy is to fully utilize society's available productive capacities. This goal has attracted considerable attention among governments of various countries, especially after the Great Depression of the 1930s. When a national economy suffers from unemployment, fiscal policy plays an important role. To address this problem, the government may increase government spending, reduce taxes, or both, or it may lower short-term interest rates and facilitate credit. This increases the level of effective aggregate demand, increases the demand for labor, and increases the level of real national income (Abu Al-Ela, 2020: 65). Finally, it is important to note that the importance of these primary objectives of fiscal policy varies between developing and developed countries. Although the broad similarity between these objectives may not mean that the same fiscal policy can be used to achieve the desired goals in both types of societies, there are differences in the ideology and governance of economic, social, and political systems, customs, and civilizations, as well as differences in the level of economic progress in all its dimensions (Khadija, 2017: 22).

It can be said that there is a close link between government spending and the money supply in the Iraqi economy. This link is reflected in the country's general budget, particularly in terms of oil revenues, primarily from oil sales, the monetary base, and the central bank. Therefore, the role of the central bank here is to identify the negative impact of government spending and sterilize the money supply by buying or selling foreign currencies. The monetary base can be controlled by monetary authorities as long as the reserve-to-money multiplier ratio is not necessarily stable and predictable. Therefore, we can expect that this will allow monetary authorities to control the money supply. Controlling the monetary base will require monetary authorities to accept whatever interest rate they desire. To absorb excess funds (reserves) held by banks by selling debt securities through open market operations by banks and the private non-banking sector, this also requires a flexible exchange rate system to prevent the monetary base from being affected by rapid, short-term fluctuations in its components due to sudden capital expenditures and to enable monetary authorities to counter these fluctuations through the availability of a near-perfect capital market. This will lead to increased consumption and investment, and consequently, to increased bank deposits and a massive increase in the money supply.

SECTION TWO: STANDARD ANALYSIS OF RESEARCH VARIABLES

1- The development of the health sector and the government's attention to it are among the most important fundamental issues and important goals of the sustainable development process. It is essential to the process of building and advancing human beings, and preparing them mentally and physically (Al-Alwan, 2005: 48). Health spending includes expenditures on managing and regulating the health sector, research and development expenditures aimed at improving the level of health sector performance, and all public expenditures spent by the government on (public hospitals, public clinics, and primary care centers, as well as expenditures on spreading health awareness, combating epidemics and endemic diseases, monitoring food hygiene, providing potable water, salaries and wages, etc.). Health spending is closely linked to factors that lead to increased demand for therapeutic and preventive health services, such as increased population growth rates, high growth rates in the population age group (65) years and older, child malnutrition, deteriorating health conditions, and high child mortality rates (Al-Faris, 2001: 98). This relationship is logical if spending is directed towards achieving the desired goals through a well-planned approach and successful and efficient financial management. Financial resources are the backbone of the management of any sector, including the health sector, which requires financial support for the critical services it provides, particularly those related to public health and the health rehabilitation and protection of society in order to fulfill its duties. Completely.

Therefore, the Iraqi government must provide support for this sector so that it can fulfill its requirements and benefit all segments of society, especially the lowest-income segment. Government spending on the health sector is the expenditure from the state treasury on all health activities, including hospitals, centers, clinics, disease control, and health plans. The percentage of this spending is an indicator of the government's interest in and commitment to the health sector. Access to health services easily and conveniently by the population is also an important indicator of the government's interest in this sector. Health is one of the basic components of the services sector provided by the government to society, and it also plays a fundamental and effective role in preparing generations free of disease (Shandi, 2015: 33). The impact of government intervention on the health sector in Iraq can be assessed through Table (1), which shows some indicators of the health situation in Iraq, including government hospitals, the number of beds in government hospitals, and other indicators related to the health situation.

After 2003, the health sector, like other sectors in Iraq, witnessed an increase in government spending as a result of increased financial revenues and the government's efforts to enhance the state's role in providing health services to the entire population by increasing the number of Hospitals, preventive and therapeutic institutions, increasing the number of doctors, health professionals and nursing staff, and providing various medicines and medical supplies.

