



FISCAL POLICY AND MONETARY POLICY IMPACT ON ECONOMIC
GROWTH IRAQ CASE STUDY (2005-2030)

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF NATURAL AND APPLIED SCIENCES
OF
UNIVERSITY OF TURKISH AERONAUTICAL ASSOCIATION

BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN
BUSINESS ADMINISTRATION

January 2021

Approval of the thesis:

FISCAL POLICY AND MONETARY POLICY IMPACT ON ECONOMIC GROWTH IRAQ CASE STUDY (2005-2030)

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ABSTRACT

FISCAL POLICY AND MONETARY POLICY IMPACT ON ECONOMIC GROWTH IRAQ CASE STUDY (2005-2030)

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January 2021, 171 pages

The fiscal and monetary policy is one of the most important general economic policies that seek to achieve economic, social, and other goals using its available tools and in the best possible way. There is a relationship between fiscal and monetary policy and the state's ability to achieve its goals. This study aims to impact both the financial and monetary policies on the economic growth of Iraq. On the theoretical side, Iraq is going through a challenging phase, especially since the conversion of the state's policy to a democratic one, which since 2003 has shown that both policies are important for economic growth through permanent coordination between them. As for the practical aspect: the start of work on the state budget since 2005 (2003-2004), these two years are considered a transfer. Dependent and independent variables were taken. The dependent variable is the GDP. The independent variables are fiscal policy (revenues, expenditures, public debt). Monetary policy: (inflation, money supply, exchange rate) It turns out the following:

1- The data were obtained from the Central Bank of Iraq and cover the period 2005-2019. The ARDL Bound Test and OLS were used to estimate the effects of monetary and fiscal policies on growth, respectively. As for monetary policy, the results showed that the exchange rate harms economic growth, while inflation and money supply positively affect economic growth. Regarding fiscal policy, the

effects of government debt and government spending on growth were negative, while government revenues were positive.

2- The forecast stage was from (2020-2030), depending on the Central Bank of Iraq's data. Fiscal policy tools show that growth increases in terms of revenues and expenditures during the forecast years. For monetary policy tools, the money supply increases while inflation is at a low level.

Keywords: Fiscal policy, Monetary policy, Economic growth, M2, Inflation, Exchange rate, Expandatory, Revenue, Public Debt.



Ö Z

MALİ POLİTİKA VE PARA POLİTİKASININ EKONOMİK BÜYÜME ÜZERİNDEKİ ETKİSİ İRAK ÖRNEĞİ ÇALIŞMASI (2005-2030)

SAKAR OMAR ALİ

Tez Danışmanı Doç. Dr. Yaşar KÖSE
Ortak Tez Danışmanı Dr. Öğr. Üyesi. Adnan GÜZEL
January 2021, 171 sayfa

Maliye ve para politikası, bir ülkenin ekonomik, sosyal ve diğer hedeflerine, parasal ve maliye ile ilgili araçları kullanarak ve mümkün olan en iyi şekilde ulaşmasını amaçlayan en temel genel ekonomi politikalarından biridir. Devletin hedeflerine ulaşmak için hem maliye hem de para politikasının çeşitli araçlarını birlikte kullanması nedeniyle her iki politika arasında çeşitli yönlerden ilişki bulunmaktadır. Bu çalışmada, Irak'ta uygulanan Maliye ve Para politikasının Irak'ın ekonomik büyümesi üzerindeki etkisinin belirlenmesi amaçlanmaktadır.

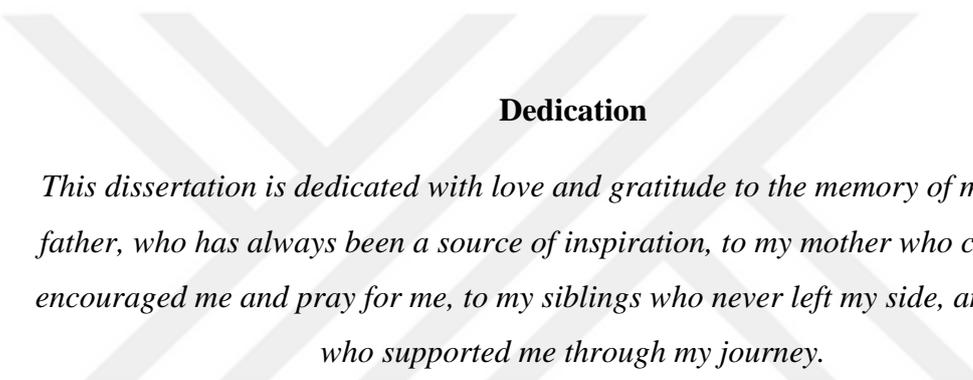
Tezin teorik bölümünde Maliye ve Para Politikaları kavramsal olarak ele alınmış, aralarındaki ilişkiler ve bu konuda yapılan literatür çalışmaları ortaya konulmuştur. Ayrıca teorik bölümde Irak devlet yönetiminin 2003 yılından sonra demokratik bir politikaya geçişinden bu yana, Irak'ta ekonomik ve politik zorluklar ortaya konulmuş ve bu durumdan dolayı ülkede belirtilen her iki politikanın ekonomik büyüme için kalıcı sağlam bir yapı ve koordinasyon içerisinde uygulanmasının gerekliliği ve önemi vurgulanmıştır. Tezin uygulama bölümünde; bir dönüşüm aşaması olan 2003-2004 yıllarından başlanarak 2005'ten itibaren günümüze kadar takip edilen maliye ve para politikaları ele alınmış ve günümüzden 2030 yılına kadar bu kapsamda öngörülerde bulunulmuştur. Çalışmada bağımlı ve bağımsız değişkenler oluşturulmuş olup; bağımlı değişken gayri safi yurtiçi hasıla, bağımsız değişkenler ise maliye politikası için gelirler, harcamalar, kamu borcu; para politikası için enflasyon, para arzı, döviz kuru şeklinde belirlenmiştir.

Veriler Irak Merkez Bankası'ndan alınmış ve 2005-2019 dönemini kapsamaktadır. Tezin uygulama yöntemi olarak ARDL Sınır Testi (Dağıtılmış Oto Regresif Sınır) ve OLS (En Düşük Kareler Yöntemi) sırasıyla para ve maliye politikalarının büyüme üzerindeki etkilerini tahmin etmek için kullanılmıştır.

Yapılan analiz sonucunda para politikası ile ilgili elde edilen sonuçlara bakıldığında; döviz kurunun ekonomik büyümeyi olumsuz etkilediğini, enflasyon ve para arzının ise ekonomik büyümeyi olumlu etkilediğini göstermiştir. Maliye politikası açısından bakıldığında, devlet borçlarının ve devlet harcamalarının büyüme üzerindeki etkileri negatif, devlet gelirleri ise olumlu olduğu belirlenmiştir.

Irak Merkez Bankası verilerine göre Gelecek dönemler (2020 – 2030) için beklentiler olarak; Maliye politikası araçları açısından, gelir ve giderler açısından büyümenin artacağı, para politikası araçları açısından enflasyon düşeceği, para arzının artacağı ve dolayısıyla GSYİH artacağı öngörülmektedir.

Anahtar Kelimeler: Maliye Politikası, Para Politikası, Ekonomik Büyüme, GSYİH, M2, Enflasyon, Döviz Kuru, Harcamalar, Gelirler, Kamu Borcu.



Dedication

This dissertation is dedicated with love and gratitude to the memory of my beloved father, who has always been a source of inspiration, to my mother who continually encouraged me and pray for me, to my siblings who never left my side, and to those who supported me through my journey.

ACKNOWLEDGMENTS

The author wishes to express his deepest gratitude and appreciation to the Prof. Dr. Dursun BINGÖL Dean, of the Department, Management. I thank Supervisor, Assoc. Prof. Dr. Yaşar KÖSE. Supervisor, for his guidance, advice, and encouragement during the thesis process. I also thank Asst. Prof. Dr. Adnan GÜZEL, CO-Supervisor.

I thank Prof. Dr. Mehmet ARSLAN for his support and suggestions.

The author would also like to thank Asst. Prof. Dr. M. Fatih EKİNCİ

I thank Asst. Prof. Dr. Rıza BAYRAK for his advice, guidance, and

I thank Asst. Prof. Dr. Üyesi Hicran KASA for her support.

All my appreciation and gratitude to Dr. Mudher M. Saleh, Deputy Governor of the Central Bank of Iraq, Previously. Now the economic advisor to the Iraqi prime minister. For his support throughout my studies. I thank Dr.Basim A.Hassan, General Director of the Center for Banking Studies central bank of Iraq. I thank Dr.Iman A Kadhim, Director of the Economic Sector Division, the central bank of Iraq. for her help and guidance.

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LIST OF ABBREVIATIONS

ABBREVIATIONS

ADF	: Augmented Dickey-Fuller
ARCH	: Autoregressive Conditional Heteroskedasticity
ARDL	: Autoregressive-Distributed Lag
CUSUM	: Cumulative Sum
CUSUMQ	: Cumulative sum squares
EXR	: Exchange Rate
GDP	: Gross domestic product
M2	: Money supply
OLS	: Ordinary least squares
TFP	: Total Factor Productivity
UEC	: The unrestricted error correction model
VAR	: Vector autoregression
VECM	: Vector Error Correction Modeling

CHAPTER 1

INTRODUCTION

1.1 Economic Growth is The Most Important Issue For Developed And Developing Countries

Developing countries have suffered from the economic dependence of the developed countries. It has vanished their potential and ability to get out of their dependency status to the phase of achieving their ability to independently and emerge from recession and to the stage of prosperity and development.

These countries need to open up the economic development front, especially economic growth, which is the indicator and the mirror of the general economic function. There are theories and ideas to the economic policies to reduce unemployment, poverty and increase social welfare through cooperation between the fiscal and monetary policies.

Fiscal policy has its place among other strategies because it can achieve the objectives of national economies through its instruments, which are included in the most critical economic management tools. Still, this policy has been absent from the economic scene for a long time until it emerged again through economic crises, Especially the Great Depression in 1929; the great economic contribution of John Maynard Keynes called for the need for state intervention in economic activity to move from the guardianship pattern to the interventionist state pattern, which gave the fiscal policy its importance in directing the economic entity and addressing the suffers from tremors and crises.

Monetary policy is the monetary aspect of economic policies, as it requires a high degree of coordination with other economic policy, especially with fiscal policy as the most widely used policies in different countries regardless of the size or type of economic systems to achieve economic growth, represented by (Employment

opportunities and reducing unemployment) as well as stimulate economic performance through increased investment and production, following its monetary tools such as open market operations, change in lending and discounting, Changes in reserve requirements. Iraq is not the only country that seeks development. Like other developing countries, it has expanded the use of fiscal policy within the framework of the Ministry of Finance's various legislations with its General expenditure and public revenues. It adopted the monetary policy as a method of regulating money circulation, Funding, all this until reaching the country's development goals. Therefore, one study cannot be valid for all these systems. Based on the above, the analysis will be applied to Iraq. The period (2005-2030), where we use data and statistics and rely on the analytical and quantitative description to reach the nature of the relationship between the variables of fiscal policy, monetary policy, and economic growth expressed in the gross domestic product in Iraq and studied the situation of Iraq through the establishment The development and growth were until 2030 and is also dependent on some of the experiences of countries that have reached stability, sustained growth. In this thesis, we discuss the state of development or increase through the establishment following chapters:1- The first chapter contains the introduction and methodology of research. 2- Chapter Two: Literature Review, Conceptual Relationship between Fiscal and Monetary Policies, and economic growth.3- Chapter three: Practical framework.4- Chapter four: have conclusions.

1.2 Methodology

This part includes six sections; section one(the problem of thesis), section two (proof for the statement of the problem), section three (The Causes of Non-Growth), section four (The Solutions We Have To Put), section five (objectives of thesis) section sixth (significance of thesis) section seven (hypothesis).

1.3 Problem of Thesis

The problem of the study: The fiscal and monetary policy in Iraq after 2003 suffered from a defect in its fiscal and monetary tools; the public revenues became one-sided, the decline in the productivity of public expenditures with the large increase in public spending, high inflation as a result of market fluctuations and price stability had a negative effect. All this led to a failure to achieve economic growth.

1.4 The Proof For The Statement of The Problem

There is a policy of distributing national income in Iraq through wages, profits, interest, and rent, but without maximizing real production and diversifying sources of national income in private activity and stagnant, reliable, and effective development programs directed towards the sustainability of the market economy. As proof of this, there is no open market in Iraq, and with declining oil revenues, the employment category has decreased and, as a result, economic growth has decreased.

1.5 The Causes of Non-Growth

1. Fluctuation in oil prices.
2. There are no oil investment contracts.
3. Iraq's external and internal wars.
4. Weak infrastructure.
5. Lack of place for the private sector in investment.
6. Increased unemployment.
7. Fiscal and administrative corruption.
8. Production industries stopped.
9. Increase the import of consumer goods and services.
10. Government lending + high interest.

1.6 The solutions we suggested to the problems

1. Reducing government spending and focusing on production expenditures: Production expenditures have a major impact on economic growth, especially spending on infrastructure, health and education
2. Diversifying government revenues, not relying on oil sources alone, and developing a tax system.
3. Stimulating the industrial, commercial, and agricultural sectors.
4. Non-recourse to international loan programs.
5. Revaluation of the Iraqi Dina: The value of the Iraqi currency is the first interface of economic development, and the higher the value of the Iraqi currency shows that the economy is in a state of growth or stability.
6. Reform of the banking system: Iraq is still applying old banking systems because it acts as a treasury to protect money without investing it.

1.7 Objectives of The Thesis

The economic policy includes a set of policies, each of which operates according to basic criteria, such as fiscal policy, monetary policy, credit policy, exchange rate policy, trade policy, etc. This thesis aims at economic reform through the financial and monetary sectors, continuous cooperation to reach economic growth.

1.8 Significance of Thesis

This study is concerned with the most used economic policies, represented by policies of fiscal and monetary, as well as the place and the period covered by this research, Iraqi economy witnessed from 2005 until now dramatic changes such as civil wars, foreign interventions as well as the transformation of state policy into a parliamentary system. All these things made the Iraqi economy a solo that depends only on oil income. In this thesis, we will see that the role of fiscal and monetary

policy has a significant impact on economic development and the transformation into a "state-market / social" which represents the strength of the partnership between the state and a cooperative market through the full employment of the fiscal and monetary policies.

1.9 Hypothesis

The presented thesis has a main hypothesis embodied in Achieving economic growth in Iraq for the coming years. In addition to the other hypotheses that appeared as the most likely answers to the sub-questions, namely:

1. Economic growth is the most important indicator of increasing GDP.
2. Fiscal policy has important tools, including expenditures, revenues, and Public debt, to influence GDP.
3. Monetary policy has important tools, including the exchange rate, money supply and inflation, to influence GDP.
4. Coordination between the fiscal and monetary policies is imperative to achieve good economic growth rates because both policies complement one another in targeting. This coordination removes any conflict that they may face

1.10 Study Model

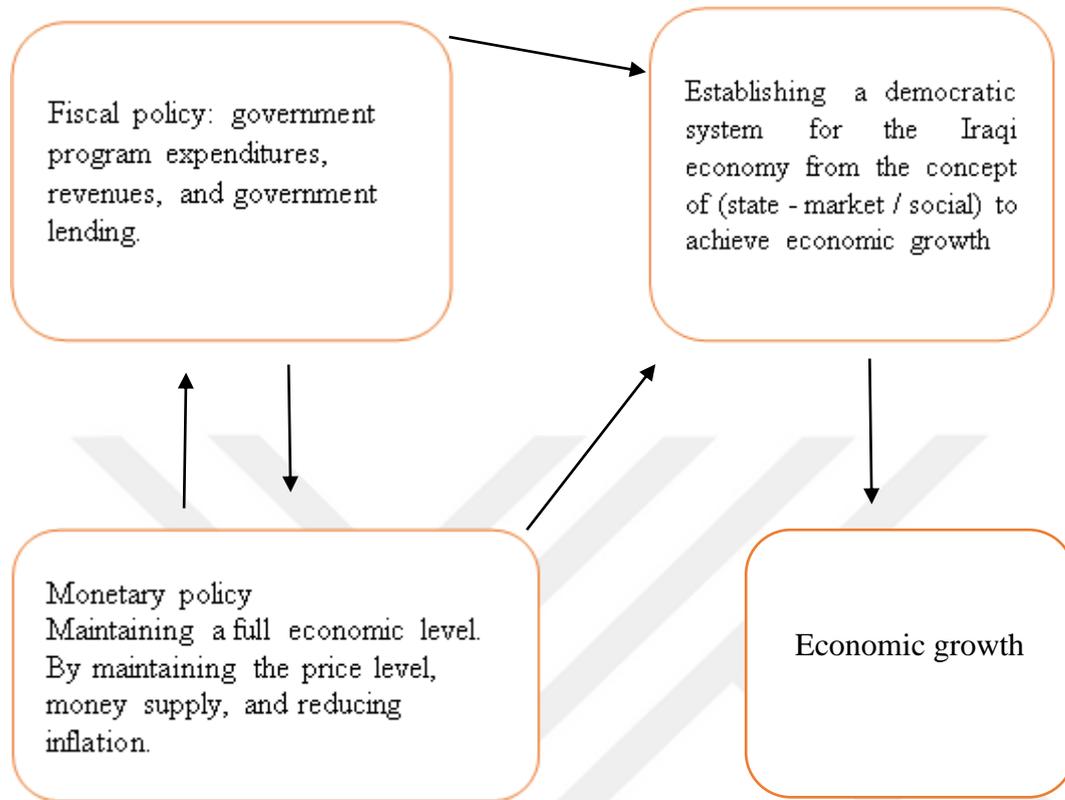


Figure 1.1: Study Model

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

In this section, I will provide an overview of the literature on fiscal and monetary policy and its impact on economic growth.

This study focused on the effect of fiscal policy on the economy of India. Data was taken from 1981 to 2010. Johansen combined integration test was applied, and the sampling error model was used, and the variance model analysis was used. It has been found that GDP and other variables have a long-term relationship. The study also found that fiscal policies are the way to increase or reduce inflation and a tool to control the fiscal deficit (Najaf, 2016:2). In this thesis, We describe the economic growth effects of the fiscal policy in four South Asian countries, four countries (Bangladesh, India, Pakistan, and Sri Lanka) selected for the period from 1980 - 2016. The following analyzes used:

1. (ECM) Error Correction Model.
2. (ARDL) Autoregressive Distributed Lag model on pooled cross-section time-series data.
3. With the fixed effects and random effects estimator, new results can be processed and their use controlled.

The empirical findings indicate that government spending and tax revenue have little effect on actual GDP growth in South Asian countries. Real investment in these countries is closely linked to real GDP growth. (Symoom, 2018:3). This paper explores the relation between fiscal inclusion in OIC countries and economic growth. The following outcome found: That financial inclusion has a positive effect on economic development. The first study extracted from the VAR indicates that the fiscal composition positively influences economic output. Fiscal

integration and shared economic development between causation One with the other, depending on Granger causality tests. Therefore, we conclude that fiscal inclusion in OIC countries has a positive effect on economic growth. (Kima et al.,2018:1). Through a detailed Leo compatibility study, this paper discusses the mechanism of public spending on economic development. Using the fixed-effects model of the G20, the article also addressed the ties between public expenditure and economic development in particular groups, captured in the composition of human resources and the production of defense infrastructure and technological innovation. It was found that economic growth is affected by innovation-related investment and is of greater importance than other variables. (Hanusch et al., 2017:1). This paper identified the lack of supportive infrastructure, high transaction costs, and low level of public literacy, fiscal literacy, high poverty rates, and population prevalence as factors limiting access to and use of fiscal services. The institutions were discussed as crucial to economic development and to improving the impact of growth in fiscal inclusion as institutions reduce transaction costs while increasing exchange efficiency, setting the rate of return on investment, providing an environment for innovation and innovation, providing an environment for effective cooperation and mobilizing social capital. Developing countries will be advised to prioritize fiscal inclusion in policy decisions and to implement them fully. Fiscal inclusion should be included in social protection programs so that the poor, marginalized, and hard-to-reach segments of the population are limited to the formal fiscal flow. The large informal sector and the uncooperative population reduce the effectiveness of the monetary policy because a larger proportion of the economy will be outside the influence of policy authorities (About al, 2018:16-17). The effect of fiscal inclusion on the monetary policy of the South Asian Association for Regional Cooperation (SAARC) countries from 2004 to 2013 is defined in this report. In order to create a Fiscal Inclusion Index that serves as a proxy variable for the accessibility of fiscal inclusion in the SAARC countries, the study uses principal component analysis (PCA). Three separate models were used for the study, such as FEM, REM, and Panel-corrected standard errors.

This analysis, an empirical outcome of the generalized Least Square (GLS) calculation, shows that SAARC countries' fiscal inclusion, exchange rate, and interest rate are negatively correlated with inflation. (Lenka& Bairwa, 2016:1). The loan to deposit ratio was used to assess financial integration, measures of financial depth, loans to rural areas, and network of branches.

. The study shows that (1) in the Nigerian economy, credit provision to the private sector does not significantly affect growth (2). Through rural credit distribution, financial inclusion has facilitated poverty alleviation in Nigeria.

In order to improve and extend credit to the private sector, the monetary authorities must redouble their efforts to ensure that resources are allocated and used efficiently and effectively. (Okoye et al.,2017: 2). The relationship between the composition of government spending and economic growth is discussed in this paper. The results on OLS fixed effects and GMM techniques are taken from data from 37 high-income and 22 low to middle-income countries spanning 1993-2012. They are drawing on information from high-sales countries. The findings indicate that government spending away from non-productive expenditure to productive government expenditure has a positive relationship with economic development. We see a close relationship with low- and middle-income countries. And see that a rise in government spending levels has a crowding effect and, thus, a negative impact on long-term economic growth (Chu et al.,2020).

For Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, the relationship between tax revenue, government expenditure, and economic growth was examined in this study, using annual data from 1980 to 2016 for the G7 countries. Based on the time-domain panel causality analysis results, the study used two distinct panel approaches to causality. There is bidirectional causality in both economic development and government expenditure, but between tax revenue and government spending, there is unidirectional causality. The findings show a short- and long-term bidirectional causality between economic growth and tax revenue and a long-term causality between economic growth and

government spending. The key finding is that the tax policies to be enforced based on the economic condition of the G7 countries are an effective financial tool capable of fulfilling the economic objectives to be achieved (Gurdal et al.,2020)

The paper analyzed the effect of monetary policy on the economic growth of Nigeria through the creation of a model capable of investigating how economic growth is influenced by monetary policy by the government by the use of a regression analysis. The monetary policy includes money supply (MS), an exchange rate (ER), interest rate (IR), and liquidity ratio (LR). The economic growth of GDP has been represented at constant prices.

The study showed how important the central bank's independence is in Nigeria, which is often subject to government interference. By facilitating interest rates and market-based exchange rates that attract domestic and foreign investment, monetary policies can also be used to establish an appropriate investment environment (Ayodeji & Oluwole, 2018: 1).The study examined estimate both short-run and long-run dynamics of fiscal and monetary policies. The Johansson Juselius (1990) co-integration method in a VECM environment is used for empirical research, based on time-series data from 1972 to 2015. The results of the Trace check and Maximum Eigenvalue validate for Pakistan the co-integration of fiscal policy, monetary policy, and economic growth. The product is an impulse response feature that shows that fiscal and monetary policies have a long-term positive impact on GDP growth per capita (Miraj-ul-Haq, 2017:1). This study aims to examine the impacts of monetary policy dissemination networks on Nigeria's industry during the period 1981-2014. Analytical methods used in the study are the Johansen cointegration and the error correction model (ECM).

Regression projections show that private sector credit, interest rates, and currency channels have adverse effects on real output growth, both in the long and short term. The results are relative; the proven products' degrees are higher in the long run than in the short run. To evaluate the relation between the dependent and independent variables, they used the Johansen cointegration method. The result

shows that monetary policy transmission networks have a long-term correlation with real output growth in the industrial sector in Nigeria, and the imbalance of the mechanism properly has a rate of 72.2 percent per year (Ezeaku et al. 2018, 1). The paper analyses the functions of currency demand and supply, quantity theory, circulation speed, and monetary policy instruments. It seeks to suggest reform in a new economic system's policies focused on theoretical arguments that would promote economic growth.

This target requires a fundamentally new approach to the money generation and monetary instrument selection process, proposing a link between the supply of money and the growth of real GDP, regulation of the supply of money as a key instrument, and a stable long-term interest rate to maintain a stable pace. Monetary policy will have a real impact on economic growth in that situation, even in the long run.

(Dimitrijević & Iovre, 2013:111-136). Using the Dickie Fuller unit root tests and Phillips Perron to test the stability in the time series to find out the extent of the monetary policy impact on economic growth in South Africa 2000-2010 was studied in this paper, and the mechanism used to describe the long-term and short-term dynamics between the variables is Johansen integration and error correction. On the basis that there is a long-term relationship between the variables It was indicated in the results that the monetary policy tools of the money supply, the exchange rate, and the repurchase rate are not important in South Africa while inflation was enormous (Precious & Palesa, 2014:76). Using annual time series data from 1989-2016, this paper discusses the impact of monetary policy on economic growth. The result indicates that all variables are stationary at the first discrepancy; thus, the Johansen Cointegration and Error Correction Mode used to evaluate the relationship between variables. It also shows that the supply of money, the interest rate, and the inflation rate have a long-term negative effect on real GDP per capita, and only the real exchange rate has a positive sign.

The outcome of the error correction model indicates the presence of short-term causality between the supply of capital, the real exchange rate, and the real per capita GDP (Sun,2017:2). For the period 1973 to 2013, this paper discusses the short-term and long-term effects of monetary policy on Kenya's economic development. The paper uses both the large supply of money and the 3-month Treasury bill rate as monetary policy proxies. Both short-run and long-run empirical outcomes support monetary policy neutrality, which means that economic growth is not influenced by monetary policy, both in the short and long term.

This could be because Kenya's rising domestically financed fiscal deficits could have weakened the transmission of monetary policy decisions into the real economy. The study recommends that policies be followed in Kenya to strengthen the structural and regulatory climate for the financial sector and monetary policy. Also, policy coordination, especially monetary and fiscal policy, needs to be improved (Twinoburyo & Odhionbo, 2018:2). This paper shows the United States' ability to address key issues and synergies to address them properly and that it is at the stage of structural reforms, fiscal policy, and other government measures. There must be work in economic policy that goes beyond monetary policy, and the study finds how to generate higher rates of GDP growth Total. Especially after eight years of the Great Depression, a new and broader approach to a new economic policy must be adopted (Kaplan.,2016:9). In this study, central banks cut interest rates at the time of the fiscal crisis in 2007/2008 to low levels and create large reserves. The central bank governor discussed the use of monetary policy to prevent the crisis. They think that interest payments on reserves (IOR) are optimal if the central bank has full fiscal support. If it does not have fiscal support, the reduction of reserves is preferable. This is achieved through reserve operations, which keep the balance sheet size constant, or by selling assets, thereby reducing the balance sheet's size (Berentsen,et al,2018:3-23). This research deals with the twin objectives of fiscal development in the context of financial stability and the role of law in supporting both. Fiscal stability (frequently seen as the avoidance of

fiscal crisis) has become an objective of the international fiscal architecture as well as individual economies and central banks. At the same time, fiscal development is now seen as having an important role in economic stability. In both fiscal stability and fiscal development, law and related institutions have a central role (Elmendorf, 2015:3-20). There is a positive relationship between the development of the banking sector and short-term GDP growth; this is what the study found. Interest and financing obligations were directed to banks through net income, and it was concluded that the banking sector would enhance GDP growth and vice versa (Paavo, 2017:2). The study describes how credit and loans impact GDP and, ultimately, India's economic development level. The consequence is a transformation of fiscal systems with the neoliberal set's fiscal liberalization; some countries are removing specialized development banking institutions because equity and bond markets will do the job. This is limited to resulting in a shortfall in long-term investment finance, especially for medium and small enterprises. Fortunately, some nations, such as Brazil, have not opted for this direction so far (Kalpana and Rao, 2017:1-4). The effect of monetary policy on economic growth was examined in the report. Monetary policy has been found to have a long-term relationship with economic growth. It can effectively regulate the Nigerian economy, making it a legitimate instrument for price stability and production development. Moreover, this study's key results have shown that monetary policy, interest rates, and investments have no positive influence on Nigeria's economic growth. At the same time, the supply of money has a large positive influence on growth in Nigeria. The exchange rate has had a major adverse effect on the GDP of Nigeria. Economic growth is caused by money supply and investment, while Nigeria's interest rate is caused by economic growth. Overall, 98 percent of the shifts in Nigerian economic development are accounted for by the monetary policy. However, it shows that cash supply and investment in Nigeria are causing economic development and economic growth (Ufoeze et al., 2018:15). The study presented the Thirlwall model using data for the period 1968-2011 in the Turkish economy. So to do the Johansen joint integration analysis between GDP and

export. Accordingly, the study reached the following results:

1. A statistically significant positive relationship exists between exports and GDP.
2. The results proved that the restrictive growth model of Thirlwall's balance of payments is true for the Turkish economy. The elasticity of import income for the Turkish economy is calculated at 2.6048. Reductions in this flexibility value would accelerate GDP growth. This may occur not because of rises in imports but because of increases in domestic supply. This will only occur if domestic demand increases can be met at a growing rate, not by increases in imports but in domestic production (supply) (Gökçe & Çankal, 2013:2). The result of this analysis displays that the central banks aiming to stabilize the current account balance are in need of improving separate policies with regards to each type of credit instead of a policy as a whole. At the same time, the findings suggest that the credits given to the sectors having a strong, productive side could have a positive impact on the current account balance in the long-run. Therefore, this effect, from the point of the countries being exposed to chronic current account balance problems, shows the necessity to be taken into consideration the sectors using credits in the implementation of monetary policies (Isik, 2017:1). It was found in this study that an increase in mining production caused a variation in total income. The reallocation of total income in the countries producing natural resources, especially (mines, mining), does not overcome the negative impact on income inequality, and the countries producing these materials still suffer from them. (Davis, 2020:1). This study showed four main effects of rentier countries, namely. First, a contract-poor, clientelistic political economy is a required condition for a rentier state.

Second, the correlation of wealth with democracy has been verified by various studies, but there is little agreement about how wealth causes freedom. Economic norms explain that the answer may lie in a contract-intensive economy and its contracting culture that can produce both an advanced economy and democracy.

Third, this research has direct implications for understanding the Middle East, an area rich in reliance on resource rents, autocracy, and conflict. We have shown how one factor can significantly account for all three of these patterns: the contract-poor customer norms known to corrupt most governments in the region.

Finally, the economic standards report presents an alternative to previous contrary reasons for the resource curse: immunity from the resource curse of war and dictatorship is gained when most people usually find jobs and feed their families on the marketplace by ties with rent-seeking organizations.

In a resource-rich nation, a pro-democracy regime advised using resource rents to encourage the public good of market development, including fair market access, over the politically-safe alternative of distributing political support for private goods. The international community's mission of reducing global tensions could hardly be more accurate: Oil-importing countries need to reduce their oil reliance drastically. In this way, oil prices could fall, and the First Rule of Astropolitics' may be broken, allowing democracy and stability to take root in the Middle East and other export oil regions (Aytac et al., 2016).

The classification system has been identified for four economic groups: poor (low-income growth - low growth), developing (low-income growth - high), prosperous (high-income growth - high growth), and rich (high-income growth - low growth) based on a new study presented. This research presents a new country classification based on the per capita income and long-term average growth rate, which is determined in relative terms. The multinomial logit analysis results suggest that higher export and investment growth rates are the main differentiating factors emerging from weak economies. Furthermore, a better institutional environment, measured by different economic freedom dimensions, plays an essential role in driving the transition from low-income to high-growth countries (Saccone and Deaglio, 2020:2). The study demonstrated the problem of understanding growing inequality by examining the structure and composition of output and employment and the wide inequalities emerging across sectors. This study concluded that every

worker and workforce across sectors represents an existing and growing income inequality problem (Tiwari & Kumar, 2019:2). The paper discusses the relationships between variations in exchange rates and the macroeconomy in a sample of developing and industrialized countries. The effect of currency depreciation on the reduction of consumption and investment in developing countries is particularly widespread. Given the high reliance on imported products in developed countries, currency appreciation decreases competitiveness and, subsequently, export growth without having a substantial negative impact on imports (Kandil, 2008:2). By modeling the central bank as a Ramsey planner, the paper analyzes the optimal exchange rate strategy.

The key finding is that it is desirable to have an initial actual currency depreciation paired with an accumulation of reserves in an episode of growth acceleration, consistent with the Chinese experience. This depreciation follows an appreciation in the long term. (Bacchetta et al., 2014). This research explores the short-and long-term impact of infrastructure on export and trade deficits in selected South Asian countries by using the 1990-2017 estimator and counteraction techniques such as the Pedroni and Kao test of the Pooled Mean Group (PMG).

The PMG method's empirical findings indicated the presence of a major long-term impact on exports and trade deficits of the aggregate and sub-indices of infrastructure (i.e., transport, telecommunications, electricity, and the financial sector).

The findings showed that funding favorably stimulates exports while adversely affecting the trade deficit (Rehman et al., 2020:1). This paper discusses the relation between trade structure, specialization in trade, and growth in per capita income. The consequences on medium-high-skill-intensive industries of an optimistic long-run growth trend resulting from trade specialization.

Furthermore, significant variations are observed in this relationship between the ability level of export and import trends and their respective effects on economic growth and between the community of developing countries and the members of

the OECD (Wörz, 2005:2). Inflation affects economic growth. This is what this study discussed.

It identified the existence of relationships between growth and inflation and took interim data to assess the impact of inflation on economic development for the period 1990-2011. The relationship between inflation and GDP was established through the correlation coefficient and the cointegration technique, and the elasticity factor was applied to measure the degree of reaction of the increase in GDP to changes in general price rates.

The findings show that economic growth is affected by inflation. The research also showed that there was no co-integration between inflation and economic growth during the study period, no long-term relationship between inflation and economic growth in Tanzania. (kasidi1&Mwakanemela, 2012:1). To examine the relationship between inflation and economic development, the augmented Dicke Fuller test was used to test for a root or fixed unit. The study was conducted in Bangladesh during the period from 1975 to 2013, this study used the Granger causality and then the error correction model.

It shows a statistically relevant long-term positive relationship between the inflation rate and the gross domestic product's economic growth. Bangladesh has shown a statistically significant long-term correlation between inflation and the GDP growth rate (Majumder, 2016:1). This report examines the impact of passing exchange rates on inflation for advanced economies targeted for inflation. Innovation depends on the reliability of both monetary and financial. The paper explores empirical evidence that a high reputation can reduce passive inflation, building on the Brazilian experience. The results indicate that while monetary credibility applies only to passing market price inflation, financial credibility is an important tool for curbing inflation and inflation expectations (Mendonça & tastes, 2015). Inflation affects economic growth. This was analyzed by the study by identifying the main directions for increasing the effectiveness of the central bank's

policy to combat inflation. The relationship between the inflation rate and the actual GDP growth rate is evaluated based on IMF statistics, using the example of 158 countries, to assess the inflation threshold whose surplus harms economic growth. It has been shown that the relationship between nominal GDP growth rates versus actual GDP and inflation rates is more direct and closer.

To prove the analysis of this accreditation. The GDP deflator must be used instead of the CPI. Results show that deflation reduces economic growth to a far lower degree than inflation. (Mishchenko et al., 2018). This research explores alternative monetary policy regimes' consequences in coping with shocks in resource revenue, while fiscal policy is a strategy of non-intervention. The Three-segment Dynamic Random Balance model is using. The model is defined by the key structural features of emerging resource-rich economies, such as the Dutch epidemic, restricted foreign movement of capital, credit-constrained customers, and limited labor mobility. To suit the typical resource-rich developing economy, the model is tuned. Consideration was provided to three alternative monetary policy regimes: a flexible exchange rate, a crawling link, and a money growth target. The policy assessment process shows that the inflation targeting system's flexible exchange rate is the strongest among the policy options considered. (Chuku, 2019:1). In addition to structural and monetary policy variables affecting India's inflation since the 1980s, this paper discusses the extent of fiscal instability and trade openness. The article confirms that public debt is inflationary, while transparency is anti-inflationary, particularly about inflation in consumer prices. The major effects of cash growth, the real interest rate, the real effective exchange rate, and the production gap in the inflation of consumer and wholesale prices are being created. In addition to monetary management, the paper concludes that anti-inflationary fiscal policy and comprehensive policies for the real and external sectors are necessary to stabilize inflation in the long run. Prolific coordination of monetary-fiscal policy is a dream in India (Maitra & Hossain, 2020). The importance of knowing the risks of default in the production and implementation of monetary and fiscal policies, this paper presents a class of random dynamic general

equilibrium models of nominal rigidity. The risk of default is viewed in the model, and two policies have been analyzed: basic strategies and wrong policies. Optimal monetary and fiscal policies and policy authorities aware of default risk are included in the basic scheme. When policy authorities are unaware of the default risk, they are putting in place a tougher structure that generates high welfare costs. Policy authorities should be aware of the default risk if the interest spread is high (Okano & Eguchi, 2019:2) Since all commercial banks are no longer tied to reserves, so the historical relationship between the central bank's balance sheet (monetary base) and the pending supply of money is interrupted by what the major central banks have confirmed that the goal of massive quantitative easing is to increase the rate of inflation in this study.

Thus, changes in the size and composition of the central bank's assets and liabilities have nothing to do with the amount of money in circulation. Without the opportunity to manipulate the money supply, the inflation rate is not regulated by the central bank's open market operations. Therefore, the reported increases in the interest rate that central banks impose on depositors have little effect on economic activity or inflation rate. In the case of inflation, central banks would not have the ability to combat the rate at which money's buying power is decreasing (Jordan, 2019:1). This paper empirically investigates the impact of tax reform on developing countries' fiscal space. The study used an unbalanced panel dataset of 99 developing countries (including 37 Least Developed Countries, LDCs) over 1980-2015. This showed empirical evidence that tax reform in developed countries correlates with higher fiscal space, with a significantly higher positive impact for LDCs than for the entire sample of other countries. The higher the degree of openness to international trade, the greater the tax reform's a beneficial effect on the fiscal space. Given the importance of securing more fiscal space to finance development needs, policymakers in developing countries should make their tax reforms more transparent in terms of trade, especially with the assistance of both bilateral (developed) partners and relevant international institutions (Gnangnon & Brun, 2020:3). This paper attempted to test whether the nature of tax law influences

cyclical fiscal policy through the cross-country team framework for 61 countries for the post-2000 period, taking into account the periodically amended equilibrium (CAB) / structural equilibrium (SB) with conventional budgeting rules and those, includes financial rules to modify the impact of the business cycle. The findings support the policy conclusion that developing fiscal rules that integrate market cycles into the objective can achieve the twin goal of promoting higher growth while maintaining fiscal discipline, either through well-defined override conditions or by formulating periodically adjusted limits. (Misra & Ranjan, 2019:1). This study uses the dynamic general equilibrium model to know how public spending and all kinds of revenues in the budget affect economic activity. The study found that. Public employment and shifts lead to a contraction in the economy; in the same way, high tax rates and lower spending items increase families' welfare and reduce the main deficit in public debt by increasing tax rates (Silvia, A., 2001:2). This paper aims to use non-linearity models and asymmetric causality tests to expand the current literature. The data for 33 developed and developing countries during the period 1988Q4-2016Q3 are used for this purpose. The results showed that the inflation behavior is asymmetrical, defined by a smooth transition phase and that the positive and negative shocks observed in the causality test are segregated. In most nations, the asymmetrical causality between inflation and inflation instability is verified. The empirical proof for the Cukierman-Meltzer hypothesis, however, was found to be weaker than the hypothesis of Friedman-Ball (Hajamini, 2019:1). The negative loop caused by the relationship between pessimistic estimates of potential output and the effects of fiscal policy in Europe during 2008-2014 is analyzed in this paper. We argue that policymakers' dependency on overly pessimistic future performance standards has led to a major fiscal policy shift. Contractionary fiscal policies have led to a reduction in potential production through hysteresis impact, validating in part the initial pessimistic estimates and leading to the second round of fiscal consolidation. The paper ends by addressing alternative fiscal policy mechanisms that could prevent this negative loop in future crises (Fatás, 2019:2). There is an interactive effect between higher levels,

democratization, and economic development on growth fluctuations is what the study mechanism specifically reached. This impact made the per capita income reach \$ 2,700. This means that approximately 50% of the study sample countries have a marginal impact and can enjoy With less volatile economies with greater political development. (Edwards & Thames, 2010). This article demonstrates how the Turkish economy's rising inconsistency has given rise to technological changes and transformations. The Turkish economy was based on agricultural growth strategies between 1923 and 1962, which stimulated development in the manufacturing sector and led to technological development. The Turkish economy grew under import substitution industrialization between 1962 and 1985, with regulations focused on domestic consumption growth strategies. In the early 1980s, through deregulation measures, most developing countries, in tandem with Turkey's development policies, introduced major institutional changes. Still, in conjunction with the open and export growth economies, Turkey could not generate the required configurations. Due to forced structural changes, the result of the study achieved more consistent export growth after 2003. However, its macroeconomic factors still do not display institutional complementarity (Ünal, 2018:1). This paper shows the relative merits of a form of fiscal federalism in a monetary union. It uses a basic macroeconomic model for policy analysis to evaluate intergovernmental tax cooperation without federal authority. And prove that the presumption that one solution is often better than the other is difficult to conclude. Introducing a non-cooperative rival to the policy game does not overshadow a new instrument's advantages and a policymaker with union-wide goals. This outcome is retained when the model implements an aggressive monetary policy or when shocks impact the economy's functioning. The welfare ranking of these two options relies on the spillover effects across borders, politicians' preferences, and shock variances. (Kempf, 2020:2). This study examines the role of USA monetary policy in global banking crises by using a cross-country database covering 69 countries over the 1870-2010 period. For those countries with direct links to the US, the tightening of US monetary policy increases the

possibility of a financial crisis, either in the form of trade relations or a large portion of USD-denominated liabilities. These findings indicate that the effect of US monetary policy on global banking crises is not standardized and depends largely on ties with the USA (Durdu et al. 2020:1). This study was used as a dynamic macro model unique to the current Chinese economy, assuming that the capital market was "open." At the same time, the exchange rate was set under the WTO system. The objective here is to find out if, in this case, China can sustain an effective monetary policy to stabilize the domestic economy. This research proposes some institutional arrangements for this (or restrictions). Because of these institutional limitations, it is concluded that not the only monetary policy can still be useful. Even a fixed-exchange-rate system would enhance the macroeconomic stability enjoyed by its trading partners' domestic economies and economies. Furthermore, the model's dynamic analysis shows that the under-valued RMB is required to make the target exchange rate sustainable (Gang & Jian, 2008:1). This analysis shows that the economy is solid, unemployment is close to 50-year lows, and inflation is roughly our 2% target. The baseline outlook is more of the same for forecasters inside and outside the Fed. This historically uncommon pairing of stable, low inflation and poor unemployment is a testament to the fact that in exceptional times, we remain. The current strategy of gradual normalization of interest rates represents attempts to balance the unavoidable risks that come with exceptional times, to prolong the current expansion while retaining maximum jobs and low and stable inflation (Powell,2018:2). This study proposed a new method for measuring monetary policy appreciation by estimating Tyler's rule with variation and change in flexibility and time. In this study, they adopt a model for the period 1967-2005, emphasizing periods of policy shock volatility in the United States of America. They found positive effects of inflation on shocks' volatility for the full sample during and before the Volcker period. In contrast, during the Greenspan period, headline inflation declines. They also found a positive correlation between the stock market and the policy's assessment, and there is no relationship between the production gap and the volatility of the shock. (Ohanyan

& Grigoryan, 2020:2). There is a necessary condition for economic growth, which is the rate of positive inflation, as it appeared in this study, and based on a statistical model. As the study showed, the money contraction factor is proportional to the money supply's annual circulation. It is inversely proportional to the cost of capital invested in the field of production. He found that an increase in the level of unemployment was due to a contraction in production, as is evident in the Ukrainian economy (Dunaev, 2007:2). This study shows that in high-debt nations, an increase in public debt is inflationary. They found that the relationship holds strongly in indebted developing countries, weakly in other developing countries, and generally not in developed economies, based on a detailed data panel set. These findings are robust for including other variables, corrections of endogeneity bias, relaxation of common-slope restrictions, and are invariant over subsample periods. The wealth effects of public debt can also affect inflation, posited by the fiscal theory of price levels. The findings indicate that in highly indebted countries, the risk of a debt-inflation trap is important, and pure money-based stabilization is unlikely to succeed in the medium term. The findings underline the significance of systemic and structural variables in the association between fiscal inflation (Kwon et al., 2009:1). Central and regional governments interact with each other's policies by implementing counter-strategies to maximize their well-being. They found this by studying how to analyze the general balance of tariff changes in a multi-regional model with strategic intergovernmental interactions. This study's inspiration stems from studying competitive money development actions of inter-provincial and central provincial governments in China and the former Soviet Union. Governments can cushion tariff changes in national and regional absorption by engaging in competition and creating capital. However, it is shown that the impacts of tariff reforms with and without competitive money formation continue to converge as the marginal rate of absorption replacement for inflation rises (Liew & Siriwardana, 2002). This paper explores the effect of oil prices on economic growth in seven low-income oil-importing countries in sub-Saharan Africa (SSA): Ethiopia, Gambia, Mali, Mozambique, Senegal, and Tanzania. And about Uganda.

They analyzed the short- and long-term effects of oil prices on economic growth using the Auto Regressive Distributive Lag (panel-ARDL). The findings indicate that the price of oil does not directly affect the short-term economic growth of the group but has a significant long-term negative impact. Using the Non-linear Autoregressive Distributed Lag (NARDL) model, oil prices' asymmetric effect was used. We found a decline in oil prices had a positive and meaningful impact on economic development growth. The increase in the price of oil, on the other hand, has a major negative impact (Akinsola & Odhiambo, 2020:2). To investigate the impact of oil price shocks on China's macroeconomic fluctuations, this study utilizes an autoregressive structural vector (SVAR) model. Our SVAR model is defined by sign constraints with impulse response and variance decomposition functions. Using monthly data from December 1999 through July 2018, we find that there are detrimental effects on economic growth and money supply from a positive oil price shock. Foreign oil prices have had a much more important effect on China's real economy after the 2008 financial crisis. China's economic activity tends to be a big cause of oil price changes (Liu et al., 2020:1). This study confirms Qatar's resilience to adverse shocks and the crucial role that the energy sector has played in improving the degree of economic diversification of Qatar. And the results show that the non-oil region is absolutely immune to long-term adverse shocks, as the effect of negative shocks on real non-oil GDP is negligible. Various policies are suggested and debated to boost the country's level of economic diversification and to delink government revenues from oil and gas revenues (Charfeddine & Barkat, 2020:1). In this paper, using a VAR model, the macroeconomic influence of structural oil shocks in four of Asia's top oil-consuming economies was analyzed. Key findings indicate that economic activity and prices, depending on their shape, respond very differently to oil price shocks. In particular, the effect of the oil supply shock is minimal. In contrast, the demand shock caused by global economic activity has had a major positive impact in all four Asian countries examined. The finding includes that policy instruments such as interest rates and exchange rates help minimize the impact of supply shocks in

Japan and Korea but can be used more effectively to respond to demand shocks. Oil price shocks have only slightly affected CPAs in India and Indonesia. Monetary and exchange rate instruments help mitigate supply shocks in Korea and Japan (Cunado et al., 2015:2). In this paper, the ties between the recent spread of COVID-19, the oil price volatility shock, the stock market, geopolitical risk, and USA economic policy uncertainty were examined and analyzed within a time-frequency context. The geopolitical risk influence of COVID-19 is substantially greater than that of economic transition in the US. The danger of COVID-19 is interpreted differently in the short and long run and is perhaps regarded as an economic crisis. The findings indicate the significant short-term effect of COVID-19 on U.S. capital markets from an asset management perspective. However, the risk that investors might still expect the US stock markets to rebound in the long run with additional government interventions can not be excluded. (Sharif et al., 2020). In this paper, a multi-regional dynamic computable general equilibrium model is designed to explore China's macroeconomic effects on foreign oil price shocks and RMB exchange rate shifts. The findings reveal:

- (1) Differences in terms of regional growth.
- (2) In terms of employment.
- (3) The effect of the volatility of oil prices is asymmetric.

The result: there is a time lag in the impact on the regional economy of exchange rate fluctuations and shifts in oil prices (Dong et al., 2017:1).