2- The Iraqi economy has witnessed political, economic, and security events over many decades, represented by numerous wars, the most recent of which was the US invasion of Iraq in 2003, and the subsequent dire political, economic, and security conditions.

These wars were based on the principle of quotas in dividing Iraq's wealth, in addition to the state of financial and administrative corruption in various aspects of the country, the failure to follow clear economic policies, and financial mismanagement. All of these led to the impoverishment of large segments of the Iraqi people. The Iraqi economy also suffered shocks in 2014, represented by the financial crisis and the terrorist crisis (ISIS) that affected the governorates of Nineveh, Anbar, Salah al-Din, and areas of Kirkuk, Diyala, and Babil. This contributed to widening the cycle of impoverishment. In 2020, the Iraqi economy was also exposed to a double shock: the health crisis and the decline in oil prices. Meanwhile, the country continued to suffer during the study period from the phenomenon of administrative and financial corruption in most state institutions. We note from Table (21) that the poverty rate reached 30.38% in 2014. (2005) compared to (2004) which reached (35.0%), while the Ministry of Labor and Social Affairs announced in January 2006 that the poverty rate for that year reached (26.38%) of the total population of Iraq. The Ministry of Labor and Social Affairs implemented strategic plans to alleviate poverty, as the poverty rate in (2007) reached (22.90%), as shown in Table (19), meaning approximately (6,797) thousand Iraqi individuals were below the poverty line. The poverty rate reached (22.04%) in (2008), and the decline continued until (2012), when it reached (18.90%). The number of poor individuals reached (6,465) thousand, a decrease of (332) thousand people compared to (2007). The period extending (2013-2018) witnessed an increase in the poverty rate, according to the Central Statistical Organization's estimate, as the poverty rate in Iraq rose in (2013) when it reached (19.09%). The number of poor people reached 6,699,000 individuals, and continued to rise in 2014, reaching 19.28%, according to the Central Bureau of Statistics. The number of poor people also rose to 6,940,000 individuals. This increase is attributed to the deteriorating security situation, the loss of many areas and governorates from the control of the Iraqi government and their fall under the control of ISIS, and the displacement of millions of Iraqis. The increase continued until 2018, when the poverty rate reached approximately 20.05%. The number of poor people also rose to 7,644,000 individuals. This increase in the poverty rate is due to the deteriorating economic situation caused by the country's deteriorating security situation, high unemployment rates, the inability to access food rations from the ration card, and weak social safety nets. This has led to many Iraqi families falling below the poverty line, and some displaced persons have fallen into poverty as a result of losing their livelihoods in the areas from which they were displaced (World Bank, 2015: 4).

In 2019, The poverty rate has declined again to (19.26%), and the number of poor people also decreased to (7,536) thousand individuals, while the poverty rate recorded an increase during the year (2020), reaching (31.7%), and the number of poor people reached (12,359) thousand individuals, due to the Corona pandemic and the repercussions that left behind the economic crisis, which included the health, education, housing and income sectors, which is known as multidimensional poverty, which caused many individuals to lose their livelihood or reduce their income. The Corona pandemic is the latest direct threat to poverty reduction efforts, in a global economic disaster whose negative effects are still spreading. Therefore, the Iraqi government is trying to control poverty rates, which have increased due to the spread of the Corona virus, the decline in oil prices, the closure of borders for most countries of the world, and the suspension of most projects in all economic sectors, thus causing a major paralysis of most activities of the Iraqi economy, which led to a large segment of daily wage workers losing their sources of income.