2.1.1 Summaries of Literature Review

Table 2.1: Summaries Of Previous Studies

	Authors	Summaries
1	Najaf, 2016	It found that GDP and other variables have a long-term relationship. The study also found that the way to raise or reduce inflation and manage the fiscal deficit is through fiscal policymakers.
2	Symptom, 2018:3	The empirical results show that in South Asian countries, both government spending and tax revenues have little effect on real GDP growth. Moreover, in these countries, real investment is strongly correlated with real GDP growth.
3	Kima et al., 2018:1	This study concludes that financial inclusion has a positive influence on OIC countries' economic development.
4	Hanusch et al., 2017.	The findings showed that the effect on innovation-related investment's economic growth was much greater than that of other macro variables.
5	Abor et al., 2018	The large informal sector and the uncooperative population reduce the effectiveness of the monetary policy because a more significant proportion of the economy will be outside the influence of policy authorities
6	Lenka1 & Bairwal,2016	The Generalized Less Square (GLS) calculation shows that inflation in SAARC countries is negatively correlated with fiscal inclusion, exchange rates, and interest rates.
7	Koye et al., 2017	The study shows that (i)credit provision to the private sector in Nigeria has not substantially assisted economic growth (ii) fiscal inclusion has encouraged poverty alleviation in Nigeria through rural credit provision. Monetary authorities should improve financial inclusion efforts by improving the provision of credit to the private sector and enhancing the regulatory system to ensure effective and efficient allocation and use of capital.
8	Chu et al.,2020.	The results show that a change in government spending to efficient government expenditure and away from non-productive expenditure has a positive relationship with economic development, using evidence from countries with high sales.
9	Ayodeji & Oluwole, 2018	The study concluded that central banks' full independence, which is often subject to interference and government policy, is relevant in Nigeria. To create a favorable investment climate, monetary policies should also promote interest rates and market-based exchange rates that attract domestic and foreign investment.
10	Gurda et al.,2020	The key finding is that the tax policies to be enforced, based on the economic condition of the G7 countries, are a powerful financial instrument capable of fulfilling the economic objectives to be achieved.
11	Miraj-ul-Haq, 2017.	The impulse response feature demonstrates that both fiscal and monetary policies positively affect per capita GDP growth in the long term.
12	Ezeaku et al., 2018.	The result indicates that monetary policy has a long-term relationship with the industrial sector's actual production growth. The system imbalance is corrected at a rate of 72.2 percent annually, a study in Nigeria.
13	Dimitrijević & Lovre, 2012.	Monetary policy affects economic development in the long run.

14	Precious & Palesa, 2014.	To create a favorable investment climate that attracts domestic and foreign investment, monetary policies encourage sustainable economic development. To improve economic growth, the government must increase government spending on the economy's productive sectors, as monetary policy alone cannot effectively stimulate economic growth.
15	Sun, 2017	The error correction model discovered a short-term causal relationship between the real exchange rate, money supply, and real GDP per capita.
15	Twinobury \$ Odhiambo, 2016	Both short-run and long-run empirical findings support the neutrality of monetary policy, suggesting that economic growth is not influenced by monetary policy, both in the short and long term.
16	Kaplan, 2016:9.	The study finds how to generate higher rates of GDP growth Total. Especially after eight years of the Great Depression, a new and broader approach to a new economic policy must be adopted
17	Dimitrijević & Lovre, 2013	Monetary policy has a real effect on economic stability, even in the long run.
18	Berentsen et al., 2018	Central banks should revert to the implementation of monetary policy before the crisis by absorbing reserves and reducing the size of the balance sheet.
19	Elmendorf, 2015.	Fiscal growth is now seen as playing an important role in economic stability at this period. Law and associated institutions have a central role in both fiscal stability and fiscal growth.
21	Paavo, 2017.	There is a positive relationship in the short term between the development of the banking sector and the growth of GDP through net interest income and banks' financing obligations.
22	Kalpana and Rao, 2017.	The financial liberalization of the neoliberal group has transformed the financial structures, and some countries have dumped specialized development banking institutions on the grounds that the stock and bond markets will do the job. There are some countries that have not yet chosen this path, such as Brazil.
23	Ufoeze et al., 2018	The monetary policy explains 98% of the economic growth shifts so that monetary policy can be used effectively to regulate the Nigerian economy, thereby being a legitimate instrument for price stability and production development.
24	Gökçe & Çankal, 2013	A statistically significant positive relationship exists between exports and GDP. And the results showed that the restrictive payment balance growth model of Thirlwall is true for the Turkish economy.
25	Isik et al., 2017	The result of this analysis shows that central banks aiming to stabilize the current account balance need to improve discrete policies for each type of credit rather than policy as a whole.
26	Davis, 2020	It was found in this study that an increase in mining production caused a variation in total income
27	Aytac et al., 2016.	Oil importing countries need to reduce their dependence on oil significantly. This could lower oil prices and allow democracy and stability to take root in the Middle East and other oil-exporting regions.
28	Saccone & Deaglio, 2020.	The multinomial logit analysis results indicate that higher export and investment growth rates are the key differentiating factors arising from poor economies, in line with the empirical literature on economic growth.

29	Tiwari & Kumar, 2019.	They have shown that the output per worker and the concentration of the workforce across sectors is a problem of existing and growing income inequality.
30	Kandil, 2008	Export growth does not negatively affect imports, especially when an increased value currency reduces the competitiveness of production
31	Bacchetta et al., 2014	The key finding is that it is desirable to have an initial real currency depreciation combined with an accumulation of reserves in an episode of growth acceleration, consistent with the Chinese experience.
32	Rehman et al., 2020	The findings showed that funding favorably stimulates exports while adversely affecting the trade deficit. A worthwhile bulletin for South Asian economies to promote export numbers and catch-ups in developed economies is the relationship between infrastructure and shipping.
33	Wörz, 2005.	In this relationship, significant distinctions are observed between the ability level of the export and import trends and their respective effects on economic growth and between the community of developing countries and the members of the OECD.
34	Kasidi & Mwaknemela, 2013.	During the study period, there was no common complementarity between inflation and economic growth, and also, there was no long-term relationship between inflation and economic growth in Tanzania.
35	Majumder, 2016.	Bangladesh has recorded a statistically significant long-term positive correlation between the rate of inflation and GDP economic growth.
36	Mendonça & Tostes, 2015.	The findings indicate that while monetary credibility is only applicable to the pass-through of consumer price inflation, fiscal credibility is an important instrument for reducing the pass-through of inflation and inflation expectations.
37	Mishchenko, 2018.	The GDP deflator should be used instead of the CPI. The findings show that deflation restricts economic growth much less than inflation does.
38	Chuku, 2020.	An adjustable exchange rate with an inflation-targeting mechanism is the strongest.
39	Maitra & Hossain, 2020.	To stabilize inflation for the long term, an anti-inflationary fiscal policy, and a comprehensive policy for the real and external sectors are necessary. Prolific coordination of monetary-fiscal policy is a dream in India.
40	Okano and Eguchi, 2020.	When policy authorities are unaware of the default risk, they are putting in place a tougher structure that generates high welfare costs. Policy authorities should be aware of the default risk if the interest spread is high.
41	Jordan, 2019.	The reported increases in the interest rate that central banks impose on depositors have little effect on economic activity or inflation rate.
42	Gnangnon and Brun, 2020.	Tax reform in developed countries correlates with higher fiscal space, with a significantly higher positive impact for LDCs than for the entire sample of other countries. The higher the degree of openness to international trade, the greater the tax reform's beneficial effect on the fiscal space.
43	Misra & Ranjan, 2018.	Designing financial rules that integrate business cycles leads to the twin goal of promoting higher growth while preserving fiscal discipline through well-crafted, periodically adjusted terms.

44	Silvia, A.,2001	Public employment and shifts lead to a contraction in the economy; in the same way, high tax rates and lower spending items increase families' welfare and reduce the main deficit in public debt by increasing tax rates.
45	Hajamini, 2019.	In most nations, the asymmetrical causality between inflation and inflation instability is verified. However, the empirical proof for the Cukierman-Meltzer hypothesis was found to be weaker than the theory of Friedman-Ball.
46	Fatás, 2019.	The study found that flexibility during "exceptional circumstances" is the tool to get rid of the crisis, and in some cases, monetary policy is the savior.
47	Edwards & Thames, 2010.	That approximately 50% of the study sample countries have marginal influence and can have less volatile economies with greater political development.
48	Ünal, 2018.	Post-2003, the Turkish economy was able to establish more consistent export growth through forced institutional changes, but its macroeconomic factors still do not display institutional complementarity.
49	Kempf, 2020.	This paper shows the relative merits of a form of fiscal federalism in a monetary union. and The welfare ranking of these two options relies on the spillover effects across borders, politicians' preferences, and shock variances
50	Durdu et al., 2020.	The results indicate that the effect of US monetary policy on global banking crises is not standardized and depends, for the most part, on the nature of ties with the United States.
51	Gang & Jian, 2008.	The appreciation of the RMB would not help to overcome the trade deficit issue in China's Western economy due to the import trend of the current Chinese economy.
52	Powell, 2018.	The ongoing gradual normalization of interest rates reflects attempts to balance the unavoidable risks that come with exceptional periods, to prolong the current expansion while retaining maximum jobs and low and stable inflation.
53	Ohanyan & Grigoryan, 2020.	In the Greenspan period, the degree of flexibility in headline inflation decreases, but inflation increases and finds a major positive correlation between stock market volatility and political discretion, but no connection between shock volatility and production difference.
54	Dunaev, 2007.	The deflator of money is proportional to the annual circulation of the supply of money and is inversely proportional to the cost of the capital invested in the production sphere. The production deflator is an increasing function of the level of unemployment.
55	Kwon et al., 2009.	The findings indicate that in highly indebted countries, the possibility of a debt-inflation trap is essential, and pure money-based stabilization is unlikely to succeed in the medium term. The findings stress the role of systemic and structural factors in the fiscal-inflation connection.
56	Liew & Siriwardana, 2002.	Governments can cushion the impact of tariff adjustments on national and regional absorption by engaging in competitive capital development. However, it is shown that as the marginal rate of absorption replacement for inflation increases, the effect of tariff reforms with and without competitive cash formation continues to converge.
57	Akinsola &Odhiambo, 2020.	They found that the decrease in oil prices had a positive and substantial impact on growth, while the increase in oil prices had a substantial negative effect.

58	Liu et al., 2020	Foreign oil prices have had a far more significant impact on China's real economy following the 2008 financial crisis. Chinese economic activity seems to be an important cause of changes in oil prices.
59	Charfeddine & Barkat,2020.	Several policies are proposed and discussed to improve the country's level of economic diversification and reduce government revenues from oil and gas revenues.
60	Cunado et al., 2015.	In Korea and Japan, monetary and exchange-rate instruments help mitigate supply shocks.
61	Sharif et al., 2020.	The results demonstrate that COVID-19 has a strong short-term impact on US stock markets. However, we cannot rule out the possibility that investors might still expect the US stock markets to recover with additional government interventions in the long run.
62	Dong et al., 2017.	The result: There is a time lag in changes in oil prices and exchange rate fluctuations, affecting the regional economy.

2.1.2 Analysis of The Literature Review

It was found from previous studies that there is a positive relationship between fiscal policy and economic growth through (spending, tax, and non-tax revenues) as the expenditures affect the economic growth positively, primarily when the expenditures are directed towards productive expenditures as they affect the gross domestic product. This approach is successful in rich and developing countries, depending on the spending policy of the country.

Imports were obtained (tax or non-tax) contribute to economic growth, and the relationship between economic growth and spending is often causality. Therefore, fiscal policy has a positive impact in all countries, but it depends on what kind of system the state would pursue in managing these tools. Is it a country that based on collecting tax-only to finance its economy? A profitability country? An industrial and export country? Or a country that depends on (natural resources taxes, industrial and shipping)?

First: The country that finances its spending from tax revenues: Most countries in Europe, East Asia, America, and Scandinavian depend on paying off their expenditures from tax revenues. And some states are excessive in imposing taxes, which recently led to dissatisfaction of consumers on this type of charge. Usually, these countries spend as much as they get on imports from taxes, or they collect

revenues. Then their spending determines the relationship between expenses and revenues is causal; the balance between revenues and expenditures leads somewhat to a state of economic stability.

Second: profitable countries: are countries that depend on their revenues from export oil, gas, or other natural resources. These countries with a unilateral economy suffer from a backward economy and are always under the control of the price authority (oil prices, oil shocks, currency market). These countries' imports are only natural resources that meet operating expenses, and these countries are exposed to major economic crises. This policy drives the country towards internal and external borrowing that leads to a significant fiscal burden.

Third: Countries that depend on industry and export: Most of these countries rely on their development to the industrial and agricultural side, and direct their expenditures to production expenditures to increase the national product gross in the long term. These countries reach the stage of self-sufficiency and then export the surplus from it. The economy of these countries is somewhat stable.

Fourth: Countries that follow a tax policy in obtaining their revenues also have natural resources. These kinds of countries are producing and exporting at the same time, and they can face their economic crises successfully because these countries have diversified economies and not relying on a single source to obtain revenue. This policy is usually followed by countries Economically developed, not just countries that seek economic growth. As for the monetary policy tools: the monetary policy has an impact on economic growth by the proper use of the state. For example, the system of granting credit encourages investment. Increasing investment in all its forms leads to an increase in economic growth and the capital accumulation of the economy of any country, whatever its economic system, provided that the appropriate investment environment is available to achieve growth. The independence of the central bank: for its impact on the economic activity of the country through the powers and capabilities possessed by the central bank enabling it to exercise its functions to achieve the objectives of monetary

policy, and this justifies the pursuit of many countries to grant independence to their central banks.

The profitable countries are affected by monetary policy a lot, and this policy plays an essential role in their economy through fluctuations in oil prices. Exchange rates The currency of profitable countries depends on the sale and export of oil and natural materials. Cash is from the work of the central bank and which is often variable and not fixed—most of these countries are exposed to economic crises. In addition to the developing countries that import oil, their economy is also affected by changes in oil prices and the currency market, etc. It negatively affects the growth of their economy in the short and long term.

Inflation is one of the indications that the economy is going through a crisis, but this is not true. Some countries create inflation intending to boost economic growth because inflation leads to lower consumption and thus increased savings, which then directed to investment as well as high prices, especially resulting from an increase in the size of Demand for the supply of goods and services encourages investors to increase production and thus move the economic process. So, the inflation situation can be considered a policy that has positives, and not only negative aspects of economic growth, as also in the study (Tanzania).

Some countries suffer from inflation, although they are a producer, manufacturer with self-sufficiency countries. But this does not mean that the country suffers from inflation is economically weak. Still, there is a problem in the state's foreign policy because it has a direct relationship with the economy.

2.2 Fiscal Policy

The fiscal policy is one of the most important state policies through which it controls expenditures and revenues, which contribute significantly to economic growth. John Maynard Keynes (1883-1946) was a British economist in the first place who argued that governments could achieve economic stability by controlling

spending and taxation policies as well as regulating the role of business and production.

In response to the Great Depression, he developed theories that challenged classical economics' assumptions that economic fluctuations were self-correcting. Because the fiscal policy is one of the most important aspects of general economic policy and is one of the State system's gates for carrying out its economic activities, Keynes's ideas were very influential. It is appropriate to examine this policy in all its aspects. Through the following (D I Trotman-Dickenson, 1996:20).

2.2.1 The Concept and Definition of Fiscal Policy

Fiscal policy is A fiscal program or action followed by the State through the use of its various instruments to achieve its economic, social, and political objectives. Otto Eckstein defines fiscal policy as “Changes in taxes and expenditures which aim at short-run goals of full employment and price -level stability.”Arthur smithies define fiscal policy as “a policy under which the government uses its expenditure and revenue programs to produce Desirable effects and avoid undesirable effects on the national income, production, and employment. “In an attempt to understand the fiscal policy, we must know very well that fiscal policy is an element of economic policy, contributes to the implementation of the economic program and plays an active role in achieving it, provides theories and solutions, confronts strategies and makes choices and decisions are taken as well as actions to achieve them. Therefore in determining the fiscal policy, we must bear in mind at least the following reasons (Andhini, 2017:424).

1. They represent a specific area of economic policy, subject to and belong to its group, and indeed affect it.
2. It involves a specific concept of fiscal sector management; it is varied by application areas, dynamic solutions, and flexible tools.
3. It should be designed and implemented in such a way as to ensure the

functionality of the fiscal mechanism, develop a suitable framework to show its self-regulatory capacity, and positively affect the functioning of the economic device as a whole.

4. Through specific tools and levers, all economic decisions with practical impact must be achieved (Halpern et al., 1998: 425).

2.2.2 Fiscal Policy Instruments

The fiscal policy is based on three main tools: the first is public expenditure; the second is the general revenues (taxes of each type); the third is the state budget; these instruments are included in the direct instruments; and there are indirect instruments such as subsidies, change in tax revenues, Level of private spending, unemployment compensation). We will highlight each tool as required.

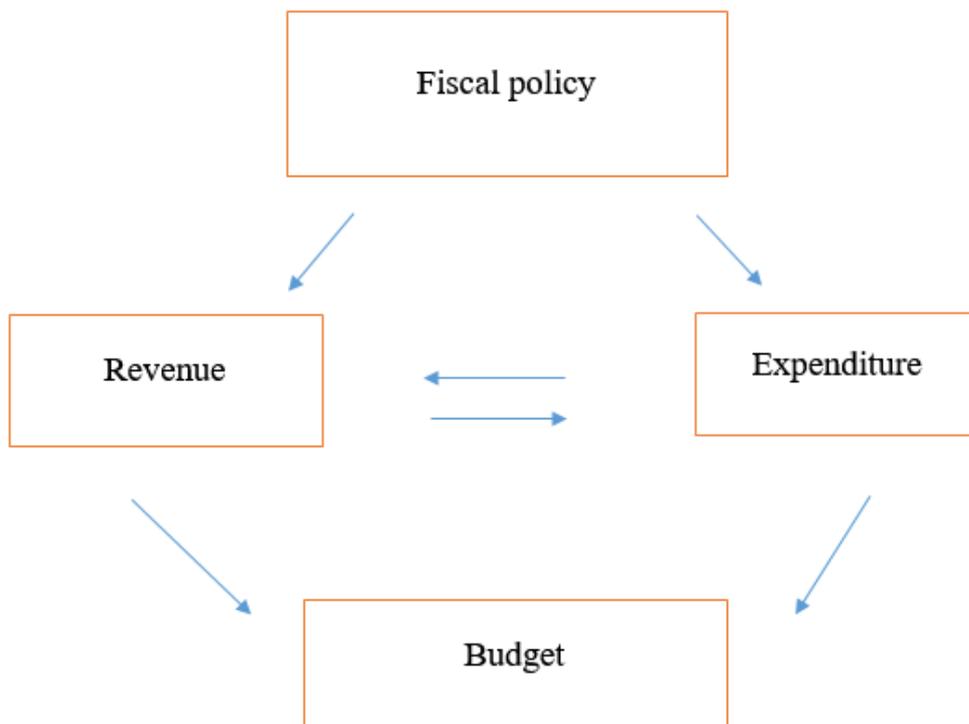


Figure 2.1: The Relationship Between Fiscal Policy Instruments

2.2.2.1 General expenditure

The funds spent by the State within a specified period to meet the needs of the community organized by the State. The development of the state and the methods of economic analysis led to the dependence on economic division, which enables us to trace the direct impact of expenditure. Public spending is divided into real expenditure, which means the state uses part of the purchasing power of various goods and services to create projects that meet general needs and lead to a direct increase in national output. Transfer of expenses is the transfer of money from one category to another in the community without increasing production but only for redistribution because these expenses do not have a direct cost. Governments in developing countries spend a great deal of GDP on goods and services (Gill et al., 2013). The question here is, should spending on state institutions made of health, education, and defense be reduced? The answer here is which of them contribute to economic growth, directly or indirectly. Governments spend on various goals, the most important of which is the income of individuals. Since growth is one of the government's goals, we see that there is a relationship between spending, government, and economic growth, which is why it is necessary to know the components of spending as a way to estimate the costs that the government needs.

It is also known that measuring per capita income is easier than measuring some of the government's other goals. There are two types of government spending: productive spending and unproductive spending. We can differentiate between them by how a shift in a combination of the two leads to a change in the long-term economic growth rate. The positive effects can be seen from the formation of public spending and not from the size of public spending or income or the balance of the money. By increasing the share of "productive" expenditures, we can restructure public spending. These investments will positively impact the factors of production (capital and labor) to influence the level and pace of economic activity growth (Devarajan et al., 1996:2-3).

Usually, non-production expenditures reduce economic growth, while production

costs promote economic growth. Growth is determined by technical progress. Self-growth models for policy are defined as "effective," and those that generate positive factors for companies from abroad have positive effects on production, capital, and employment. "Non-productive" expenditures are those that directly benefit households (Angelopoulos, Economides, and Kammas 2007; Chu et al. 2020; Devarajan et al. 1996).

Production expenses consist of the following components:

Public spending, research and development, education, active labor market policies, health and security, public policy, administrative costs, transportation, and communications, and public investment (Afonso, Schockencht, and Tanzi 2005; Angelopoulos, Economides, and Camas 2007) Empirical studies indicate that financial spending was through distorted or non-distorted taxes, and this is since public spending depends on taxes.

(Stoilova, 2017). Public expenditures have positive effects and sometimes negative ones, especially if spending exceeds a certain threshold (Baldacci et al., 2004).

Finally, spending on benefits, wages, and salaries are unproductive, regardless of whether these expenditures are funded by spending on education, research, development, or entertainment expenses. In contrast, public investment spending is a product regardless of its end-use.

We must direct public spending to productive expenditures that contribute to long-term economic growth.

2.2.2.2 The concept of public revenues

Public revenue represents the sum of money that the government receives to cover public spending during a certain period of time to achieve several economic, social, and financial goals. Revenue is the increase in net value resulting from transactions

and transactions of general government units (Khan.2019:50). There are various sources of revenue, such as tax revenues and non-tax revenues, and government revenues consist of:

- 1-total taxes.
- 2- Total social contributions.
- 3- Total sales of goods and services.
- 4- Other current revenue (Collier et al.2010).

2.2.2.2.1 Tax revenue

Tax revenue is one of the important and controlling revenues of total revenues, especially in countries with a tax system. Tax revenue consists of government receipts, which are mandatory and free, and are not compensation for a specific service provided by the government (Donata Irina Troutman-Dickinson, 1996: 113). It can be defined as the sum of the proceeds from taxes on income and profits, payroll taxes, taxes on goods and services, property and transfer taxes, social security contributions, and other taxes.

By taking total earned tax revenue as a percentage of GDP, the tax burden is calculated. With a comprehensive report on revenue obtained from various items such as corporate tax, income tax, wealth and customs tax, union expenses, services, federal land taxes such as land income, and registration of stamps, we will understand tax returns. (Castro & Camarillo,.2014:35-59). Taxes collected from direct and indirect taxes are considered in tax revenues.

2.2.2.2.2 Non-tax revenue as consisting

Non-tax revenue consists of a group of elements, namely:

- (A) Total sales of goods and services; (B) other current income. And (c) other

capital income. There are government revenues, but not miscellaneous tax. For example, government-owned companies distribute profits from them, provide public health services, fees for roads and bridges, and rentals of land and government buildings. There are economic literature and practical works on non-tax revenue in developing economies with a diversified economic structure because non-tax revenue usually consists of a different mix of sources. The contribution to total government revenue is relatively small for developed countries that adopt the tax system in their revenues and play a specific role in influencing the macroeconomic situation.

We focus on non-tax revenues for developing economies such as foreign aid or revenues from natural resources like oil. (Mourre & Reut. 2019:2-4). It introduces user fees' role in encouraging the most efficient use and distribution of government resources in advanced economies, which are among the most important non-tax revenue and as a tool for economic policy-making.

Income from non-renewable resources represents a challenge for policymakers. The wealth of natural resources in a sovereign wealth fund must be retained to preserve it. We see that resource-rich countries tend to grow at a slower rate than other countries - this is called the curse of natural resources (Berget al 2013:-4).

This model contains developing countries' characteristics, including Dutch disease prevalence, low investment, absorptive capacity constraints, and an ineffective tax system. The fund preserves natural resources, meets development needs, and maintains economic stability. There is two main reason for entitlement to natural resources.

First: low-income countries limit their access to international capital markets.

Second: All inefficient domestic tax systems, deferred private consumption, self-financed public investment costs that these revenue streams do not include for the strategy (Besley & Persson 2013:10).

2.2.2.3 Budget

The general budget includes an estimate of the state's expenditures and revenues: what the executive authority is expected to spend and what revenues it is expected to collect during a later period. The extent of accuracy in the estimates is an important factor in gaining government business by the legislative authority. There are easy to estimate expenditures on the assumption of continuity, such as employee salaries, and other types that are difficult to estimate where an estimate depends on factors that are difficult to control, such as investment expenditures. Affected by economic activity for the subsequent period. (Karnam, 2018:17). Therefore, estimates must be made of the economic and social situation expected to be during the same period when estimating both public revenues and expenditures. It can be defined as A fiscal strategy set by the state to manage its institutions' financial affairs by relying on revenues that it normally collects for a year or more.

- 1- **Annual rule:** This rule requires that the general budget period is one year, which is more appropriate to control public expenditure on the one hand and tax collection on the other and in countries that follow the comprehensive planning system.
- 2- **Unit Rule:** This rule the inclusion of the revenues and expenditures of all State institutions in a single public budget.
- 3- **Non-allocation rule:** Not allocating specific revenue to meet a particular expense. All revenues are collected without allocation in a single list, front of by the list of expenditures for which all expenditures are incurred.
- 4- **Roleof Balance:** State expenditure should be balanced with its revenues, excluding loans, and creating new means of payment. (Gillet al.,2013:20)

2.2.3 The Goal of Fiscal Policy

First: Economic Balance:

In the sense of access to optimal production volume, and the government should balance the activity of the private and public sectors to reach the maximum possible production; the more private projects can produce than Public projects, the government should refrain from direct intervention and limit its activity to guidance through subsidies and taxation if needed, and the benefits of government spending should not be less than those that would have been obtained had it remained Resources in the hands of And others.

Second: Social Balance:

The meaning of social balance is that society reaches the highest level of well-being of individuals within the potential of this society, and the social justice required to distribute products to individuals and distributions closest to justice and equality.

Third: General Balance:

The general balance is the balance between total national expenditure and complete domestic product at constant prices, at a level that allows for the operation of all available production elements. The tools used by the government are many and varied to reach this goal, mainly taxes, loans, subsidies, exemptions, and participation with individuals in the formation of projects and others.

Fourth: Fiscal Balance:

It is intended to make the best use of State resources,

1. The tax system is compatible with the needs of the public treasury
2. Distribution justice
3. Loans shall only be used for productive purposes.

Fifth: Budget Balance:

Use of budget policy as an instrument to maintain employment rate, price stability, and appropriate growth rate of the economy, impacting trade and balance of payments. As well as achieving stability (Asaju et al., 2014:67).

2.2.4 Fiscal Policy in Iraq

The changes that took place in the fiscal policy in Iraq after 2003 were the result of the new roles that were produced by the economic and political data witnessed at this stage. Article (110) of the Iraqi Constitution of 2005 was amended that the drawing of fiscal policy is one of the exclusive powers of the federal authorities. The Public Administration and Public Debt Law No. (95) Of 2004 amended the procedures and legal steps governing the preparation of the federal budget based on economic development. Iraq relied on its oil revenues from 2003 to date and by 94%. In contrast, operating expenses amounted to 80%. Operating expenses have become more than investment expenditure. We also believe that oil is a political and economic commodity at the same time as it is affected by external shocks, positive and negative, resulting from changes in the oil market. The foundations of administrative reform have been laid down by the fiscal authorities to achieve transparency, but the practical application was not in line with the law, and Iraq is still at the end of the list of countries in the reports of Transparency International and will undoubtedly remain in the foreseeable future.

2.3 Monetary Policy

Monetary policy: The central bank uses its monetary policy to target various tools that affect both the performance of commercial and individual banks and the operation of the country's entire economy, considering monetary policy as one of the most important macroeconomic policies. The monetary policy has several tools to achieve the required objectives, including stabilizing currency rates, interest

rates, the national currency's value, controlling inflation, and stabilizing financial markets (Bain & Howells, 2003:14).

2.3.1 The Concept and Definition of Monetary Policy

Monetary policy consists of the work of the Central Bank, its Board of Directors, or some other regulatory body to decide the size of the money supply and its growth rate, which impacts interest rates. Monetary policy is preserved by steps such as adjusting interest rates, purchasing or selling government bonds, and changing the amount of bank money that banks can hold in the vaulted room.

2.3.2 Monetary Policy Instrument

Three policy tools that the Fed can use to manipulate the money supply and interest rates:

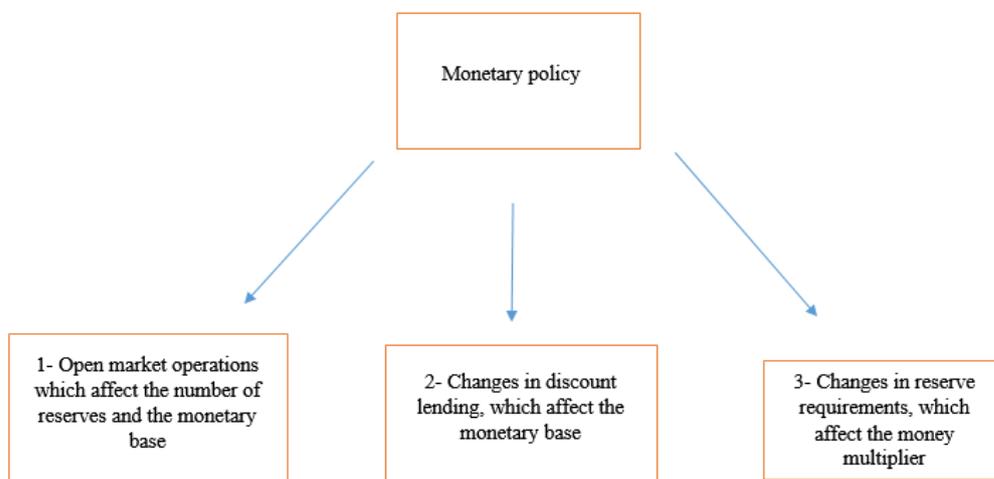


Figure 2.2: The Relationship Between Monetary Policy Instruments

2.3.2.1 Open market operations that affect the number of reserves and the monetary base

Open market operations There are two types of open market operations:

The first: changing the level of reserves and the monetary base

Second, a change in Treasury deposits with the Federal Reserve or afloat. This is what defensive open market operations do.

Open market operations have important advantages over other monetary policy instruments. They determine and change interest rates and monetary support and contribute to fluctuations in the money supply. It also expands the reserves and monetary base, increasing the money supply, and reducing short-term interest rates. In other cases, it reduces Open market sales lowered the money base, the money supply, and raised short-term interest rates. The open market has several advantages:

1. Open market operations operate at the Federal Reserve's request, which has complete control (Hynková. 2007: 2-14).
2. Open market operations can be widely used because they are flexible and highly accurate.
3. If anything is wrong with an open market operation, the Fed can immediately reverse it.
4. One of the most important characteristics of open market operations is speed. It does not involve any administrative delay.

The Fed conducts open market operations in USA Treasuries and government agencies, particularly USA Treasuries (Neyer.2007:13-14).

2.3.2.2 Changes in discount lending, which affect the monetary base

The discount window is a reduced loan offered by the central bank (called the Federal Reserve Facility), and there are three types: Primary credit or main credit: It is discounted lending. The appropriate banks allow them to borrow whatever they want from a basic credit facility and then refer to it as a Permanent lending facility. And it plays an important role in monetary policy. Secondary credit: granted to banks suffering from severe financial and liquidity problems. Seasonal credit: This is granted to meet the needs of several small holiday banks and agricultural areas with a seasonal pattern of deposits. (Mishkin, 2004:398-405).

2.3.2.3 Changes in reserve requirements, which affect the money multiplier

In 1980 the law on abolishing depository institutions' restrictions introduced a clearer plan for defining reserve requirements whereby all depository institutions (commercial banks, savings and loan associations, mutual savings banks, and credit unions) are subject to the same reserve requirements. Changes in reserve requirements have major implications for the money supply and interest rates. The Federal Reserve rarely uses it to control it and considers it a powerful way to influence the money supply and interest rates (Belke & Polleit.2010:58).

2.3.3 Monetary Policy Objectives

There are six main objectives consistently mentioned in all central banks:

1. High employment: We strive to be a demand for employment level equal to the supply of labor to achieve an average level of work because we cannot achieve zero levels from unemployment (Holtrop.1963:14-15).
2. Economic growth: The goal of economic growth is to achieve full employment. Only economic growth can absorb the increase or surplus in the labor component. Monetary policy here has the effect of influencing the credit rate

through credit expansion so that the economy can achieve rapid growth.

3. **Price stability** :Achieving price stability is one of the most important monetary policy objectives. Each country seeks to prevent and combat inflation while simultaneously addressing the possibility of a recession, thus making the monetary authority task to contain price movements to the lowest level.
4. **Stability of the interest rate**: Stabilization of interest rates is desirable because volatility can create distrust in the economy and make it difficult to plan for the future. Even central banks are reluctant to go up and down interesting rates because of problems they may face with the Fed.
5. **Stability of financial markets**: One of the main objectives of the central bank is to avoid financial crises and create a stable financial system, which in turn enhances the stability of interest rates because often fluctuations lead to uncertainty for financial institutions. On the other hand, the increase in interest rates leads to a capital loss in relation to long-term bonds and mortgages, which leads to failure and loss of institutions.
6. **Stability in foreign exchange markets**: Monetary policy contributes to stabilizing prices and protecting them from extreme fluctuations through the policy of the floating exchange rate, which controls inflation and stabilizes the price, and also keeps the value of the currency from deteriorating (Mishkin, 2004:411). And there are several priorities synchronized with each other, such as high jobs with economic growth, the stability of interest rates with stability in the financial market is not fixed. The price stability goal conflicts with the short-term goals of low-interest rates and high employment (but perhaps not in the long run). For example, inflation and interest rates may rise when the economy expands and unemployment rates fall. But if the central bank tries to prevent interest rates from rising, this may cause the economy to overheat and stimulate it. But if the central bank tries to prevent inflation by raising interest rates, unemployment is likely to rise in the short term. Lack of coordination between central bank objectives may lead to difficult choices.

2.3.4 Monetary Policy in Iraq

The monetary policy in Iraq witnessed significant progress after 2003 with substantial changes that led to the reformulation of its strategy and the nature of the monetary instruments used at this stage, focusing on fixing prices and stopping inflation inherited from previous decades through the independence of the central bank in the formulation of monetary policy. To suit the economic landscape of the country and its administration, and in accordance with Resolution 56 of 2004, resulting in stimulating results of economic activity, This is thanks to the Central Bank's efforts to introduce new tools such as the foreign exchange auction and the existing facilities as well as its role in reducing the total external debt through the independence granted to it by international representation. The Central Bank also achieved an essential achievement in building a solid base of foreign reserves. The safety and protection valve represents the country of economic events and crises and enhances confidence in the domestic currency internally and externally. However, these achievements in the monetary environment have not been clearly affected by some of the real changes in the local economy. This is due to the diversity of the economic imbalances experienced by the country's markets, the stagnation of the real sector and its weak contribution to the GDP, as well as the low environmental indicators of a business, lack of competitiveness, the failure of economic diversification policies, and the deviation of fiscal trends from monetary policy. It can be argued that the delay in the transfer of monetary effects to the components of the real sector is due to factors more real than monetary .Here we must refer to the concept of independence means three fundamental points:

- A- Not to lend to the government directly or indirectly.
- B- Not receiving orders from the Government in the conduct of monetary policy instruments;
- C- Subjecting its accounts to the external auditor in accordance with the International Auditing Standards for Central Banks, that this independence is within the government and cannot be denied cooperation and consultation in achieving the economic objectives of the country (Alkhazrajai, TH, 2010:7).

2.4 Relationship Between Fiscal Policy and Monetary Policy

Fiscal policy often exercises the godfather of economic policies in Growing countries in general and rentier countries in particular, and we note the strength of monetary policy in developed countries. Still, the success of these policies in reaching their goals requires coordination with each other.

2.4.1 Fiscal

Fiscal policy is undoubtedly the most powerful weapon the government possesses: The big shifts that take place in the government budget have major effects on the overall economy; shifts in the government budget can have significant macroeconomic impacts, which occur when the trend is countercyclical. The fiscal deficit wave can lead to immediate demand. The national income multiplier is likely to be higher as the output gap widens, especially when the economy weak. If the economy is slowing down, then any amount of spending can be removed by the government by reducing its own expenditures or removing private income by raising taxes. These results are almost immediate, allowing the introduction of real-time policies.

2.4.2 Monetary

There's less violence in monetary policy. To boost the economy, the central bank tries to raise investment, but this does not happen even though interest rates are lowered. Since they have entered the pessimism stage, businesses and organizations will not increase their investments in the future. In this case, when the economy reaches prosperity, the rise in interest rates will have a weak impact, not enough to beat the big spending.

2.4.3 Fiscal and Monetary Policy Together

fiscal policy and monetary policy can be Contractionary or expansionary based on Four Possibilities Expansive fiscal policy Expansive monetary policy in Table 2.2

Table 2.2: fiscal policy Expansive, monetary policy Expansive

Expansive fiscal policy	Expansive monetary policy	Lead to
The government is lowering taxes and raising spending.	The central bank is raising its government bond purchases.	<p>Monetary policy, in this case, would support fiscal policy:</p> <p>The central bank issues new bonds to finance the deficit. This process reduces government lending to raise interest rates.</p> <p>The central bank "converts debt into cash" by pumping money to buy assets instead of buying more competing bonds for investors' portfolios, and here more money appears instead of bonds. When central banks finance the budget deficit in this way, monetary policy is referred to as 'Facilitative.'</p>

Fiscal policy Contractionary, monetary policy Contractionary in Table 2.3,

Table 2.3: Fiscal policy Contractionary, Monetary policy Contractionary

Contractionary fiscal policy	Contractionary monetary policy	Lead to
Reducing spending by imposing large taxes by governments reduces private and public spending, thus lowering income.	Central banks eliminate liquidity by exchanging it for bonds.	Income and jobs may decline dramatically, which could well cause a deterioration in the private sector's financial balances, as lower earnings make it more difficult to retain debt service.
The interest rate has no specific effect.		
The reduction from fiscal policy.	tending monetary policy is to raise rates	

Fiscal policy Expansive, monetary policy Contractionary in Table 2.4

Table 2.4: fiscal policy Expansive, monetary policy Contractionary

Expansive fiscal policy	Contractionary monetary policy.	Lead to
The government is increasing its budget deficit	The central bank would sell government bonds actively.	<p>*This would exacerbate the deficit tendency to raise interest rates, as open market operations would add to the amount of government debt that the private sector would be asked to fiscal.</p> <p>*The result will be that the growing fiscal deficit will be mainly at the expense of private consumption and investment, which will fall in the face of rising interest rates.</p> 
<p>Increasing public spending, "excludes" private spending. Here, the national income multiplier is low or zero. The government faces more borrowing costs and to obtain concessions that pay higher interest. This situation is short-term because borrowing costs will begin to capture the financial space available for such a deficit</p>		

Fiscal policy Contractionary, monetary policy Expansive in Table 2.4.

Table 2.5: fiscal policy Contractionary, monetary policy Expansive

Contractionary fiscal policy	Expansive monetary policy	Lead to
The government withdraws spending.	The central bank cuts interest rates and encourages them.	This depends on whether businesses are motivated by interest rate cuts to raise investment at a rate rewarded by a low contribution from the public sector. The easing of the interest rate would be important because the government supplies fewer bonds while the central bank buys more (Dorman, 2014:305-3010).

2.5 The Impact of Monetary Policy on Fiscal Policy

Monetary and fiscal policy is affected by each other, so we take a group of the various factors affected by monetary policy, and they also affect the budget deficit. The effect of each of these variables, if they are separate, is small. If these variables are combined, some of them have a significant impact, as most of these variables (the rise in The general level of prices, the increase in public spending, the decrease in tax revenues, the rise in debt Year) leads to an increase in the budget deficit if a deflationary monetary policy is followed due to an increase Interest rate. Therefore, the change in the financial situation (public debt, budget deficit) is complicated as a result of the Deflationary monetary policy. Consequently, it must coordinate monetary and fiscal policy and take into account the budgetary implications of the deflationary monetary policy.

The impact of the independence of the Central Bank on the fiscal policy In the presence of an independent central bank that adopts an anti-inflation policy that reduces the expectations of the financial authority that the central bank will arrange the necessary funding for the budget deficit, this limits the ability of the fiscal administration to cause this deficit.

If the monetary authority can successfully resolve its policy and refuse to finance the government debt, the financial administration will try to return to balance again because funding of the government debt means the monetary authority submits to the financial administration, but in the case of rejection, the fiscal policy will not find an escape from restriction This deficit; hence the independence of the central bank, which rejects the government's request for more credit, leads to a reduction in the expansion of the fiscal deficit, which means reducing inflation and stability in the value of the currency. (Dahan., 1998:60). Impact of the tax system on the monetary policy The tax system affects the overall economic equilibrium through the effect of taxes on income because increasing taxes leads to a reduction in the portion of income devoted to spending on consumption and a reduction in savings that is later directed to investment spending, i.e., increasing taxes leads to a reduction in

some elements in total expenditures Because it affects consumption (direct impact and investment, indirect effect). Also, monetary policy tools are not responded to in the short term due to a specific tax system. For example, we find that lowering the interest rate does not increase investment due to the reduction in savings that occurred due to the rise in income taxes. Will did not complete the idea because it may not lend or borrow at very high costs. In the open economy, the high-interest rate resulting from the central bank's intervention in the market may attract the sale of government securities to more capital inflows, which finance the increase in the government deficit. Whereas if the bank purchases government papers from the market, the money supply increases, interest rates decrease, and capital flows result. Thus, in the absence of coordination between fiscal and monetary policy, financial discipline becomes costly, especially in light of the low credibility of monetary policies And financial among the economic elements, which results in expectations of the economic aspects to increase the requirements of the government and the public sector of loans, so these expectations may accelerate the occurrence of inflation, and reduce the value of the foreign exchange. In these circumstances, the exceptionally high local interest rates may be required for Aside from capital flight, then financial discipline is very costly (Sargent & Wallace, 1981:17).

2.6 Economic Growth

There is excellent research literature in which economists have attempted to estimate the Greek coefficients and TFP growth over various economies. Because of prickly measurement problems and a wide range of options involved in determining the overall output functions, There is no consensus - except for one aspect - about the most important factor. It turns out that TFP, the remainder of the formula ('None of the above'), describes the bulk of economic growth as though it had a classic jazz sound.

It's not what you're doing (it's the way you're doing it)."It's not what you do (it's the way you do it)." Why is there a TFP engine that tends to evade in the modern, more

productive economies, while TFP development is almost non-existent for most societies in most eras? The primary contributor to the GDP Growth Rate is also called Total Factor Productivity (TFP).

Other contributing variables at the same time include labor inputs, human resources, and physical capital. The total productivity factor tests the Continued growth of a business, industry, or national economy's total production, which cannot be explained by the accumulation of conventional inputs such as labor and capital. The measurement method derives TFP as the residual, which accounts for effects on total output not induced by input since this can not be calculated directly. (Ayres & 2003).

Theory of Self-Growth. Is it an effort based on the growth process itself to justify changes in overall worker productivity? If high TFP rates and output growth go hand in hand, the causal relationship can continue to grow from productivity to growth in the same way as productivity. There are several key points we can see that will lead to such a conclusion:

1. Fastly growing economies produce more challenges that individuals have to solve, and learning-by-doing creates skills and understanding.
2. Rapidly growing, more productive models are created by increasingly growing economies, driven by new technology and goods.
3. In providing new inputs more suited to emerging productive needs, fast-growing economies are more varied.
4. Economies that are rapidly growing reward individuals that conserve and channel capital through productive investment. Most economists look for explanations based on the fact that stimulus is affecting. Once the economy starts to grow, it gains a tendency to continue growing. The catastrophic setbacks are only temporary. As is the case in Korea, Japan, and Germany, it is a country that has been destroyed and usually lives at its best and has become one of the largest basic industrial countries.

Simple quantitative economic growth metrics fail to capture what happens when countries enter more prosperous ranks:

effective economies, change what is produced, not just their quantity; for millennia, much of the products produced by the industrial economy have been unknown to our ancestors. Progress in economic growth typically means moving from a fundamental dependency on natural resource products, like agriculture, to manufactured goods and services and within the latter group, to more specialized products requiring higher ability levels and more complex equipment (Dorman, 2014:9).

2.6.1 Definition and concept of Economy

Economics deals with the production, exchange, and consumption of various commodities in economic systems. It shows how we can use resources to increase wealth and human welfare. The economy focuses on the scarcity of resources and choices among their alternative uses. The funds or inputs available to produce goods are limited or scarce. This scarcity encourages people to make choices among alternatives, and the knowledge of economics is used to compare the options for choosing the best among them (Feldman & Storper,. 2018).

The Economy is divided into:

- 1- Macroeconomics is one of the branches of economics that deals with studying economic phenomena at the macro level. This includes analyzing economic behavior at the macro level.
- 2- Microeconomics, which focuses on individual markets and their economic behavior, shows the various economic sectors and the resulting expectations projected onto the local and global markets for the benefit of investors later. (Rodrigo,.2012).

2.6.2 Economic Indicators: What is Economic Indicator?

An economic indicator is a piece of economic data, usually of macroeconomic scale, that is used by analysts to interpret current or future investment possibilities. These indicators also help to judge the overall health of an economy. The use of data released by the government and non-profit organizations have become widely followed.

Economic indicators:

- * The consumer price index (CPI).
- * Gross domestic product (GDP).
- * Unemployment figures.
- * Price of crude oil.

Economic indicators can be divided into categories or groups.

1- First indicator: yield curve, consumer durables, net business formations, and share prices, are used to predict the future movements of an economy. The numbers or data on these fiscal guideposts will move or change before the economy, thus their category's name. Consideration of the information from these indicators must be taken with a grain of salt, as they can be incorrect.

2- second indicators: which include such things as GDP, employment levels, and retail sales, are seen with the occurrence of specific economic activities

3- third indicators, such as gross national product (GNP), CPI, unemployment rates, and interest rates, are only seen after a specific economic activity occurs. As the name implies, these data sets show information after the event has happened. This trailing indicator is a technical indicator that comes after significant economic shifts (Baumoh, 2012:10-125).

4- Oil price fluctuations threaten the economic growth rates in the world in general and oil-exporting countries in particular

2.6.3 Differentiation Between Growth, Backwardness, and Development

Economic growth: "The continuous increase in the number of goods and services produced by the per capita periphery Economic specific"

Definition of economic backwardness: It is difficult to give a comprehensive or specific definition of the term underdevelopment as an economic and social phenomenon that changes from one society to another. The following definitions can be mentioned: "Failure to perform the national economy compared to developed countries."

"Economic backwardness does not necessarily mean poverty in the economic resources of society, but rather the lack of a means to make more effective use of these resources."

(Feldman et al. 2014) argue that economic development is defined as the development of capacities that expand economic actors' capabilities. Include individuals, firms, or industries, public agencies, professional associations, universities, or NGOs.

The rise and decline in economic growth rates are often a sign of improvement or deterioration in economic activity and do not reflect economic backwardness or progress. That developed countries, compared to growth countries, have low growth rates. Unlike developing countries that record-high economic growth rates in the early stages of economic development and therefore, the rise in economic growth in countries compared to others is not considered economic progress because economic growth is a quantitative variable that measures the change in the volume of output from year to year, regardless of whether the output is met for general needs or not.

2.6.4 Discrimination Between Growth and Development

The economic theory has long recognized that the relationship between the quantity of growth and the quality of economic development is a complex one. However, growth and development are extremely conflated. Economic growth is a primary focus of macroeconomists, who rely on quantifiable metrics such as gross national product or aggregate income (Feldman et al. 2014:154). Economic development was, for a long time, often related to infrastructure, public health, or education in poorer countries. For much of the 20th century, experts relied on specific outcome measures that, while policy-relevant, could not be convincingly linked to a broader picture of growth or a longer-term pathway of qualitative improvement in development. In some countries, increases in education did not lead to long-term growth, for example; however, in others, it seemed like growth came first, and education was an outcome.

Some argue that the same ingredients that generate aggregate growth can be counted on to deliver qualitative improvements in human welfare. That there is a strong correlation between per capita income and the Human Development Index (HDI), in the range of 0.95, suggests that development and growth are interrelated (White & McGillivray, 1995). Others argue that the real sequence – in time and space – of improving income must start with directly improving human welfare, will deliver the growth that will, in turn, deliver further improvements in per capita income, and subsequently better human welfare (Barro, 1991:8). In poor countries emphasizes direct improvements in welfare as the kick-starter to growth, while in developed countries, policy tends to emphasize kick-starting growth, based on the implicit assumption that growth will increase human welfare (Easterly, 2008). That growth does not come automatically to improve social welfare. Moreover, even when processes of economic growth and development appear relatively robust, there is an uneven geographical distribution of the benefits. Thus unfolds a completely original line of inquiry into the relationship of growth and development: it is not only any set of contributing “factors” that enable growth or

development, nor how they flow (or “sort”) into countries and regions, but how these factors come together to interact in complex ways. These ways differ across space and time because human rules, institutions, habits, norms, and conventions vary across time and territory.

2.6.5 Modern Theories of Economic Growth

Smith's theory leads us to prefer markets and rely on competition to achieve its goals, and it is against using subsidies to encourage industries that will not thrive. He opposes restrictions on trade. If it is possible to produce a commodity at a lower cost or higher quality abroad, import it by all means. Over time, liberalism has become the doctrine of economics as practiced and understood in the English-speaking world. Economists trained in this tradition believe that liberal economic policies are best for all and almost all times. States can expect economic growth and development only if they eliminate most forms of State intervention in economic life and must open themselves to as much international competition as possible. It was called free trade and had the belief that countries if they wanted to flourish, should not set legal barriers to international trade. They should not impose import taxes or export subsidies. English-speaking free trade is seen as inconsistent with trade doctrine. Alexander Hamilton presented important papers where he laid down a philosophy underlying the constitution. He presented the Manufactures Report in 1791 and described the gap between American and English development and whether there was a threat or not, and presented a strategy for America's return to its previous state, and he proposed two policies.

First, The federal government would prohibit much of Britain's imported imports. Because some indispensable inputs in the industry may be appropriate to retain a few, but the rest must be prohibited or charged with a massive tariff. This will save American producers time to develop their competitiveness to shorten as much as possible this time.