Social indicators of the general budget and economic development used in the benchmark for the period (2004-2022)

Government hospitals and specialized centers that contain beds	Number of hospital beds per 10,000	Crude birth rate (per 1,000 (people	Crude death rate per 1,000 population	Infant mortality rate per 1,000 births	Public spending on health: million dinars	poverty rate	number of poor people	Civilian pensions	Employee compensation	ration card	yaer
218	29339	34.4	5	38.2	1778257.4	35	9499	919915	2804536	5250000	2004
224	28492	37.4	5.2	44.2	14690862.2	30.38	8496	1104904	6420810	7350000	2005
219	29975	32.9	7.7	53	1637696.9	26.38	7600	1996175	8739330	4500000	2006
215	29192	34	5	30	1789216	22.9	6797	3816717	13508499	3928000	2007
221	36057	36	5	29	2708934.1	22.04	7029	2786141	19891568	3928000	2008
220	36919	37.5	4	24	2666786.2	21.21	6715	1582823	24239105	4200000	2009
229	38303	40	4.2	24	3823056.5	20.41	6631	2307244	26737432	3500000	2010
231	40182	38	4.16	21	3910804.6	19.16	6548	2463307	30425036	4000000	2011
239	40707	38.1	3.9	19.9	4364781.7	19.9	6465	2679387	36072042	4000000	2012
255	41645	36	4	17.9	5183071	19.09	6699	3777744	42797811	4916750	2013
257	36772	34.2	4	17.3	4516493.7	19.28	6940	4346027	28437628	3505977	2014
253	36043	28.6	4	19.7	4894245.2	19.47	6855	4627049	32651615	2500000	2015
260	37720	27.3	4.2	18.1	4887463	19.66	7110	7556392	31833403	2470000	2016
273	37143	28.05	4.1	18.6	3834516	20.05	7445	11672392	33866519	1693000	2017
281	37482	28.8	3.7	18.6	4302671	20.05	7466	12945956	35835519	1500000	2018
286	39180	27.6	4.3	19.6	6306219	19.26	7536	12297609	40633563	1500000	2019
295	40825	25.8	4.4	18.5	5757693	31.27	12395	11706695	40037297	1500000	2020
311	41218	25.9	4.11	19.19	5823188	33.99	14217	11866439	40143289	1500000	2021
312	41987	26.4	4.1	19.21	5891862	26.11	13218	12012170	41754199	1500000	2022

Measuring and Analyzing Model Functions (Public Spending on Economic Development Indicators)

After conducting a stationarity test on the variable data, and finding that some of them were stable at the level and others at the first difference, the results indicated the suitability of the data for linear regression analysis to demonstrate the functional relationship between the independent variable and the dependent variables under study. Before beginning the linear regression analysis process, it is important to note that all data were converted to logarithmic form, as some of it is absolute values and others are ratios. Furthermore, the logarithmic transformation yields more accurate results. Furthermore, the data were converted from annual values to quarterly values and converted to 76 observations to achieve more accurate results. Therefore, the statistical program was fed with the data to analyze the relationship between total public spending and spending on the health sector as a percentage of total public spending, leading to the following results:

RESULTS OF THE RELATIONSHIP BETWEEN GOVERNMENT MEASURES AND SPENDING ON THE HEALTH SECTOR

Dependent Variable: LOGPSE
Method: Least Squares
Date: 08/06/24 Time: 00:55
Sample: 2004Q1 2023Q4
Included observations: 76

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.580005	0.182023	-8.680241	0.0000
LOGTPS	0.876003	0.045652	19.18879	0.0000
R-squared	0.832659	**Mean dependent var**		1.876013
Adjusted R-squared	0.830397	**S.D. dependent var**		0.557752
S.E. of regression	0.229698	**Akaike info criterion**		-0.078138
Sum squared resid	3.904332	**Schwarz criterion**		-0.016803
Log likelihood	4.969239	**Hannan-Quinn criter.**		-0.053625
F-statistic	68.20950	**Durbin-Watson stat**		1. 123773
Prob(F-statistic)	0.000000			

LOGPSE = -1.580 + 0.87*LOGTPS…….(1)

EXAMINING THE ESTIMATION RESULTS IN EQUATION (1) REVEALS THE FOLLOWING:

The function indicates a direct relationship between the variable total public spending and the dependent variable, health sector spending, and is consistent with the logic of economic theory. This means that a 1% increase in total public spending leads to an 87% increase in education spending, demonstrating the effectiveness of total public spending in positively influencing health spending in Iraq. The dependent variable parameter was tested using a calculated t-test, which reached 19.18. It was found to be greater than its table value and statistically significant at both the 1% and 5% significance levels. This can be directly identified through the P-value accompanying the t-test, which was less than both the 1% and 5% significance levels. This means rejecting the null hypothesis and accepting the alternative hypothesis that the independent variable has a significant effect on the dependent variable. Regarding other statistical and metric tests, the following was proven:

A. The coefficient of determination (R2) shows that 83% of the changes occurring in the dependent variable are explained by the independent variable, while 17% are due to other explanatory variables not included in the model.