The second policy seeks strong support from the government to improve industrialization. This includes direct subsidies to manufacturing enterprises, public sector support for research and development, and infrastructure provisions, such as highways, canals, and hydropower projects. Trade barriers must be removed only if domestic manufacturing will stand up to England. In this way, America can guarantee its success as an independent state and its existence. The one who would ultimately prove to be the most influential was Friedrich List, among the many Europeans who flocked to the new nation to see its creation first-hand. In Württemberg, a principality now part of Germany, the list was trained in. During his time in the United States of America, he admired Hamilton's proposals and the manner of their implementation. Upon returning to Germany, he published his work (this title is a translation from German) *The National System of Political Economy* in 1841, demanding the government to protect from imports and support industry in the overall German economy. Almost immediately, political figures seeking national unity followed this strategy. By List's policy had been put into effect by the time Otto von Bismarck actually achieved a stable German state in 1871. The first "German economic miracle" appeared (the second was its post-World War II uprising). Germany, which lagged behind Britain and France, emerged as the economic leader within a short period of time. In the chemical industry, precision machinery, and heavy industries (coal and metal works) in the Ruhr Valley, the world's first manufacturing product has flourished. These industrial advances have also provided the basis for a much stronger military power, as Hamilton expected. This is a major factor for attracting German political leaders to the economy. England was replaced by two growing powers, the United States and Germany, at the close of the nineteenth century. In certain respects, these upstart countries were different. However, they shared a similar and effective economic strategy, and they despised the advice of Adam Smith, rather than erecting barriers to British manufacturing and using the state's power to establish their own. A political revolt took place in Japan in 1868, when Bismarck was assembling the new German state. Place Japan on an economic level equal to

Europe and thus escape the danger of colonialism. Soon, a delegation traveled to Europe and North America, spoke to intellectuals and leaders, and took notes on measures that seemed to succeed. The outcome was a decision to take Germany as its cultural partner and adapt it to the degree to adapt to the Japanese context, the list's ideas, and the German state's institutional and political developments. (The other result was that German became a widely spoken language in Japan, German literature, science, and music were also influential).

Japan regulated its Lycian-style foreign trade and used the central state structure to speed up domestic manufacturing production. By the early decades of the 20th century, it was clear that Japan's policy had been successful: it had been the first non-European economy to advance to the first position in industrial development, preserving its sovereignty in a period when nearly all non-European countries had lost their citizens. As a significant alternative to liberalism, the Hamilton-Meiji-Meiji approach to growth and development is still alive today. Other countries in East Asia, such as South Korea and especially China, have followed the same path, with similar growth and manufacturing successes. Any other nations have attempted to walk this path and have struggled. We can not assume that the center of economic growth has been resolved. To offer this intervention technique, we need a name. Economic nationalism is the usual label used by practitioners of the international political economy (a discipline that combines economics with international relations); it is not perfect, but we can use it.

It can also be called "developmentalism" because government policy is deliberately intended to speed up the process of development, which applies, as before, to shifting peace towards industrialization and, after that, towards more sophisticated industrial goods.

This method is likely to extend to every geographical area, from a city or a small town to a confederation of nations. In particular, trade security, however, cannot be placed at the sub-national level. In practice, national governments typically pursue development policies and are often guided by political and military agendas and narrow economic objectives (Dorman,2014:15-16).

Finally, one of its greatest theoreticians, Karl Marx's socialist economic development, was that socialism was the development product, not the instigator. According to the Marxist system, along with technological modernization, the capitalist' mode of production,' a social, economic, and cultural system characterized by paid employment and production for profit, will produce rapid capital accumulation.

The system's inconsistencies would become apparent only after this economic development stage, leading inevitably to a socialist revolution. Only in the less developed economies were revolutions designed in the name of Marx, so socialism became a real theory of how capitalism without capitalism was achieved. The system's inconsistencies would become apparent only after this economic development stage, leading inevitably to a socialist revolution.

As Marxism's focus reached the thinkers and revolutionaries in the developing countries, it sought not just a solution to growth but also a way of achieving it. Eventually, revolutions were only planned in the less developed economies in Marx's name, so socialism became an actual theory of how capitalism was achieved without capitalism (Jossa., 2016:22).

2.6.6 Economic Growth in Iraq

In 2003, the transitional state was able to characterize the framework of its new economic system as a rentier-liberal system instead of the fragile economic system (the nation-nation), a rentier-centralized system based on the very concentration of the individual state in Iraq, which continued to determine future directions. For economic policy, and the composition of the constants and variables and trends fiscal, monetary, commercial and operational all as a consuming force serving liberal consumption in the fragile mechanics of the global market without the ability to generate production and diversify the national economy according to the following structure:

Economic policy is consistent with liberalism in our country as one of the Third World countries that are transforming (between democracy and globalization and the state - nation) and (state-nation) and based on the economic system (rentier-liberal) as an alternative (rentier-central system of the nation-state). After 2003, both capitalism in Iraq (State capitalism and private capitalism) ended apart in the foundations of alienation from development, but harmonious in movement and direction, with common goals, in line with the paths of globalization and openness to the international market without a unified development thought or a shared vision that brings them in a homogeneous range to express National market or even aspire to comprehensive development with a coherent and unified goal outside the opportunities of consumption, profit, speculation and extracting rent

The federal budgets were prepared, and the federal fiscal policies were designed over a period of 10 years to meet the desire of the (state - components) that impose a spending constraint to maximize the operational or consumer side of the budget to the maximum extent possible according to the flow of oil rent revenues, but at the expense of the investment budget imposed by the problem of the state of the components themselves. This excludes the high efficiency of investment in the oil reinter sector and its excellence alone. Which is the source of sustaining the life of the state - the components derived from the rentier-liberal model? Thus, the number of workers in (state - components) rose from 800 thousand government employees at the end of 2003 to about 4 million and a half million government employees in early 2017. Fiscal policy is like a life insurance company that manages three and a half million government pensioners, compared to the 4.5 million employees currently in government service who earn an average annual salary of twice the per capita GDP.

Based on the above, consumerism in Iraq has begun to build its priorities at the market level within the framework of (state - components) and a liberal consumer ideology that is hostile in its behavior in building the foundations of development, which at the same time generates an economic culture that does not care that the commodity product consumed in Iraq comes from markets. Asia or Anatolia, as

long as the markets of globalization remain the umbrella of inward production-consumption at the lowest possible cost. This is what liberal currents want from the establishment of globalized "federations - democracy" or the renewal of "state - components" that aspire to consecrate a culture of consumer welfare through lifestyle changes and lifestyle changes, according to a low - consumption, extravagant societal tendency. Finally, this is the Iraqi economy from after 2003, and to this day, a rentier economy based solely on oil (Kasim, 2015).

2.7 Central Bank

It is the institution responsible for monitoring and directing the monetary and banking system in the country. It generally aims to maintain monetary and financial stability in the country and contribute to enhancing economic growth, controlling inflation, and reducing unemployment. The tasks of the central bank vary and differ from one country to another. Still, they usually include tasks such as: formulating and implementing the monetary policy of the state, issuing money (the national currency), monitoring the banking system, managing the payments system, organizing credit and lending, managing foreign currency reserves, working as a bank for the government and commercial banks operating in the country and determining the minimum The interest rate, which in turn affects the consumption and investment behavior of the individual and society (Bordo,. 2007:1-2).

2.7.1 The Effect of The Central Bank on The Economy

The Central Bank is a financial institution created to regulate and monitor the fiscal circulation of money in the country, to promote economic growth and avoid inflation. Most of the world's nations, including developing countries, currently have the central bank function within their borders

The most important things that the Central Bank does the government in any country entrusts the Central Bank to manage some of the primary monetary services, including:

1. Issuing, managing, and maintaining the country's currency.
2. Regulate the amount of money supply in the financial market.
3. Supervising the work of commercial banks.
4. Considering the Central Bank as a source of borrowing in case of severe fiscal crises.

Among the central bank's objectives is to achieve price stability, protect the currency, and full employment. These goals are among the economic goals that do not directly affect (Moenjak, 2014: 37-40). However, it is one of the important policies in the process of development or economic growth that are waiting for the central bank to achieve its goals maybe a year or more,

It will be too late to make adjustments to his policy - and it cannot be undone. The central bank has tools that it employs, such as (open market operations, changes in the discount rate, and changes in statutory reserve requirements) (Bindseil, 2019:5).

Consequently, all central banks follow a distinct monetary policy approach by targeting variables that lie between their instruments and the achievement of their objectives. The strategy follows as follows:

The central bank, after agreeing on its employment and price targets, selects a range of variables to be targeted, called intermediate targets, such as monetary aggregates (M1, M2, or M3) or interest rates (short-term or long-term) that have a direct impact on employment and price levels. However, even these intermediate targets are not directly influenced by the policy instruments of the central bank. It then selects another set of variables to be targeted, known as operational goals or targets of instruments, such as reserve aggregates (reserves, reserves not lent, monetary base or no adopted base) or interest rates (federal funds rate or treasury bill rate) that are more sensitive to its policy instruments. (Recall that no borrowed reserves are total reserves minus borrowed reserves, which are the number of

discount loans; the no borrowed base is the monetary base minus borrowed reserves, and the federal funds rate is the interest rate on funds loaned overnight between banks.) The central bank adopts this policy because it is easier to achieve an objective by targeting goals than simply pointing to the target Individually (Belke & Polleit, 2010:52-59). by using intermediate and operational goals, it can determine more quickly if its policies are on the right track rather than waiting until it sees the results of its jobs and price level policies. One way of thinking about the central bank's strategy is to use its organizational and intermediate targets to steer monetary policy towards achieving its objectives. Following the initial setting of the policy instruments, an operational objective such as the monetary base, which can be regulated reasonably directly by the central bank, is used to reset the instruments so that monetary policy can be channeled towards achieving the intermediate target of a certain rate of growth in the supply of money. It is possible to make mid-course corrections to policy instruments again when the central bank sees what is happening to its mid-course target, thus steering monetary policy to achieve its objectives of high jobs and price stability.

2.7.2 Balance of Payments

International financial transactions, such as foreign exchange interventions, have major monetary policy implications, it is useful to know how to calculate these transactions. Balance of Payments is a bookkeeping method for recording all receipts and payments that directly influence the flow of funds between the country (private sector and government) and foreign countries. The main elements of the balance of payments: Two main parts of the balance of payments are the current account and the capital account (also called asset and liability transactions)The current account documents goods and services transactions, while the capital account predominantly records flows of investment funds. (Receipts from the rest of the world are referred to as balances, while loans are considered contributions to the rest of the world).

From the accounting view, (total credits always equal total receivables), and as a result, the balance of payments must always be grossly balanced. And for this

Balance of payments accounts are based on the principle of double-entry bookkeeping in which each foreign transaction is entered into the accounts twice, and there is a debit in the balance of payments and credit.

Balance of Payments "deficit": There is always a deficit in the current account through an equivalent surplus in the capital account. The balance of payments of a nation tells us whether it has enough to pay for its imports. It also shows whether the country generates sufficient economic production to pay for its growth. A deficit in the balance of payments means that the nation imports more products, services, and resources than exports (Melvin & Norrbi8, 2017:70).

2.7.3 Current Account

The current account records transactions for visible and invisible trade. Trade-in visible includes all physical goods traded internationally. The invisible trade includes all services of various types bought from abroad (invisible imports) and sold elsewhere (invisible exports). It can be defined as The current account documents all the actual purchases of goods and services affecting a country's revenue, development, and jobs. So the net income generated in the foreign sector is seen.

2.7.4 Trade Balance

The statistical statement records the total monetary value of the flows of goods and services performed during a given period between residents of a country and the rest of the world and distinguishes between exports on the one hand and imports on the other. Exports are the value of goods produced within the country and sold to residents abroad, while imports are the value of goods imported from outside the

country. Prepare the balance as part of the efforts of most countries in the world to adapt their statistical systems for external transactions (goods, services, and fiscal); the recording of trade balance flows carried out in accordance with the criteria listed in an IMF manual.

The trade balance is calculated by subtracting imports from exports. If the output is positive (exports exceed imports), we say that the trade balance is in surplus, but if the output is negative (exports less than imports), then the trade balance is said to be a deficit, and the trade balance is in equilibrium if the output is zero (exports cover imports) (Mishkin,2004:567).

2.7.4.1 Deficit

The deficit is read as evidence of the country's lack of competitiveness for foreign products. It leads to the depletion of the country's foreign exchange reserves and, therefore, the need to borrow from abroad in the absence of other resources to fill the deficit, such as remittances of workers residing abroad or flows of foreign investment. Countries with structural deficits are forced to devalue their national currency in the hope of curbing imports and stimulating exports to restore some balance to their trade balances, but this is sometimes risk-free, as it can lead to inflation without being able to raise exports due to the high prices of raw materials and imported fittings that enter the production process. The economy is being pushed into an inflationary recession, with prices rising with stagnant production and high unemployment (Gramer, 2017).

2.8 Inflation

Inflation is considered one of the most common economic phenomena currently in circulation due to its significant impact on its economies.

We find that inflation affects all economic and social variables and indicators, such

as the local and national products, the rate of economic development and social development, the trade balance, the state budget, the stock market, foreign investment, and many others from The effects that affect the economies of countries, companies, and individuals. (Khan., 2019:15). If we can say, inflation is the rise in the general price level. Relation to economic growth: Inflation significantly affects all economic variables and factors. Researchers disagree about whether inflation has positive effects, or is it considered an obstacle to the process of economic development, so is inflation a hindrance or a catalyst for economic growth?

Inflation is considered by some economists to be a stimulus for economic development, leading to a decrease in demand and hence a rise in savings, which are then geared towards investors, in addition to the fact that higher prices, primarily resulting from the increase in the volume of demand over the supply of goods and services, encourage investors to increase production And thus to move the wheel economic growth(Majumder.2016:3).

The continuous inflation rate happened when a country suffers from a high money supply. Most economies (whether they are Monetary or Keynesian) think that inflation is caused by money. There are some questions if the financial has an influence on inflation or not? The answer is because not all financial crises create continuous inflation, but it creates temporary inflation.

2.9 Public Debit

Public debt is money that the government borrows from individuals and institutions to meet emergency conditions and achieve various goals, the state borrows if the public revenues are insufficient to cover the public expenditures it needs. Public debt is the only solution to finance government expenditures, infrastructure programs, and others if the government lacks funds. (Barro, 1991: 60) Based on previous literature, public debt can affect the entire economy, either negatively or

positively. And the effect depends on the amount and purpose of the debt. Typically, this amount to be borrowed is calculated using the debt-to-GDP ratio. On the contrary, the rate claimed by Reinhart, Reinhart, and Rogoff is 90 percent at most (2015). The economy will still be able to grow with a debt rate of less than 90 percent. After this point, public debt will be detrimental to the economy. There are some theories or reasons for public debt. This is demonstrated experimentally by looking at the cases of developing countries where the debt threshold has been set at 88.2% (Rahman et al., 2019: 5). Suppose that government spending is constant. A change in debt arises from lower taxes and an increase in public debt to cover the deficit. A decrease in savings and investment reduces capital, raises interest rates, and reduces worker productivity; here, we see that public debt has created a high inflation rate, which leads to a halt in economic growth. Other factors: Public debt negatively affects investors—the answer, especially when the debt reaches a certain stage. Here, investors are afraid of investing and thus harm economic growth. Several studies have concluded that (do not support the claim that large amounts of public debt in non-developed countries alone harm economic growth). The method of generating or creating public debt has a significant impact on growth. If it is in times of war or emergencies such as natural disasters, the growth rate is likely to be high in subsequent times of peace and stability, which will boost debt repayment. But if debt occurs at stable times, it can seriously damage the economy (Minea et al., 2012:4-14). Most of these debts take the form of non-negotiable bonds, three-month treasury bills, or negotiable bonds. When governments issue their bonds, they only take two paths: either to provide the bonds in their local currency, and these bonds are often directed towards local investors, in which case the debt is called government debt. The government issues bonds required to investors abroad in a currency other than its home currency, often in an international currency like the dollar or the euro. (Panizza & Presbitero, 2013: 2).

2.10 Experience of Other Countries

Centuries ago, countries differed in terms of their nature and wealth that distinguished them. This explored wealth distinguished one country from another in terms of its wealth and poverty, as well as the people (governments) who managed these resources.

2.10.1 Iraq

Iraq is characterized by its natural resources (oil, minerals) and its strategic location in the region. In the seventies of the last century, Iraq experienced a period of economic prosperity and political stability, as the Iraqi dinar was equal to three dollars. Iraq entered wars and civil wars from the beginning of the 1980s until now. Iraq has not stabilized politically or economically and entered into major economic strikes such as the decline of the currency, the theft of wealth, administrative and financial corruption, and misuse of wealth. These things made Iraq a rentier state dependent on selling oil only, and because oil prices are subject to a decline and rise, the impact on economic growth.

2.10.2 Japan: Crisis Management and Reconstruction (1945-1955)

The Japanese economy was completely devastated at the end of World War II. By 1946, due to a lack of raw materials and funding, the industrial development index had fallen to 20 percent. The agricultural production index had felled by 35 percent in 1945.

From the 1941 level (for the industrial and agricultural sector), but the farm sector recovered in the following years (that the post-war risk was in the flow problem, not the stock problem faced food and fuel shortages, high unemployment and inflation, which led to mass starvation and social unrest Per capita GDP accounted for less than 55% of the pre-war peak rate (1934--1936). It was announced in June

1947 that Japan was suffering from a significant deficit (Kōsai, 1986: 62). In reaction to the symptoms of the Cold War, prior to the signing of the peace treaty, which contributed to the recovery in Japan, its goals moved rapidly towards reconciliation and economic recovery. More importantly, policymakers centered their efforts on controlling inflation and rebuilding production—two strategic questions: the principle of priority development and peace under the Dodge Line.

Production priority: As part of the economic blockade imposed by the Occupational Authority, the idea of 'priority output' emerged. While there was a certain amount of capital stock, it was not possible to make good use of this stock because, due to the blockade, Japan was unable to import raw materials from abroad. Under the conditions, Japan had to restore development with the use of locally available products; the University of Tokyo professor Hiromi Arisawa, a Marxist economic scholar, introduced the impression of 'priority production' to defeat this severe restriction. 'Priority production' was based on the experiences of Lenin's 1921 New Economic Policy (NEP) of Soviet Russia to restart production). During the combination of raw materials, resources, and labor, the purpose of 'priority production' was to assign priority to two sectors, i.e., the coal and steel industries, in an attempt first to increase coal production to provide the steel industry with the minimum coal required, and then to inject the increased steel production into the coal industry (Masamura, 1985:191–192; Kōsai, 1986: 41–42 - 192). The basic concept, to put it differently, was to establish a reciprocal of production circulation, using domestically available materials. The Yoshida cabinet's Keynesian finance minister, who made a speech on fiscal policy stressing the value of a production recovery, said, "The object of national finance is, above all, to provide jobs for people and revive the industry, with the goal of full employment, and thus pushing the national economy forward... to achieve the goal of resuming production, there is no harm if there is, for example, a government deficit. University of Hitotsubashi professor Guru Teranishi refers to the idea of production priority as "the growth-oriented nature of stabilization procedures." The high priority that has been popular among Japanese policymakers to the real sector

or manufacturing, regardless of the variation in economic theory. Japanese lawmakers have consistently maintained their focus on the real economy.

It is also a typical case where two separate policies were proposed that made the solution of 'output priority' workable, one of which was the help of producer prices, narrowing the difference between official prices and production costs. The other one was the controversial Bank for Reconstruction (Fukko Kinyu Koko). The Reconstruction Bank was founded in 1946 with the objective of funding reconstruction by issuing bonds that were acquired entirely by the Bank of Japan (Iida et al. 197: 81-84). These systems poured cash into the market, financed the production recovery, and triggered hyperinflation as well.

Dodge Line:

Production had improved considerably by 1948; the real GNP growth rate in 1946 was 8.4 percent and rose to 13.0 percent in 1947. Hyperinflation dominated, meanwhile. In terms of the consumer price index, inflation was 180% in 1947 and 62% in 1948, respectively. (Teranishi,1993: 68-69). After a certain degree of production revitalization, it was found that there is excessive inflation due to lack of financial discipline, due to subsidies, and the flow of extra-budgetary resources through the Construction Bank.

The recipe presented by Dodge Line was: "Government expenditures should be limited to revenue collected through taxes... Japan should produce more goods at a lower cost, and accumulate capital through savings" (Shimomura.1949:69- 72). He also emphasized the significance of growing exports and gave a 360 yen per dollar exchange rate.

With the strict application of the Dodge Line, inflation decreased significantly; producer prices on the black market fell by 35% between January 1949 and May 1950. Consumer prices on the black market fell by 38% during the same period (Miwa. 1989: 157).The pursuit of self-sufficiency

Since gaining a degree of stability and reconstruction, the challenge of achieving self-sufficiency and economic independence started to be dealt with by the Japanese economy. For this reason, multiple proposals have been initiated. "rationalization" and "modernization" were the keywords of those days and were a symptom of the aftermath of the period of quick economic development.

Reorganizing the relationship between the government and the market:

The task of policymakers was to "reorganize" (that is, reduce the number of firms in a particular industry to avoid "excessive competition") and enhance their international competitiveness. More precisely, in the age of trade liberalization, it was meant to shield vulnerable domestic firms from external threats.

Keynesian economists have sharply criticized a regulated economy's inheritance and emphasized the value of free-market mechanisms. He stressed the 'economic rationality' concept and 'the value of originality and innovation(soi to kufu)'

2.10.2.1 Fostering rapid growth (1956-1972)

2.10.2.1.1 Turning point

In 1955, GNP per capita surpassed the pre-war amount. The commercial white paper of 1956 declared the end of the post-war recovery and confirmed that it is not the post-war period." Development stopped with recovery.

Economist and Economic Planning Agency, Yunosuke Gotou, who was the lead author of the white book, expressed his concern that the end of the recovery phase would decrease investment incentives and, thus, a lower rate of economic growth. There are a variety of aggressive gaps between the Keynesians' "rapid growth camp" and the economic and Marxist liberals' "stable growth camp" concerning the macroeconomic policies to be implemented for this reason (Shimomura, Y., 2012: P 76-79).

The dispute over growth potential

The policy plan of Keynesians depended on the following equation.

(Increase of the gross national product in the first year) / (The net increase in the formation of private capital *

In year 0)

$$g = \sigma nr$$

g: GNP growth rate

σ : (GNP increase in the year 1)/(net increase in private capital formation*
in year 0)

n: (net increase in private capital formation)/(private capital formation)

r: (private capital formation)/GNP

*(private capital formation – annual capital stock depreciation)

Putting Japan's real 'n' and 'r' estimates in equation (1), Keynesians stated that a fast growth rate could be accomplished by the Japanese economy. Moreover, they forecasted a double-digit growth rate, based on the premise that ' $\sigma=1$ '.

That double-digit growth would never be sustained because inflation and the international balance of payment deficits would inevitably be caused by rapid growth. Professor Tsutomu Ouchi of the University of Tokyo, a leading Marxist theorist, said that growth-oriented policies would inevitably lead to stagnation due to the accumulation of unnecessary capacity (Shimomura, 2012: 25–27).

Centered on the Harrod-Domar economic growth model, Economic Planning Agency economist Saburo Okita raised a more nuanced critique. According to the following simple Harrod-Domar model equation, Okita believed that what was probably was a growth rate of 5-6 percent at most.

$$g = s/C$$

g: economic growth rate

s: saving ratio

C: marginal capital coefficient = $\Delta K/\Delta Y$

K: capital stock, Y: National income

Δ : increment of K and Y

2.10.2.1.2 The Issue of ‘overload

The central bank was wary of ambitious growth programs. Such as the plan to double the national income as banks fear that the balance of external payments will be inflated. Commercial bank loans largely exceeded bank deposits, and this phenomenon in Japan was called “overlong.” As a result, to bridge the shortfall, commercial banks were required to borrow from the Bank of Japan. The Bank of Japan attempted to reinforce the role of financial market structures and restore monetary discipline (the move to normalize) by canceling excess loans related to tensions over fast growth versus steady growth. In supplying sufficient support for private capital accumulation, central bank loans to commercial banks have played an important role. It became apparent after studying the issue of unsustainable loans that it did not distort the mechanisms of the financial system. Excess loans dropped dramatically in 1970, and the proportion of additional loans in overall liabilities declined by more than half.

2.10.2.1.3 Low-interest rate policy issue

Often related to the aim of funding rapid growth was the so-called "low-interest-rate policy" This was followed by the "lower interest rate" national double income program (Economic Council Ikeda's Accelerated Economic Growth Scheme based on Keynesian policy theory, following the "balanced budget," concept, and taking a central role in funding economic growth through monetary policy: more

precisely, through lending and policy "interest rate cut." The situation changed fully after 1975, after the first oil crisis. The scale of the deficit funding bonds grew and contributed to the dangerous financial situations of Japan today (Ito 1992: 66) to encourage private capital spending investment.

They are about internationalization: one of the keywords of Japan's policymakers during the period of rapid economic growth (is internationalization). It is a matter of tension that Japan will overcome. The external balance of payment constraints was an issue for Japan, that is because the rate of economic growth in Japan has been affected by increasing imports and an external trade deficit.

2.10.2.1.4 Challenges and responses

The path to capital liberalization has raised fears that critical markets may be undermined by global giants. General Motors is 28 times bigger than Toyota in those days, and General Electric was six times bigger than Hitachi (in terms of sales). Japanese firms were, therefore, unable to compete with their American or European counterparts in terms of profitability and manufacturing quality. There were two main responses. The first is the unsuccessful effort to create a "new industrial system," under the Private Industries Statute, in which the bureaucracy would have the right to participate in private sector decision-making. Second, the productivity of Japanese companies has been increased by large-scale mergers (Tsuruta, 1988:59-63). These industrial policy measures were developed on the basis of the fledgling industry's economic theories, overall merit, 'excessive competition,' and national security. As a result, two of the leading steelmakers - Yawata and Fuji - signed a merger contract in 1969 and launched the Japanese Steel Corporation, sparking a series of violent discussions (Toyoda. et al., 2011).

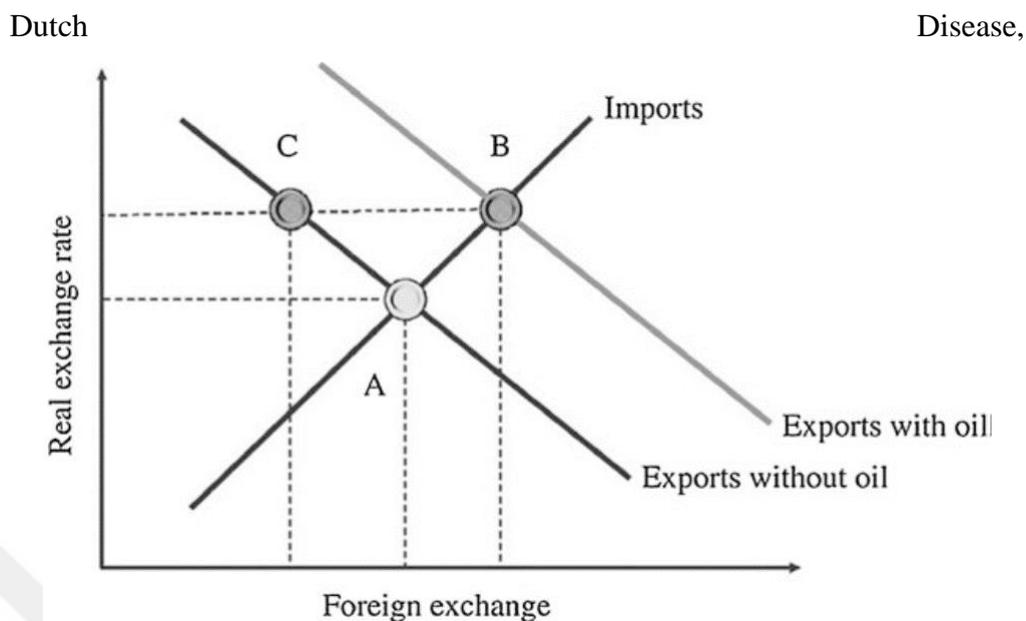
2.10.3 Dutch

The study of raw materials and their production worldwide was the old economic geography and assigned a crucial role to the riches of natural resources and raw materials and their possession and commercial routes. Global geographers and popular knowledge have continued to associate the possession of such vital commodities with economic power. Yet still, as we know, for reasons that seem to be partially linked to inadequate control of their natural wealth, many resource-abundant countries are in dire straits. In addition, many resource-poor nations have become prosperous. Dutch illness refers to the concerns of de-industrialization that ravaged the Netherlands after the appreciation of natural gas deposits in the North Sea by the Netherlands guilder around 1960.

Following the gas export boom, the guilder's appreciation influenced production output and service exports. In the 1960s, the Netherlands' total exports fell significantly relative to the Gross Domestic Product (GDP).

Other exports were adversely impacted by increasing petroleum exports in the 1960s. In the Dutch industry, many expected disastrous repercussions. The problem was, however, proving to be short-lived. Goods and services exports have grown from less than 40 percent of GDP to more than 70 percent, a high export ratio according to world levels, since the late 1960s. The expected de-industrialization has not materialized, but the idea has stuck. But since a condition bears the name of the first patient afflicted with it, it would seem a bit unfair to compel the patient to remain sick for the title to stick. Export limits worsen the currency's strengthening, thus further harming exports. The figure suggests that trade liberalization would help deter the appreciation of the currency and its effects (Ross,2001:360).

The resultant fluctuations in export earnings are creating currency volatility, maybe not less so under fixed exchange rates than under floating rates. Unstable currencies create confusion that hurts foreign investment as well as exports and imports. Dutch disease is important primarily because of its potentially adverse impact on economic growth.



Figur 2.3: How, and oil export boom crowds out non-oil exports (Steven & Lawrence ., 2008)

2.10.3.1 Channels

Experience tends to indicate six major transmission channels from reliance on substantial natural resources to slow economic development.

The dutch disease is at the top of the chart.

Second: Huge rentals from natural resources, particularly in combination with poorly established land rights, incomplete or absent markets, and weak legal systems, may contribute to rent-seeking behavior that distracts resources from more economically sustainable economic activity.

Third: The abundance of natural resources will imbue people with a false sense of security and lead economies, including free trade, international investment, governmental productivity, and good institutions, including democracy, to lose sight of the need for growth-friendly economic management. Due to the relatively simple ability to extract wealth from the land or the sea, incentives to generate wealth by sound policies and institutions can decline.

Fourth: Likewise, plentiful natural wealth will undermine incentives to acquire human capital, even though the rent stream from funds will encourage nations to make education a high priority.

Fifth: The surplus of natural resources will blunt private and public incentives to conserve and invest in physical capital no less than in human capital, thereby undermining financial institutions and limiting economic growth.

Sixth: Natural resource wealth is a fixed output factor that hampers the opportunity for economic growth by contributing to declining returns from a rising labor force and an ever-increasing stock of resources.

If not well regulated, an abundance of natural capital would erode or diminish the efficiency of human economic, social, financial, and international resources and thus hinder rapid development.

The Netherlands has recovered steadily from the Dutch epidemic and has seen a steady upward rise in its overall exports compared to GDP since the mid-1960s.

Total exports in Norway, the third-largest oil exporter in the world after Saudi Arabia and Russia, have steadily risen relative to GDP, far below that of the Netherlands (45% in Norway in 2005 compared to 71% in the Netherlands), even though the Dutch economy is nearly three times that of Norway. Manufactured exports have accounted for 68 percent of merchandise exports in the Netherlands in 2005, compared to 17 percent in Norway in 2005 (Wenar, 2008:37).

For growth, exports and manufacturing are fine. Openness to trade facilitates the import of goods and services, capital, technology, inventions, and know-how. The Dutch disease is especially important because of its potentially negative impacts on economic development.

The purchasing power of per capita GDP rose by a factor of six to seven from 1990 to 2005 following the oil discovery in Equatorial Guinea, while life expectancy decreased from 46 years to 42 years. Before they hit their fifth birthday, one in five infants dies. Out of a population of 500,000, about half survive on less than \$1 a

day. President Mbasogo has ruled the land with an iron hand since 1979, usurping the country's oil riches for himself and his relatives and cronies.

The desire of the rest of the world to import oil from Equatorial Guinea and therefore to buy smuggled products is an important part of the issue because the fundamental right of a citizen to his natural resources is a human right asserted in primary international law documents and enshrined in several Articles 1 of the National Constitution's International Covenant on Civil and Political Rights.

Both individuals can freely dispose of their natural wealth and resources for their purposes.' Neither Libya nor Equatorial Guinea exports any manufacturing to talk about. Iran, Iraq, Mexico, Nigeria, Russia, Saudi Arabia, Sudan, and Venezuela, among others, may be expanded to include the number of countries impacted by different symptoms of the Dutch disease. Any other nations have succeeded in preventing those diseases.

One prime example is Norway, where before the first drop of oil existed, the oil and gas reserves under Norwegian jurisdiction were defined by statute as common property properties, thereby explicitly establishing the legal rights of Norwegian citizens to resource rentals.

The government has consumed approximately 80 percent of the resource rent over the years on this legal basis, having learned the hard way to use a comparatively small portion of the amount in the 1970s to satisfy existing fiscal needs.

The bulk of oil proceeds are set aside in the state petroleum fund, newly renamed to accommodate the pension fund's planned use. Economic and ethical values (commandments) were developed by the government to direct the use and production of oil and gas for the good of present and future generations of Norwegians. The major political parties hold the understanding that the national economy must be protected from unsustainable oil cash flow to prevent overheating and pollution. The major political parties hold the view that to prevent overheating and pollution, the national economy needs to be insulated from an unsustainable infusion of oil capital. On behalf of the Ministry of Finance

(currently around US\$ 400 billion or \$ 85,000 per Norwegian), the Central Bank (Norges Bank), which was given greater freedom from the government in 2001, manages the fund. A distance between the lawmakers and the fund is held by this method. Almost 40 years since their oil discovery, Alongside Norway's political history, the Norwegians have a smaller central government than Denmark, Finland, and Sweden. Long before the introduction of oil, it was possible that they helped immunize the world from the diseases afflicting most other oil-rich nations. They are not even lootable, therefore. Although Sierra Leone suffered, this difference undoubtedly helped Botswana prosper, and so South African interest in the diamond industry in Botswana most likely did (Wenar, 2008: 1-4).

2.10.4 United Arab Emirates

The United Arab Emirates has been able to maintain stable economic growth rates in light of the successive global economic crises and periodic fluctuations in crude oil prices in the international market through its adoption of an economic diversification strategy through which it was able to mitigate the impact of external shocks on the national economy and achieve sustainable economic development. As the goal of the plan is to reduce dependence on a limited number of rentier exports (oil and natural gas) and rebuild the structure of the national economy to be more diversified by focusing on the commodity and service sectors and then foreign exports by setting a set of interconnected economic policies whose achievement has been reflected in Economic process development and technological development, thereby achieving competitive advantage.

2.10.4.1 The characteristics of the UAE economy

The Free Economy System: The economic system in the UAE was distinguished by its dependence on the free market system in which the forces of supply and demand specify the fundamental indicators of the economy for investment in the productive and service sectors and the internal and external trade, whereby the

UAE economy adopted an economic policy open to the outside in which the leadership role of the private sector is limited, and the government role is limited. On drawing general financial plans (by issuing a variety of legislations and laws necessary to create the appropriate climate for its work within the national economy). The importance that the private sector plays is due to: * Its clear and significant role in the process of economic development through its contribution to operating idle productive capacities and increasing employment and work opportunities,

* The private sector plays a fundamental role in creating fixed capital and investment, as it creates real assets in the economy by converting financial resources into fixed assets capable of producing more goods and services, thereby developing the productive capacity in the marketplace.

The high degree of the private sector's contribution to economic activity enables the country to cope with economic fluctuations,

* As for the primary role that the private sector plays, it is to strengthen the knowledge economy by absorbing and adapting innovations, technologies, and modern management methods.

Perhaps the primary role of the private sector in economic activity is to diversify the production base and enhance the ability of the economy in the face of external shocks resulting from the dependence of economic activity on the production and export of a primary commodity and provide the government sector with skilled labor. From various technical specialties, although wages in the public government sector are higher. The economic policy in the UAE has been aware of the repercussions of the periodic fluctuations in the price of crude oil in the international oil market on the national economy and the necessity of adopting a national strategy to diversify its economic activity and the adoption of a more open economy, which necessitated the restoration of economic structures for production, investment, manufacturing, and foreign trade to diversify sources of national income and achieve growth Sustainably economic (Shayah.2015: 3).

2.10.4.2 Economic diversification strategy

The prices of oil on world markets are very volatile, and countries 'resort to adopting an economic diversification strategy is at the forefront of macroeconomic policies. This is due to a significant fact, which is that its revenues from oil exports quickly decline and for economic and non-economic factors, and therefore the income generated from rentier materials (oil and gas) will be a diminishing and commercial swing, and reliance on a single source to achieve wealth and income exposes the state to major financial crises.

In the United Arab Emirates, annual plans were used to draw future features of the economic diversification strategy due to the instability of oil prices in the international market.

Naturally, the economic diversification strategy has become due to a large group of financial problems that have made economic development a leader by the oil sector, which has made the model of development in it linked to export earnings (oil and gas) and thus led the distribution of wealth in them. This pattern in rentier countries led to a failure to achieve economic development and led to failure in two ways:

- 1 - Failure to make sufficient income for individuals.
- 2- The second failure in creating quick and steady job opportunities for working-age forces with high educational attainment.

Over the past decades, the United Arab Emirates has adopted effective economic policies to diversify its economy through the development of the energy, non-oil, and service sectors; And then raise the contribution of non-oil exports, as the UAE economy is the least of the Gulf Cooperation Council economies vulnerable to oil price fluctuations in the global oil market Due to remarkable development in the non-oil sectors. Maintaining sustainable economic growth will entail developing the productive capacity to respond to future crises by controlling economic diversification more effectively. The United Arab Emirates has succeeded in

raising the relative contribution of non-oil sectors and achieving the objective of being the second-largest economy among the economies of the Arab countries and to hold a seventh place as the most influential economy among the Asian economies. The economic diversification policy in the UAE supports the stability of economic development; given the fact that such a system is challenging to execute in countries with a clear link to oil production since it is impossible to disengage from the oil industry, it has become simple to generate and recover from the funding of the public budget, so it is possible to recognize performance. In the United Arab Emirates, the policy of economic diversification by the following indicators:

1- GDP index: The composition of the gross domestic product shows the extent of success or failure of the economic diversification strategy through the contribution of the non-oil sectors to the gross domestic product, which whenever the percentage increases, the success of that strategy in reducing dependence on wealth (hydro carbonate) in economic activity and thus mitigating external shocks caused by its price fluctuations on the national economy. At the same time, the economy is aiming towards diversifying its sources of income through the increase in the contribution of commodity sectors to the gross domestic product, whose prices are more stable in global markets. All this is due to the considerable investments in exchange for the increase in other commodity and services sectors' contribution due to the enormous investments that aimed to develop the infrastructure to create and succeed the work of these sectors, which encouraged attracting foreign and domestic investments alike.

2- External Export Index: The United Arab Emirates has made huge investments during the past decade to develop and expand its capabilities in the infrastructure of the storage and transportation sectors to achieve the strategic goal of linking the land ports with both sea and air outlets to make high efficiency for the transport of goods and services to and from the UAE, including construction New projects such as Dubai Logistic City and Airport (Maktoum International Aviation) as well as expansion and development of existing projects such as Jebel Ali Port and the

construction of free zones where investments and others may provide the absorptive capacity to carry out commercial exchanges with the outside world (export and re-export and import). Goods that were traded are: spare parts trade, raw aluminum and re-export it in the form of metallic alloys, export, and re-export of gold and jewelry, transport equipment, articles of mica stone and products of porcelain and glass, etc. The volume of goods and services exports increased to 939 billion dirhams in 2016, as seen at 175.6 billion dirhams in 2013, indicating the success of the financial system-based economic diversification strategy in the United Arab Emirates, by reducing the gas and oil contribution to international export volumes and rising non-oil exports (Shayah, 2015:405).

3- The workforce in the non-oil sector: One of the most important goals that the economic diversification strategy seeks to achieve is to restructure the workforce towards the non-oil areas to absorb more workforce and reduce the number of workers in the oil industry. As the participation rate in the workforce reached 79% in 2016 of the total population over the age of 15 years, the number of employers also achieved 76% of the total population for 15 years, and the unemployment rate fell to 4% in 2015 after it was 4.6% in 2011.

4- Competitiveness index: The diversification of foreign exports, in general, will give the country a decisive advantage in maintaining economic growth. Diversity makes the economy more able to face external shocks on the one hand, and the stability of export earnings, on the other side, makes economic growth more stable during financial crises and then gives a competitive advantage the country is more significant compared to other economies. International competitiveness can be known as the country's ability to produce goods and services that are requested in global markets and, at the same time, preserves and increases the real income of individuals. Competitiveness gives the country the ability to create or distribute products and services in international trade while increasing returns from resources. The long-term economic growth cycle aims at developing a sustainable economy, in which the economic diversification policy promotes the competitiveness of taps a precondition for economic diversification, the economy must work to eradicate

the current financial problems faced by countries rich in oil and natural resources, the most prominent of which is the Netherlands disease). As the UAE economy was able to remain trapped in oil revenues in financing its public budget through diversification of foreign exports and the trend towards the industrialization of the economy, the diversified economy policy pursued by the UAE has opened a wide field for new opportunities for non-oil commodities and new markets to reduce the degree of instability and fluctuations in export growth as diversification of foreign exports is the only way for oil countries to shift towards developed economies that produce and export goods. The UAE occupied a superior position in global competitiveness as it ranked seventeenth 2015-2016 globally in the global competitiveness report out of 140 countries covered in the report. As for the category of three leading indicators included in the report, the UAE ranked 14th worldwide with a very advanced degree than the economic one diversification strategy adopted by the UAE economy several decades ago was the principal and direct reason behind its issuance of a superior position in the report of global symmetry and competition of developed countries industrially and with more significant economic potential. One of them is that this core is the product of the economic diversification policy and the favorable economic policies implemented in the last decades (Amjad S. Abdul Al, 2017: 30-50).

2.10.5 South Korea

The impressive economic growth of South Korea is described as the tale of developmental progress par excellence of the post-war era. This achievement's accounts reflect the deep fault lines between market fundamentalists and supporters of emerging states that are dominant, even authoritarian. Nonetheless, one similar aspect was these various explanations for the rise of South Korea and other 'miracle' economies:

Throughout their studies, they ignored or downplayed the role of social policy. Recent work by the United Nations Work Institute for Social Development

(UNRISD) demonstrated the significant role social policy has played in the growth and catch-up process. It aimed to close the distance between welfare theories and the development states (Chang, 2004:300). The misperception of development as an inevitable result of economic growth has been deeply entrenched by Neoliberal conceptions, with their central message that the government's role should be restricted, letting markets work effectively. Instead, developmental state thinkers concentrated on a strong economic and industrial policy for the state. At best, social programs have been viewed as the handmaid of economic growth within productivist welfare programs or as a means. Maintaining the dignity of the regime and buying internal harmony. Global attempts to build policies that understood the inherent importance of social goals, such as poverty reduction, equity, and social cohesion, Doo-Hwan presented the Order of Civil Merit, Dongbaeg Award, to Choi Sang-sam, a senior research officer of the Korea Advanced Institute of Science and Technology, as well as the interest in the vocational education element that the Koreans felt helped to create economic growth and thus.

A UNESCO research (Yi., Mkandawire, 1979:110:120) studies Korea's stable economic development over the past 20 years. This highlights the role played during this period by vocational education at all stages, providing a backdrop to what Woronoff called a 'miracle.' In this attempted structural analysis, his most significant contribution is his smooth description of a process dating back to the 1950s as a change in economic structure from labor-intensive to technological or brain-intensive industries.' Eventually, the education system had to evolve in parallel in the same period. The five-year strategy, which aims to achieve a luxury industrial society, relies primarily on how successfully the technological workforce reaches.

In the Korea programs, all required and elective subjects are intended to be inclusive. Its teachers, studying to be professional workmen, because They have the freedom to chose other topics such as ethics, the Korean language, politics and economy, technology, physical education, and took military training, side-by-side with plumbing and welding, metallurgy, technical precision, as well as electrical

works in theory and practice. You would like to learn English, Chemistry, and Music as well, which never seem to miss out on an educational curriculum. They seem to need a high degree of intelligence, stamina, and flexibility. The Minister of Science and Technology has announced that twenty-two billion won would be invested in research and technological advancement over the course of the year, an increase of eight billion won over the previous. That will be more than in line with the 36 billion won that the private sector voted for at a meeting of the Korean Federation of Science and Technical Societies.

In addition, projects to be planned began or carried out by the end of 1983, for hundreds of sectors after 1982, for research and technology. Momentum was achieved by the rapidity with which intervention preceded preparation. This gives no signs of slowing down.

The most prominent influence came in the field of electronics, where high-tech reporting was the biggest obsession' heading into a new age after the Fifth Five-Year Strategy of the government (1982-6). Even the huge, large manufacturing corporation Hyundai Group joined the industry, opting to use foreign-trained Korean scholars and technicians, with foreign firms in smaller areas only. In the fast-growing shipyards, technical growth has also been accentuated, making Korea the world's second-largest ship exporter. At the heart of this endeavor was the important industrial machinery complex technology at Changwon, on the southern coast, during a time of stagnation, power plants whose exports grew by 212% in two years!

On a long-term basis, the Ministries of Education and Trade and Industry have planned to establish more technical schools to train eligible workers. Around the same time, firms were motivated not to demand higher pay but to provide opportunities to drive employees from post to post.

2.10.5.1 Industries in Korea

President Chun Doo Hwan promised to bring the economy of his country by high-tech manufacturing out of stagnation, making it clear that progress relied on many other shifts in the industrial trend. For him, the economic crisis of 1982-3, which impacted the world as a whole, was an occasion not just to bring Korea's house in order but also to offer a new understanding of its technological progress to its potential consumers. Its processed goods had to be of comparable quality to those of other nations.

It was important for the products produced to be qualitatively superior to those of other nations. By the end of 1982, when Kim Ki-Sok (Korea Herald) visited a dry dock to restore the large industrial vessels of the Hyundai party, he declared that the age of cheap labor had expired: 'The day is gone, and in order to undertake ventures, we also count on a healthy and affordable workforce. The day when we exported products on the back of low prices is gone. We also need business businesses that with a sense of imagination and honesty, are optimistic about handling and preparing their future..' Commenting on world economic difficulties, he said that while facing foreign trade and resource wars, the nation would foster reliable national power: '6 percent economic growth was expected that year despite the recession thanks to efforts by industrialists and technicians to elevate the quality of products and the fact that workers had not made reckless demands for wage increases'.

2.10.5.2 The most important steps to develop industries in Korea started from

1- The Center for Advanced Study for Science and Technology of Korea has agreed to invite foreign experts. In order to achieve a balanced supply of technological labor, work preparation would also be increasingly moved from the government to the private sector. The outcome was that the excitement created at all levels of the industry by leadership was so strong that in 1983, It gathered

traction when it was already in recession, with proposals and programs for the year and the future. The following are included as examples in this survey. The Ministry of Commerce (Trade) agreed to press forward with technical advancement from the beginning of the year. Ventures. Throughout the year, it has concentrated on the electronics market, contributing to lower special excise rates for big home electronics, aiming to manufacture 2,760,000 color TV sets, of which 1,660,000 would be exported. These goods will be supplied primarily by the Hyundai Group and by the Lucky-Goldstar Group, its affiliate. The Minister of Labor highlighted the importance of digital development by beginning to computerize 15 projects from 1984 dealing with the local workplace and registering professional employees from 1985.

2- The search for energy sources was also an important activity in 1983.

The Korea Energy Management Company aims to establish a joint generation of heat and electricity with a budget of 3,985,116,000 won, which will conclude at the end of 1985. By designing the country's first simulation simulator for thermal power plant technicians, the Korean Institute for Advanced Research began the program. In the meantime, Canada agreed to participate in nuclear energy research by sending twenty nuclear safety experts to on-site training through 1986. In exchange, the Korea Advanced Institute will send its students for doctoral courses in nuclear engineering to the University of Toronto. Another solution to the issue was taken at the Third Pacific Chemical Engineering Conference, in which it was agreed to produce and economize photovoltaic capacity. Shipbuilding The shipbuilding industry is a model industry attached to the government. It is the primary industry of the state, being the base of over fifty related industries, including other heavy industries such as machinery, iron, steel, electronics, and chemicals. With the third five-year development plan (1972-1964), at a period when the government was building exports, modern shipbuilding started to play a leading role in South Korean industrialization. The long-term target was to increase homeownership throughout the country to 78 percent by 1991.

Funds for both sectors will be provided by the government-funded Korean Housing Bank. The National Housing Fund and municipal insurance agencies, which are funded by the corporate community, would improve this. In 1983, housing plans in both the public and private sectors were sectors that stretched the construction industry's finances, the unpredictable aim of the government to absorb shifts in demand, and the rate of production. The aim was to build 240,000 housing units in the first month, including 90,000 units for the public sector and 150,000 for the private sector. Two weeks later, the target was for fifty-nine government-appointed contractors to build 41,434 housing units. The building industry was so busy that both on holidays and during working hours, offices used to manage bids.

3- Another heavy industry, which is very important to many other industries in addition to trade and export, is the Korean aviation industry. After that, the founding of the civil flight company, Korean Air, in 1970, established the electronic computing office as part of its business process innovation program. Computers are commonly used for marketing, shipping, cabin operation, aircraft repair, engineering and finance, staff control, and public administration. Many other sectors, such as food, were supported during the five-year plan, including manufacturing, canning, fishing, poultry, dairy cooperatives, vending Machinery - all aimed at pollution-free production of Agricultural and marine commodities. After South Korea emerged in industries that needed markets for its goods (local and external markets), and several local merchants had already been completed. The competition was intense between industries (Hyundai and telecommunications companies). For the Korean government, what was necessary was to obtain a sound export program to provide foreign currency for imports. President Chun's tone especially expressed the stabilization and funding of business policies in all dimensions during 1983, as an introduction to the invasion in 1982 of inaccessible international markets. Protectionism was an economic challenge in two directions the European and American public was convinced that the quality of Korean goods was superior to their price and that as imports were important, they had to be distracted from the price-cutting items of countries such as China, whose wage structure was lower than that of Korea, for instance. One of South Korea's

characteristics is its capacity to adjust and learn from any source, assuming that seeking foreign markets for its goods and services is the only chance to achieve financial parity (Hyde,1988:123-124-125-129).