B. The calculated F-statistic, which amounted to 68.2, is greater than its tabular value, as revealed by the accompanying P-value. This value was less than the 1% and 5% significance levels, meaning the null hypothesis was rejected and the alternative hypothesis, with the effect of the estimated regression equation, was accepted.

B. The Durbin Watson test did not yield a definitive result regarding the presence of autocorrelation among the residuals in the model. Its calculated value (1.123) indicates that it is within the region where it is not possible to determine whether or not an autocorrelation problem exists. Regarding the analysis of the relationship between total public spending and its impact on the numerical poverty index, the model was tested and the following equation was reached:

RESULTS OF THE RELATIONSHIP BETWEEN GOVERNMENT MEASURES AND SPENDING ON THE POVERTY INDEX

Dependent Variable: LOGPIP
Method: Least Squares
Date: 08/06/24 Time: 01:19

Sample: 2004Q1 2022Q4 Included observations: 76				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	3.572768	0.093227	38.32344	0.0000
LOGTPS	-0.013006	0.023381	-5.562856	0.0000
R-squared	0.294871	**Mean dependent var**		3.059624
Adjusted R-squared	0.285342	**S.D. dependent var**		0.139162
S.E. of regression	0.117644	**Akaike info criterion**		-1.416338
Sum squared resid	1.024175	**Schwarz criterion**		-1.355003
Log likelihood	55.82083	**Hannan-Quinn criter.**		-1.391825
F-statistic	30.94537	**Durbin-Watson stat**		0.106291
Prob(F-statistic)	0.000000			

LOGPIP = 3.5727 - 0.0130*LOGTPS…..(2)

The above results indicate an inverse relationship between the variable of total public spending and the dependent variable represented by the numerical poverty index, and this is consistent with the logic of economic theory. However, the model showed a weak relationship of influence, as a 1% increase in total public spending would lead to a 0.013% decrease in poverty. The dependent variable parameter was tested through the calculated t-test, which amounted to (5.56), and was found to be greater than its table value and statistically significant at the significance levels of 1% and 5%. It can be directly identified through the P-value accompanying the t-test, which was less than both the significance levels of 1% and 5%. This means rejecting the null hypothesis and accepting the alternative hypothesis of a significant effect of the independent variable on the dependent variable. Regarding other statistical and metric tests, the following was proven:

A. The coefficient of determination (R2) shows that 29% of the changes occurring in the dependent variable are explained by the independent variable. This is a very weak percentage, meaning that total public spending in Iraq did not adequately address poverty, as demonstrated by the value of the independent variable parameter.

C. The calculated F-statistic, which amounted to 30.9, is greater than its tabular value, as revealed by the accompanying P-value. This value was less than the significance levels of 1% and 5%, meaning the null hypothesis was rejected and the alternative hypothesis, with the effect of the estimated regression equation, was accepted.

C. The Durbin Watson test showed that the model suffers from an autocorrelation problem among the residuals.

RESULTS OF THE RELATIONSHIP BETWEEN PUBLIC SPENDING AND SPENDING ON THE AGRICULTURAL SECTOR:

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**.Prob**
C	1.652860	0.373692	4.423057	0.0000
LOGTPS	-0.049318	0.093723	-0.526217	0.6003
R-squared	0.003728	**Mean dependent var**		1.458288
Adjusted R-squared	-0.009735	**S.D. dependent var**		0.469289
S.E. of regression	0.471568	**Akaike info criterion**		1.360457
Sum squared resid	16.45586	**Schwarz criterion**		1.421792
Log likelihood	-49.69737	**Hannan-Quinn criter.**		1.384969
F-statistic	0.276904	**Durbin-Watson stat**		0.098751
Prob(F-statistic)	0.600311			