In Korea, this challenge is so important that it can't be left in the hands of amateurs. Both leading national universities, universities, and private colleges are distinguished by extensive economics courses covering industry, banking, trade, and export. We can see that South Korea relied on universities and development centers specializing in policies, international marketing, foreign exchange, trade insurance, foreign trade law, overseas market analysis, money and banking, and ads on one of the facets of improving its economy. Besides having English and another foreign language and also centered on students from these departments to benefit from what they learned as well as gaining skills across those centers universities. Finance is to be protected in a further period of four years. It must be understood that there is mention only of the 'necessary' courses elective courses open to students cover hundreds of courses in each area, including detailed applications for the main course. In fact, covering this scope of future economic and trade education tends to be a prerequisite for any South Korean interested in these fields. Korea experienced unparalleled economic growth between the 1960s and 1990s, not because Koreans were forced by oppressive rulers to follow their policies; as attempted by many other authoritarian governments around the world, because the Korean government was able to introduce and enforce coherent policies efficiently, with a systematic emphasis on industrial production that developed with the Korean government, They also did so within the legislative and structural-functional context (Lee,2019:16-17).

2.10.6 China

In the one and a half centuries that followed this period, China was an abjectly developing country, suffering from feudal instability that led to political and social strife and economic chaos. Between the mid-nineteenth and the latter half of the 20th century, it was the epitome of economic and social stagnation.

It has been widely considered one of the poorest nations in the world and has historically been seen as a place of famine, disease, pestilence, and backwardness. The Chinese economy experienced severe famines in the mid-twentieth century, particularly during the 1960s, and its economic fortunes reached their nadir. The Great Leap Forward Periods (1958–60), and the Financial Revolution (1966–76). By the time of Mao Zedong's death (1976), China's economy was among the wealthiest and most self-sufficient in the world. It became an economic "basket case," in the language of international diplomacy, irreverent. In the early 1980s, China was generally considered a low-income "impoverished" country. The most important recent historical case in China's history was China's adoption of an integrated market-oriented economy, The reform, liberalization, and restructuring program, and the abolition of China's old self-sufficient central planning regime from the Soviet Union.

The fundamental and far-reaching contribution of economic reforms has increased the productivity of capital and labor. They have resulted in considerable productivity gains and significantly improved economic competitiveness. The success of this program of reform and liberalization, which changed China's economic direction, took place in December 1978. At the highest level of strategy, this decision is taken at the 11th Central Committee of the Communist Party of China (CPC) Third Plenary Session. China implemented its now-renowned Gai Ge Kai Fang, or 'change the system, open the gates' or simply the 'open-door policy.' The three decades of economic isolation in China ended this momentous shift in strategy. The 1978-2000 target of quadrupling GDP was announced by the political leadership.

China was able to accomplish that goal. In China's modern economic history, when the economy was making a swift U-turn, A proved to be a key moment. The open-door strategy formed the basis for the remarkable economic growth of China within a brief period of three decades. As President Deng Xiaoping was commonly regarded as the intellectual father of the progressive, practical economic stratagem, the new economic policy became popular as the 'Deng's doctrine.' But the

secretary-general of the CPC, Zhao Ziyang, was the one who initially devised the proposal. Its economic thinking and policies are radical for its time and place. The "preliminary theory of the stage," which was, in fact, the road to reforming the Chinese socialist system and setting the stage for much economic liberalization, was visualized and established. It laid the groundwork for the popularity that China enjoys today. In the early 1970s, Zhao Ziyang put his moderate and practical political ideology, economic development, and reform policies into practice and flourished in the Sichuan province. Subsequently, he was able to reassure his CPC superiors that if it were to break out of the yokes of crippling oppression and privation, this strategy was the most correct for the country to follow. The particularity of the reform package was that it did not have a detailed macroeconomic summary but concentrated on incremental, gradual, changes, and somewhat unorthodox ones (D, Das, 1996:300).

Those who introduced reforms carefully pursued Deng Xiaoping's statements of "doing what works," "finding truth from evidence," and "crossing the river by feeling the stones." They were largely motivated by pragmatism and experimentation principles. Believing in universal values such as "It doesn't matter whether a cat is black or white as long as it catches mice," the uncomplicated practicality of the reform process has been given top priority. The change was called the Dual-Track Plan, which meant the implementation of a mix of business economy and program structures. Maintaining the old planned-economy route and developing a new market-oriented path were concerned. This strategy shunned the output of losers with restraint in utter terms. The versatility and adaptability of this reform paradigm was one distinguishing aspect, considering the drawbacks that reform projects usually face (Lau & Qian, 2001: 422–27).

Powerful and relatively steady growth was accomplished by the dual-track reform program and proved to be a real strategic development for China.

The primary explanation for the progress of China's reform program is that the former political leadership had a vision and was generally thought to be informed, competent, constructive, and results-oriented. It was sincerely committed to it and

refusing to cross ideological dogmas with it. They had an open mind and were not allowed to be stifled by politics.

Their pragmatic, no-nonsense approach, one-mindedness, and a sincere dedication to policies that policy mandarins regarded with reverence in other parts of the world as promoting development and global integration.

Their approach to execution gave expediency a high priority. Consequently, in the imperialist economic policy arsenal, there was little of importance which they did not rationally deem and follow for China. The most significant measure was the implementation of partial changes that increased or improved production by Pareto.

The introduction of two-track pricing was the underlying principle of partial changes. As a privileged segment of the market, the old SOE regime was permitted to operate, having privileged access to inputs. The consequence was that major layoffs were unnecessary after the initial liberalization. The old heavy industry sector was cushioned such that it did not shrink more than the growth of the modern light industry, which replaced it when it was contracting (Sachs & Woo, 2003:1–32). The SOEs, or economic units of non-cooperation, is people-owned and state-run. The reduction of the old SOEs sector is so organized that the economic units produced under the new economy continued to yield, that is, while the former shrank while the latter increased.

This policy of partial reform yielded rich dividends. One of its important successes was that the Chinese reforms turned out to be a mechanism without losers (Lau & Qian 2001). Industrialization, expansion, urbanization, globalization, and economic modernization, imbued with the powers of convergence, were unmistakably the economic policy priorities of the political mandarins. Once the trajectory of high growth was completed, they tried quickly and skillfully to move on to the policy environment for equity growth. As rural regions are notorious for wealth and income disparities, government debate has become a special concern in recent years. Policy focus is often paid to handling external migration from rural areas in such a way that it does not negatively impact the urban quality of life.

The reform policy in China presented as many economic agents with incentives as was feasible. That means that consistency with rewards was strong. Gain hopes have caused economic actors to take the necessary economic steps. The legacy of Deng Xiaoping was this sort of introduction of reforms. When a substantial majority of the populace saw their own gains, they adopted the policy of liberalization and redistribution. There were enchanted classes who stood to fail, to be sure. The current bureaucrats, for example, have seen themselves as potential losers. Resistance from this community has generated endless challenges to reform adoption in India, the countries of Eastern Europe, and the Russian Federation.

Reforms in China have not excluded or neutralized bureaucracy. Opportunities for sponsoring private or semi-private firms with entrepreneurs have been provided. While this strategy contributed to wrongdoing and was eventually condemned, it was acknowledged as the price to pay for success in reforms.

Many in China who formulated the reform movement claimed that the modern economic structure was created around the old. They did not begin by dismantling the old institutions and systems so that they could be replaced by new ones.

2.10.6.1 Hindsight shows that China was exceptionally well served by this strategic philosophy

Firstly, In the early 1980s, agricultural reforms implemented in 1979 persisted. One of the most effective policy measures was to give each peasant household a long-term lease of land. It turned out that rural reforms were highly successful. The farms were mainly private farms with household ownership under the new regime.

Second, The most striking parallel characteristic of the reforms was the entry of new non-starter companies on the industrial front. The private sector, or non-starter businesses, was born and slowly but steadily expanded and built a niche for itself in the economy, without dominating it in any way. Despite impediments generated by acute vulnerabilities in the bank-centric financial system, the entrepreneurial activity took place.

Third, Although the gigantic empire of SOEs began to diminish, a few of these companies.

SOE's have also reported some productivity gains. They were the product of both economy-wide liberalization initiatives and incentives being implemented. Other than benefit retention, new approaches were established to hire SOE executives, and monetary rewards were offered to good executives. In return, they have been able to reward and pay bonuses to more effective workers and improve their compensation programs. Reduce Rigid Behavior (Sachs & Woo, 1997:576).

Fourth, the slow reduction in the role of the state in the economy, the gradual decline in support of the country for the SOEs, and the abandonment of the SOE sector to compete with the non-SOE industry at a later stage in the reform program helped move the economy towards the market system, a much-vaunted objective.

Fifth, The growth of Foreign Investment Enterprises (FIEs) 12 has played a key role in the implementation of the reform. Finally, one of the most significant reasons for the success of reforms in China was that, even after some initial reluctance, it unleashed the forces of competition in the economy.

There is a controversy between two schools of analysts who researched the causal factors behind the progress of reforms. The first party, the experimentalists, assumed that since they were experimental, evolutionary, and gradual, the modifications succeeded. The other school is the School of Convergence, claimed that changes were effective because they were enabled to merge with those without a socialist or market economy. This school discusses why, in its reform implementation, China took a gradualist approach. For them, it was mainly due to a lack of agreement on the course of action among policy planners. Since power was split between the market-oriented reformers of the new style and the socialist reformers of the old style, there was little hope of introducing and quickly implementing innovative market-oriented reforms. The gradualism of improvements was thus, coerced, not invented. In a market-based way, the right segment of the economy has started to work, leveraging market forces. Their

expansion created impressive growth outcomes in the economy, particularly productivity growth, providing the economy with abundant reform dividends. (D. K. Das, 2008:9).

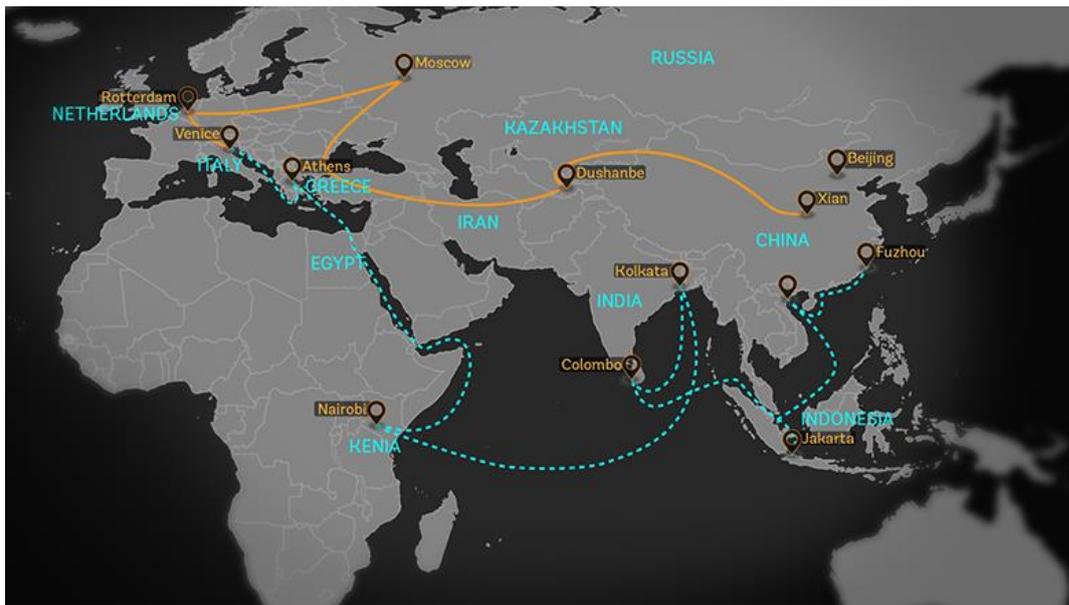
2.10.6.2 China from 1997 – now

China has sought a confident step towards economic development by joining the World Trade Organization and conducting more economic reforms, where actual liberalization began in 1997 with a commitment to the government enjoying a high degree of oversight, which is to keep the capital of all sectors of the country without decreasing, despite the explosion of the Asian crisis in The same year, however, China was among the countries least affected by the crisis thanks to the trade surplus that it had at that time, as the value of foreign currency reserves amounted to about 140 billion dollars, in addition to the continuation of investment flows and the decrease in the amount of external short-term debt, as China was affected only by The devaluation of the currencies of neighboring countries, which negatively affected the competitiveness of its exports to those countries, and in 2001, China succeeded in becoming an official member of the World Trade Organization and although China's membership in the World Trade Organization included a lot of pressure and sacrifices on the part of the government, However, the said agreement also includes several positive aspects, including the stability of foreign economic relations, and better implementation of the economic reform program Increasing economic growth rates.

The Chinese economic structure improved dramatically in 2005 at the end of the five-year plan for that phase, as the added value of non-agricultural industries reached 85.1 percent and approximately 14.9 percent of agricultural products, and a major infrastructure boom occurred in terms of the growth of the road network and the extension of natural gas lines to rural areas, as well as Chinese technology. This economic growth helped to have a stable increase in national financial revenues, which ensured the flow of funds in many areas, including education, health, and

medicine. Now China's goal: is to connect the world with China and launch an initiative called the "Silk Road," to connect nearly half of the Earth's population and to integrate a fifth of the world's gross national product by establishing trade and investment ties that extend to all corners of the globe.

1/3 of global trade and GDP and over 60% of the world's population are counted in the Belt and Road Plan.



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CHAPTER 3

PRACTICAL FRAMEWORK

3.1 Metadology

3.1.1 Data Set: The Variables Used in This Study Were Presented in Table 1

Table 3.1: Variables and Definitions

Variables		Definition of Variables	Expected Signs	Resource
Dependent Variable	GDPR	GDP Growth Rate		Central Bank of Iraq
	EXCR	Exchange Rate	+	
Independent Variables	M2R	M2 Money Supply	+	
	INFR	Inflation Rate	-	
	PDEPR	Public Debt Rate	-	
	GREVR	Government Revenue	+	
	GEXPR	Government Expenditure	-/+	

The dependent variable of the study is the GDP. In this study, the quarterly GDP rate was included as a dependent variable. Independent variables are exchange rate, M2 money supply, inflation rate, public debt, government revenue, and government expenditure, respectively. M2, public debt, government revenue, and government expenditure was calculated to be the quarterly ratio to avoid the effect of inflation.

3.1.2 Analysis Method

To measure fiscal and monetary policies' effects on the growth, respectively, the first and second equation below was established and estimated.

$$GDPR_t = \beta_0 + \beta_1 EXCR_t + \beta_2 M2R_t + \beta_3 INFR_t + e_t \quad \beta_1, \beta_3 < 0 \quad (1)$$

$$GDPR_t = \beta_0 + \beta_1 PDEPR_t + \beta_2 GREVR_t + \beta_3 GEXPR_t + e_t \quad \beta_1, \beta_3 < 0 \quad (2)$$

3.1.3 Time-series Analysis

Time series data: a sequence of observations of the defined variable at a uniform interval over a period of time in successive order. The standard series are annual, quarterly, monthly, weekly, and daily frequencies. Economic time series data often possess single features such as a high degree of persistence on shocks, clear trend, higher volatility over time, and meandering and sharing co-movements with other series. Time series data can be found in social sciences, finance, economics, physical sciences, and epidemiology (Shrestha & Bhatta.2018: 72). The statistical characteristics of time series data often violate the assumptions of conventional statistical methods. Because of this, they are analyzing time-series data that require a unique set of tools and processes, collectively known as time series analysis. Models of the univariate and multivariate time series models of time series can also be divided into some forms. One of them is ARDL.

1-ARDL bounds testing approach is a cointegration method to test the long-run relationship between the variables. This procedure, a relatively new process, has many advantages over the classical cointegration tests. (Nkoro & Uko.2016)

1. Firstly: the approach used irrespective of whether the series is I(0) or I(1).
2. Secondly: the unrestricted error correction model (UECM) can be derived from the ARDL bounds testing through a simple linear transformation. This model has both short and long-run dynamics.

3. Thirdly: the empirical results show that the approach is superior and provides consistent results for the small samples (Çetin et al.,2015).

2- Autoregressive conditional heteroskedasticity (ARCH):

It is a time-series regression model used by econometric models to analyze effects left unexplained. The error term in these models is the residual outcome that the process left unknown. Econometric models hypothesize that this term's variance would be standardized. In some circumstances, this variance is not uniform but "heteroskedastic."

3- In econometrics, the autoregressive conditional heteroscedasticity (ARCH) model is a time-series data statistical model that describes the variance of the current error term or innovation as a function of the actual sizes of the error terms of the previous periods, often related to the squares of the earlier inventions. Where the error variance in a time series follows an autoregressive (AR) model, the ARCH model is appropriate; if the error variance is assumed by an autoregressive moving average (ARMA) model, the model is a generalized autoregressive conditional heteroskedasticity (GARCH), model ARCH models are commonly employed in modeling financial time series that exhibit time-varying volatility and volatility clustering, i.e., periods of swings interspersed with periods of relative calm. ARCH-type models are often assumed to be in the stochastic volatility model family, but this is strictly incorrect since the volatility is entirely predetermined (deterministic) at time t provided previous values. Economic theory implies that many time-series datasets, fluctuating around a long-run balance, will shift together. This long-run equilibrium is evaluated and calculated using the cointegration principle in econometrics and statistics. Cointegration is an essential tool for modeling the long-run relationships in time series data. (Brownlee.2020)

4- In statistics, ordinary least squares (OLS) is a linear least-squares method for estimating the unknown parameters in a linear regression model. OLS selects the parameters of a linear function of a collection of explanatory variables by the principle of least squares: minimizing the difference between the observed

dependent variable in the courts (values of the variable observed) in the given dataset and those predicted by the linear function (Mahaboob et al. 2018).

3.2 Findings

To apply time series analysis, all series included in the analysis must be stationary because both R2 and t statistics may present misleading results due to the risk of spurious regression in series where stationarity cannot be achieved (Damodar N Gujarati & Porter, 2009; Newbold & Granger, 1974). The most commonly used method for determining the series's stationarity is unit root tests (D N Gujarati & Porter, 1999). In this analysis, all three models of ADF and PP Unit Root Tests (without constant, with constant, with continuous and trend) were used. The level values of the series's unit root test are presented in Table 1, and the first difference values are shown in Table 2.

Table 3.2: Unit Root Tests (Level)

Variables	Augmented Dicky Fuller (ADF)			Phillips Perron (PP)		
	None	Constant	Constant and Trend	None	Constant	Constant and Trend
GDPR	-2.540897**	-4.418075***	-4.497518***	-2.531990**	-4.625514***	-4.686649***
EXCR	-1.364468	-2.821281*	-2.137119	-1.460283	-2.480740	-1.637959
M2R	-1.394134	-2.223509	-7.423555***	-5.116626***	-6.455326***	-7.438295***
INFR	-2.298521**	-1.954169	-12.51456***	-2.262893**	-2.078373	-2.034147
PDEPR	-2.142762*	-2.238098*	-2.185415	-6.336129***	-6.481236***	-6.462768***
GREVR	-3.713508***	-3.684082***	-3.691988**	-8.686263***	-8.634883***	-8.611613***
GEXPR	-2.127913**	-2.610574*	-2.644432	-10.48360***	-10.70618***	-11.50254***
<i>MacKinnon Critical Values</i>						
%1	-2.604746	-3.546099	-4.121303	-2.604746	-3.546099	-4.121303
%5	-1.946447	-2.911730	-3.487845	-1.946447	-2.911730	-3.487845
%10	-1.613238	-2.503551	-3.172314	-1.613238	-2.593551	-3.172314

Note: *, **, *** signs represent .10, .05, and .01 significance level of (α) critical values respectively.

Table 3.3: Unit Root Tests (1st Difference)

Variables	Augmented Dicky Fuller (ADF)			Phillips Perron (PP)		
	None	Constant	Constant and Trend	None	Constant	Constant and Trend
GDPR	-10.54351***	-10.44249***	-10.32205***	-10.63165***	-10.52788***	-10.40776***
EXCR	-4.742591***	-4.891864***	-5.276794***	-4.719376***	-4.880000***	-5.243853***
M2R	-9.127258***	-6.370185***	-6.300525***	-25.39274***	-25.28552***	-24.94957***
INFR	-2.414639***	-2.307575***	-2.234587***	-5.233803***	-5.236270***	-5.223589***
PDEPR	-12.66194***	-12.54691***	-12.45049***	-15.40966***	-15.25037***	-15.11044***
GREVR	-19.43049***	-19.25979***	-19.08741***	-32.88740***	-32.57236***	-32.25029***
GEXPR	-15.00443***	-14.86224***	-14.74681***	-44.18061***	-43.73867***	-43.68307***
MacKinnon Critical Values						
%1	-2.605442	-3.548208	-4.124265	-2.605442	-3.548208	-4.124265
%5	-1.946549	-2.912631	-3.489228	-1.946549	-2.912631	-3.489228
%10	-1.613181	-2.594027	-3.173114	-1.613181	-2.594027	-3.173114

Note: *, **, *** signs represent .10, .05, and .01 significance level of (α) critical values respectively.

The unit root test results revealed that GDP was I(0), Exchange Rate was I(1), M2 was I(0), Inflation was I(1). Due to different stationary levels of series, ARDL Bound Test was chosen and executed as the right estimation method for equation 1 (Peseran & Shin, 1999). Additionally, as for the second equation above (see equation 2), all variables were observed as stationary at level [I(0)]. In other words, in addition to GDP, public debt, government revenue, and government expenditure were seen as stationary [I(0)] respectively. Also, the Least Squares (LS) method was conducted in equation 2.

To test the monetary policies' impacts on the growth, equation 3 below was created and thereafter estimated.

$$\Delta GDP_t = \beta_0 + \sum_{n=1}^m \beta_{1i} \Delta GDP_{t-i} + \sum_{n=1}^m \beta_{2i} EXCR_{t-i} + \sum_{n=1}^m \beta_{3i} M2R_{t-i} + \sum_{n=1}^m \beta_{4i} INFR_{t-i} + \beta_5 GDP_{t-1} + \beta_6 EXCR_{t-1} + \beta_7 M2R_{t-1} + \beta_8 INFR_{t-1} + \mu_t \quad (3)$$

The Long-run and short-run coefficients of the variables were estimated and

presented in Table 4. According to the results, there were not seen any autocorrelation, heteroscedasticity, and normality problems. Additionally, the model was observed to be set-up right. As a result, the results can be said reliable.

Table 3.4: Long-term and Short-term Coefficient Estimations

Long-term Coefficient				
Variable	Coefficient	Standart Error	t-statistics	p-value
EXCR	-29.397482	7.503264	-3.917959	0.0003
M2R	0.115956	0.049838	2.326646	0.0250
INFR	0.189289	0.048036	3.940549	0.0003
C	35.222924	8.704121	4.046695	0.0002
Short-term Coefficient				
$\Delta(\text{GDPR}(-1))$	0.127377	0.129754	0.981680	0.3320
$\Delta(\text{GDPR}(-2))$	0.302405	0.125657	2.406587	0.0207
$\Delta(\text{GDPR}(-3))$	0.275766	0.107815	2.557766	0.0143
$\Delta(\text{EXCR})$	25.800468	6.513436	3.961115	0.0003
$\Delta(\text{EXCR}(-1))$	16.483365	7.754098	2.125762	0.0396
$\Delta(\text{EXCR}(-2))$	12.836839	7.690445	2.125762	0.0396
$\Delta(\text{EXCR}(-3))$	22.347876	7.538900	2.964342	0.0050
$\Delta(\text{INFR})$	0.047041	0.031685	1.484665	0.1453
$\Delta(\text{INFR}(-1))$	-0.129278	0.032634	-3.961419	0.0003
$\Delta(\text{M2R})$	0.047376	0.019420	2.439526	0.0191
ECM (-1)	-0.735154	0.123722	-5.941994	0.0000
Results of Diagnostic Tests				
R^2	0.655787	X^2_{JB}	0.779316 (0.6772)	
Adjusted R^2	0.538251	X^2_{BG}	0.042440 (0.9585)	
F-statistics	5.365324 (0.0000)	X^2_{BPG}	0.334532 (0.9850)	
DW	2.012074	X^2_{Ramsey}	1.427901 (0.1611)	

Note: X^2_{JB} represents normality, X^2_{BG} represents autocorrelation, X^2_{BPG} represents heteroscedasticity and X^2_{Ramsey} represent model set-up errors.