LOGGGH = 1.6528 -0.049*LOGTPS……(3)

The above results indicate that there is an inverse relationship between total public spending and the dependent variable represented by the added value of the agricultural sector, which is not consistent with the logic of economic theory, in addition to the fact that an increase in total public spending by 1% will lead to a decrease in the added value of the agricultural sector by 0.049%. The statistical tests also showed insignificance, as indicated by the results of the calculated (t-test) which amounted to (0.52) and was found to be smaller than its tabular value, and can be identified directly through the (P-value) which was less than both the significance levels of 1% and 5%, which means accepting the null hypothesis and rejecting the alternative hypothesis, i.e. the model failed to determine the relationship between the two variables. Also, considering the value of the R2 test, it was very weak as it amounted to (0.003), and thus there is no effect on the impact of the independent variable on the dependent variable.

CONCLUSIONS

1-There is a significant relationship between total government measures and health sector spending. Statistical tests also demonstrated a significant relationship between the two variables.

2-The results of the relationship function between total financing measures and the poverty index were consistent with the logic of economic theory, as they were associated with an inverse relationship. Furthermore, statistical tests demonstrated statistical significance, albeit weak, particularly the R2 test.

3-The results of the two function tests (the effect of public spending on added value in the agricultural sector and spending on education) did not yield any statistical significance. Furthermore, the parameters' signs were inconsistent with the logic of economic theory, as they were inverse. Therefore, the two models failed to demonstrate the effect between the independent and dependent variables.

4-The Iraqi economy remains far from achieving financial efficiency due to the dominance of oil revenues, which occupy the leading position in the composition of the gross domestic product. It is well known that the country's public revenues depend primarily on oil export prices. This proves that the Iraqi government is unable to implement its diversification program, thus preventing other economic sectors from achieving financial self-sufficiency and creating real opportunities.

5-The lack of a clear strategy to reduce public spending in a way that would allow the Iraqi economy to move away from excessive reliance on oil revenues. This has made these revenues a burden, at times, on many economic activities, due to their inability to continue production to approach oil sector revenues.

6-The financial policymaker has been unable to find real opportunities to establish development funds aimed at optimally exploiting economic resources by directing these funds toward direct investment at all levels, ensuring the continuity of public spending at a reasonable and non-excessive pace, in addition to guaranteeing the rights of future generations.

RECOMMENDATIONS:

1-Establish a balance between current spending, which currently occupies the largest portion of the state budget, and investment spending. Adopt a new investment policy, especially during the budget preparation phase, based on a clear economic and social vision that embraces the principle of diversifying investment sectors and aims to create new job opportunities.

2-Abandon the public sector employment policy, while emphasizing increasing the productivity of its employees. Adopt an employment policy based on efficiency through the creation of rewarding job opportunities.

3-Reduce inflation rates by adopting an appropriate economic policy and diversifying Iraq's sources of revenue to address risks and losses in the event of a decline in oil revenues, thus contributing to the development process.

4-Create real opportunities to meet the aspirations of future generations by establishing a sovereign fund to which surplus oil revenues are directed, in addition to surplus government revenues through reduced public spending. This fund can be leveraged to address revenue crises that could occur in the event of a decline in oil prices.

5. Revenue diversification is one of the most important issues that financial policymakers in the Iraqi economy must address, as it represents an optimal option that contributes to achieving higher revenue levels and activating the role of inactive sectors in the formation of the gross domestic product (GDP).)

6-The government must focus on controlling taxes to ensure control over their revenues. This can be achieved by developing modern tax collection programs, which will reflect positively on the quality and effectiveness of the services the government provides to individuals.

7-Encourage the local private sector to play a distinct role in the formation of the GDP through incentive programs for this vital sector, which in most countries constitutes the backbone of the economy and a true contributor to GDP growth.

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