When the long-term coefficients are examined; It was observed that the exchange rate, M2 money supply, and inflation rate were effective on growth. Among these, the effect of the exchange rate is negative, while others' effect is positive.

Considering short-term coefficients, the exchange rate, inflation rate, and M2 seem to be effective in the short run on GDP. The error correction model was also observed to be negative, Its significant value indicates that the model works and that deviations that occur in the short term will stabilize in the long term. A shock that will occur in the short term comes to balance after about four months.

The graphs of CUSUM and CUSUMQ (Brown et al., 1975) were developed to determine whether there is a break in the model examined, and the result is presented in Figure 1. As can be seen, the long-term coefficients are consistent since the residual variances at the 5% significance level do not exceed the critical limits (Tatli, H. n.d,2017:18); In other words, it is possible to state that the relationship between GDP and money supply, inflation and Exchange rate is consistent in the long run.

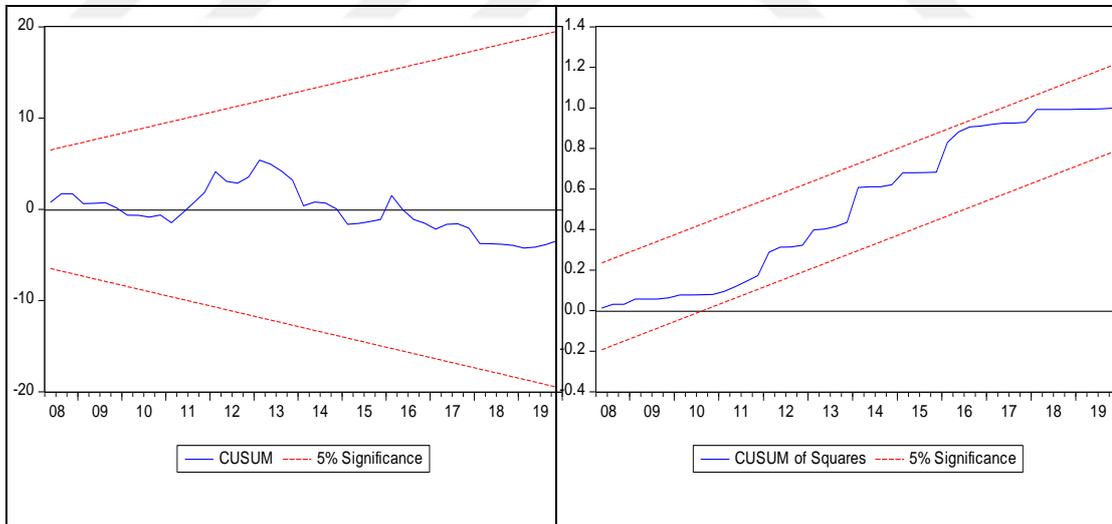


Figure 3.1: CUSUM and CUSUMQ Graphics

In unit root tests (see Table 1 and Table 2), it was observed that the series of public debt, public revenues, and public expenditures were stationary at level. Therefore, the effect of these variables on growth was estimated using the Ordinary Least Squares (OLS) method, and thereafter the results are presented in Table 5.

Table 3.5: Results of OLS Method Estimations

Variable	Coefficient	Standart Error	t-statistics	p-value
PDEPR	-0.062951	0.023915	-2.632296	0.0110
GREVR	0.052092	0.016431	3.778977	0.0004
GEXPR	-0.019400	0.153117	-2.059487	0.0600
Results of Diagnostic Tests				
R ²	0.510349	DW	1.231994	
Adjusted R ²	0.485116	X ² _{JB}	1.524512 (0.7241)	
F-statistics	63.22480	X ² _{BG}	0.260965 (0.7713)	
F probability	(0.00000)	X ² _{BPG}	0.152254 (0.9278)	

Note: X²_{JB} represents normality, X²_{BG} represents autocorrelation, X²_{BPG} represents heteroscedasticity, and X²_{Ramsey} represent model set-up errors.

According to the results, public debt and government expenditure a negative effect on growth, while government revenue seems to have positive effects on growth. The signs of the variables were observed to be consistent with economic theory and economic expectations.

Moreover, there were not observed normality, heteroscedasticity, and also autocorrelation problem in the model. All of these results of the residual diagnostic test were given just below Table 5.

To clarify the short-term effects of independent variables on growth, we conducted Firstly VAR model, then estimated the VEC model, and finally executed Wald Test to examine if the independent variables affect growth in the short term or not.

The optimal length lag results were presented in Table 6. As seen in Table 6, the optimal length lag seems to be 4.

Table 3.6: Optimal Length Lag

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-980.4872	NA	4.15e+10	35.79953	35.94552*	35.85599
1	-948.4780	58.19848	2.32e+10	35.21738	35.94732	35.49966
2	-929.7186	31.37934	2.12e+10	35.11704	36.43093	35.62513
3	-907.7494	33.55297	1.75e+10	34.89998	36.79782	35.63389
4	-879.6472	38.83221*	1.18e+10*	34.45990*	36.94169	35.41963*
5	-865.2778	17.76572	1.36e+10	34.51919	37.58494	35.70474

The VAR stability condition test result was presented below. In Table 7 and Figure 2, they appeared to be less than “1,” and no roots lie outside the unit circle, which means that the VAR model satisfies the stability condition.

Table 3.7: Optimal Length Lag

Root	Modulus
-0.939803	0.939803
0.032814 - 0.896367i	0.896967
0.032814 + 0.896367i	0.896967
-0.724863 - 0.453485i	0.855029
-0.724863 + 0.453485i	0.855029
-0.374116 - 0.745111i	0.833759
-0.374116 + 0.745111i	0.833759
0.738475 - 0.365029i	0.823766
0.738475 + 0.365029i	0.823766
0.780791 - 0.237081i	0.815992
0.780791 + 0.237081i	0.815992
0.477506 - 0.495707i	0.688286
0.477506 + 0.495707i	0.688286
-0.452414 - 0.470703i	0.652871
-0.452414 + 0.470703i	0.652871
0.475430	0.475430

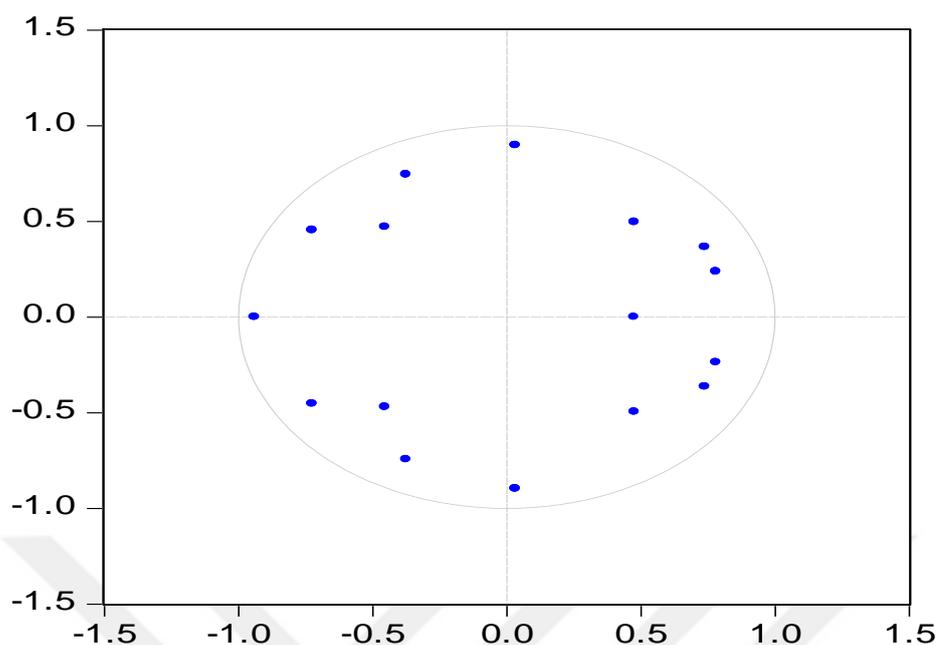


Figure 3.2: ARRoots Graphic of the VAR Model

According to the VAR diagnostic Test results, there is no autocorrelation, heteroscedasticity, and normality problem in the model.

Table 3.8: Results of VAR Diagnostic Test

R^2	0.607189	X^2_{JB}	681.8813 (0.3241)
Adjusted R^2	0.445116	X^2_{HTC}	312.9190 (0.4713)
F-statistics	3.767774	X^2_{LM}	18.15564 (0.5278)

Note: X^2_{JB} represents normality, X^2_{HTC} represents heteroscedasticity, X^2_{LM} represents autocorrelation results.

The results of the VEC model are presented in Table 9. As seen in Table 8, the coefficient of the VECM is negative and greater than “2” as an absolute value. This means that any shock that can take place in the short-term may disappear in the long-term.

Table 3.9: Results of VEC Model

Error Correction:	D(GDPR)	D(EXPR)	D(PDEBR)	D(REVR)
CointEq1	-0.219675	-6.297567	0.117241	1.568981
	(0.01506)	(0.85564)	(0.26107)	(1.11766)
	[-2.30645]	[-7.36007]	[0.44908]	[1.40381]

Note: standart errors are presented in () and t-statistics in [].

The short-term relationship among variables is presented in Table 9. According to estimation, it was put forward that the public expenditure, revenue, and debts affect the growth in the short-run.

Table 3.10: Results of Short-term Relation of Variables

Test Statistic	Value	df	Probability
F-statistic	0.447879	(1, 57)	0.0060
Chi-square	0.447879	1	0.0033

3.3 Results and Discussions

In this study, the effects of monetary and fiscal policies on growth are examined. In the first part of the study, the M2 money supply, inflation rate, and exchange rate are monetary policy variables. ARDL Bound Test approach was used to observe the effect of these variables on growth. As a result of the estimation, it has been observed that money supply (M2), inflation, and exchange rate affect growth. While the effect of the exchange rate among these effects was negative, the inflation and M2 money supply effects were positive. These results are in line with economic theory and literature. Our findings support the opinion (Rahman et al., 2019). Some studies in the literatür (Mallik and Chowdhury, 2001)assert that inflation is necessary for economic growth. Despite the analyzed findings, which indicate inflation has positive effects on GDP, one of the policies to be followed by the Central Bank's policies is maintaining the price level to avoid large inflation

rates. At the same time, price stability positively affects economic growth. These results support by studies of the Central Bank of Iraq. 2017.

In the second part of the study, the effects of fiscal policy on growth are investigated. Government expenditures, government revenues, and government debt are selected as independent variables as fiscal policy tools. Variables were analyzed using the OLS method, and their effects on growth were examined. According to the findings, the effects of government debt and government spending on growth were negative, while government revenues were positive. This result is also consistent with economic theory and literature. According to the short-term analysis results, public expenditure, public revenue, and public debts affect the growth in the short-run.

The study relied on official and real data of expenditures, revenues, and public debt of Iraq. It was found that both recurrent expenses of the government and public debt have adverse effects on economic growth in the short term. Funds are spent on salaries and social care, while these funds are not directed to productive and investment expenditures. Iraq suffers from an infrastructure deficit, so Economic growth cannot be achieving. These results support by studies of (Devarajan et al., 1996. Rahman et al., 2019). The revenues have a positive effect since Iraq is one of the countries rich in natural resources and is dependent on about 80% of its revenues on oil. Since oil prices from 2005-2018 are on the rise, the yields were sufficient to meet a need, as is the case in rentier countries. These results support by studies of (Akacem. et al.2020). The hypothesis of the thesis was fulfilled.

3.4 Limitations of the Study

As for the limitations of the study; The data used in this study are limited to the years 2005-2019. Other variables' effect on growth was accepted as constant (*ceteris paribus*) in the analysis. Therefore, these restrictions should be taken into account while generalizing the results.

3.5 Future Implications

Considering the suggestions for future studies; It is possible to state that the study's explanatory power can be increased by expanding the data set both in time and in different countries.

3.6 Future Forecasts with Rates of Change

Forecasting is considered one of the essential standard tools in economics, contributing to building policies and drawing plans. It is also a necessary tool for projecting risks and the variable's amount of stability to be predicted. In this sense, forecasting provides quantitative and qualitative estimates of economic phenomena and indicators at a specific moment or extended periods. Economic forecasting methods help develop economic policies and strategies compatible with the future stage and identify potential economic, financial, and social variables. The use of statistical models in forecasting helps decision-makers relate their decisions to the future goals of the country's macroeconomic and measure the impact of shocks on economic variables, thus avoiding their harmful effects on the economy. (Brownlee, J. 2020:40). To determine future expectations with rates of change, it is necessary to study the previous values with rates to reach the difference that will occur in the future. Below: the values with the rate of change for (fiscal policy, GDP, and monetary policy).

3.6.1 The Fiscal Policy From (2005-2019)

Table 3.11: Showing the value of Iraqi Fiscal policies (Revenues and Expenditure) for the years (2005-2019)

PERIOD	REVENUE	EXPENDITURE
2005	44,092,932	34,087,609
2006	51,693,299	38,932,391
2007	61,497,346	45,709,954
2008	79,098,490	69,090,694
2009	54,542,130	56,945,158
2010	80,961,900	74,293,159
2011	128,476,493	80,696,247
2012	10,771,361	15,283,656
2013	11,642,623	19,598,104
2014	7,891,190	26,617,496
2015	12,422,220	14,921,935
2016	8,058,840	10,936,410
2017	7,858,824	8,145,966
2018	9,474,416	9,389,524
2019	7,072,545	8,822,198

Source: The Central Bank of Iraq - Department of Statistics and Studies / 2020

Equations:

*Rate of Change = $\frac{\text{Present Value} - \text{Past Value}}{\text{Past Value}}$.

Forecasting = $V_n = V_1 + (R+1) n$.

***R = The average rate for all years /n.

Table 3.12: Showing the Rate of Change in (Revenue and Expenditure) for the years (2005-2019)

PERIOD	% REVENUE	% EXPENDITURE
2005	0.06	0.06
2006	0.17	0.14
2007	0.19	0.17
2008	0.29	0.51
2009	-0.31	-0.18
2010	0.48	0.30
2011	0.59	0.09
2012	-0.92	-0.81
2013	0.08	0.28
2014	-0.32	0.36
2015	0.57	-0.44
2016	-0.35	-0.27
2017	-0.02	-0.26
2018	0.21	0.15
2019	-0.25	-0.06

*Rate of Change = Present Value - Past Value / Past Value.

Source: Researchers' work based on Table No. (11) - Central Bank of Iraq - Department of Statistics and Studies

There is a difference in public revenues between years, up and down, as the rate of change in revenues in 2005 reached (0.06%), while the rate of revenue growth for the years (2010, 2011) increased by (0.48,0.59%) compared to the revenues of (2017, 2019), at a rate of (- 0.02% and -0.25%) respectively. The reasons for increasing or declining revenues are the increase in oil sales with an increase in their prices or vice versa, considering Iraq a rentier state. We notice a difference in public spending rates between the rise and fall of the years (2005-2019). The rate of change for 2005 was 0.6% and decreased in 2006. 2007. 2008., respectively, (- 0.81, -0.44, -0.27, -0.26) %, and in 2018 it increased to 0.15% and then decreased in 2019 to 0.06%. There is a deficit in the years from 2012 - 2019 because the operating expenses are large.



Figure 3.3: The graph shows the Rate of Change in Revenues and Expenditures for the years (2005 - 2019) Source: Researchers 'Work: Based on Table No. (12)

3.6.2 The Value and Rate of Change in The (GDP) for The Years (2005-2019)

There is a variation in the GDP rates between the years (2005-2019), where the GDP for 2005 reached (106,330) with a growth rate (0.02%), The average GDP for the year 2012 increased by (0.13%) and decreased by (0.0%) for the year 2014, and achieved a significant decrease by (0.00%, 0.02%) for the year (2017 and 2018), respectively, and it increased in 2019 by 0.06. The sharp decline in the gross domestic product was caused by the war of ISIS and the country's unstable conditions. as shown in Table No. (13) Below.

Table 3.12: Showing the value and Rate of Change in the (GDP) for the years (2005-2019)

PERIOD	GDP	% Rate of change
2005	106,33	0.02
2006	110,75	0.04
2007	113,79	0.03
2008	122,95	0.08
2009	127,09	0.03
2010	136,13	0.07
2011	148,62	0.09
2012	168,41	0.13
2013	177	0.05
2014	176,86	-0.00
2015	186,91	0.06
2016	202,55	0.08
2017	201,68	0.00
2018	205,02	0.02
2019	216,77	0.06

Source: Researchers' work - Central Bank of Iraq - Department of Statistics and Studies / 2020

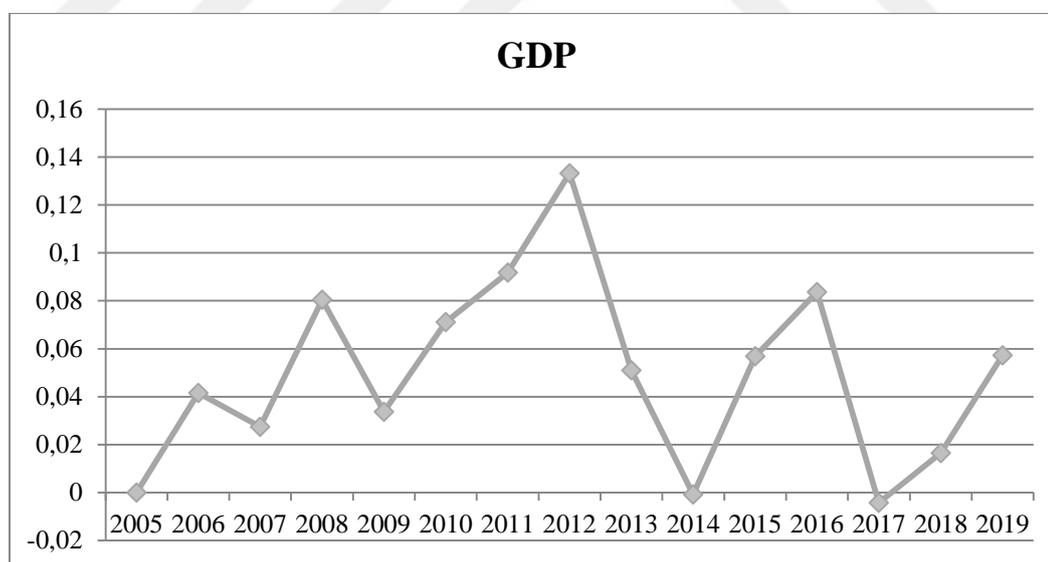


Figure 3.4: The graph shows the rate of change in (GDP) for the years (2005 - 2019). Source: Researchers 'Work: Based on Table No. (13).

3.6.3 The Value of Iraqi Monetary Policy From (2005-2019)

Table 3.13: Table showing the Iraqi Monetary policies (Money Supply (M2) and Inflation) for the Years (2005-2019).

PERIOD	M2	INFLATION RATE
2005	14,684,000	32.7
2006	21,080,000	56.4
2007	26,956,076	13.05
2008	34,919,675	7
2009	45,437,918	-5.2
2010	60,386,086	3.03
2011	72,177,951	5.02
2012	77,187,497	4.03
2013	89,512,076	3
2014	92,988,876	1.08
2015	84,527,272	1.06
2016	90,466,370	-0.5
2017	92,857,047	0.5
2018	95,390,725	0.6
2019	103,440,475	-0.3

Source: The Central Bank of Iraq - Department of Statistics and Studies / 2020

Table 3.14 Shows: the Rate of Change in (M2 and Inflation) for the years (2005-2019).

PERIOD	% M2	% INFLATION
2005	0.012	32.7
2006	0.44	56.4
2007	0.28	13.05
2008	0.30	7
2009	0.30	-5.2
2010	0.33	3.03
2011	0.20	5.02
2012	0.07	4.03
2013	0.16	3
2014	0.04	1.08
2015	-0.09	1.06
2016	0.07	-0.5
2017	0.03	0.5
2018	0.03	0.6
2019	0.08	-0.3

Source: Researchers' work Based on Table No. (14) / Central Bank of Iraq - Department of Statistics and Studies

The money supply in the broad sense (M2) recorded an increase in the growth rate by (0.44%) and (0.33)%, for the year (2006),(2010) respectively. In contrast, the balance of the money supply ratio (M2) decreased (2015, 2016,2017). (-0.09 ,0.03, and 0.03)% respectively, and for 2019 increasing by (0.08)%.

Inflation rates disparity in Iraq, as the annual inflation rate for the years (2005,2006,2007,2008) recorded the highest increase, amounting to (32.7)%, (56.4)%, (13.5)%, and (7)%, respectively. In comparison, a significant decrease was recorded in 2009 with a rate of change of (-5.2)% so that the rate of change for the years (2010 to 2015) increased to about (3.3)%, (5, 2%, (4.3)%, (3)%, (1.8)%, (1.6)%, respectively, while the inflation rate recorded a significant decrease in 2016 and 2019, with a rate of change of (-0,5)% and (-0,3)%, respectively. The reason for the decline in inflation is the stability of the exchange rate.

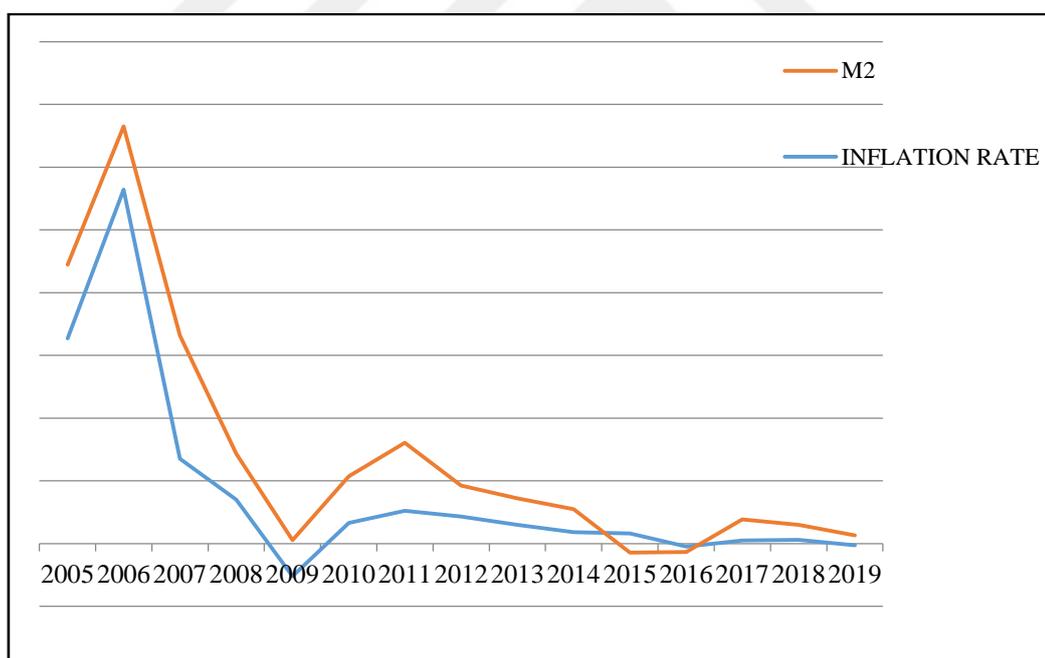


Figure 3.5:The graph shows the rate of change in (Money supply (M2) and Inflation) for the years (2005 - 2019) Source: Researchers 'Work: Based on Table No. (15)

3.7 Forecasting

Forecasting is one of the critical standard tools in economics. It contributes to building policies and drawing plans. It is also an essential tool for projecting risks and the variable's amount of stability to be predicted.

3.7.1 Forecasting and Rate of Change in Fiscal Policies (Revenues and Expenditures)

It turns out that the projected revenues for the coming years are on the rise, starting from 2020, with an increase of 7,305,174, to reach in 2030, an increase of 10,096,696. As for the expenditures, it seems that they will also increase during the coming years, starting from 2020, at a rate of 10,238,500 until 2030 and by 45,376,537, which means that expenses and revenues will increase the coming years. These results were obtained based on the year 2019, as shown in the table below:

Table 3.15: Forecasting and the Rate of Change in Fiscal policies (Revenues and Expenditures) (2020-2030).

Year	REVENUE	%	EXPENDITURE	%
2020	**7,305,174	0.03	**10,238,500	0.16
2021	7,545,455	0.33	11,882,172	0.2
2022	7,793,640	0.03	13,789,716	0.16
2023	8,049,987	0.032	16,003,495	0.2
2024	8,314,767	0.03	18,572,669	0.16
2025	8,588,255	0.32	21,554,295	0.2
2026	8,870,739	0.03	25,014,587	0.16
2027	9,162,515	0.03	29,030,388	0.2
2028	9,463,887	0.034	33,690,879	0.2
2029	9,775,172	0.03	39,099,557	0.16
2030	10,096,696	0.033	45,376,537	0.16
R ***average	3.29		16.05	

Note: Forecasting = $**V_n = V_1 + (R+1) n$.

***R = The average rate for all years /n.

Source: Researchers' work based on Table No. (11) / Central Bank of Iraq - Department of Statistics and Studies

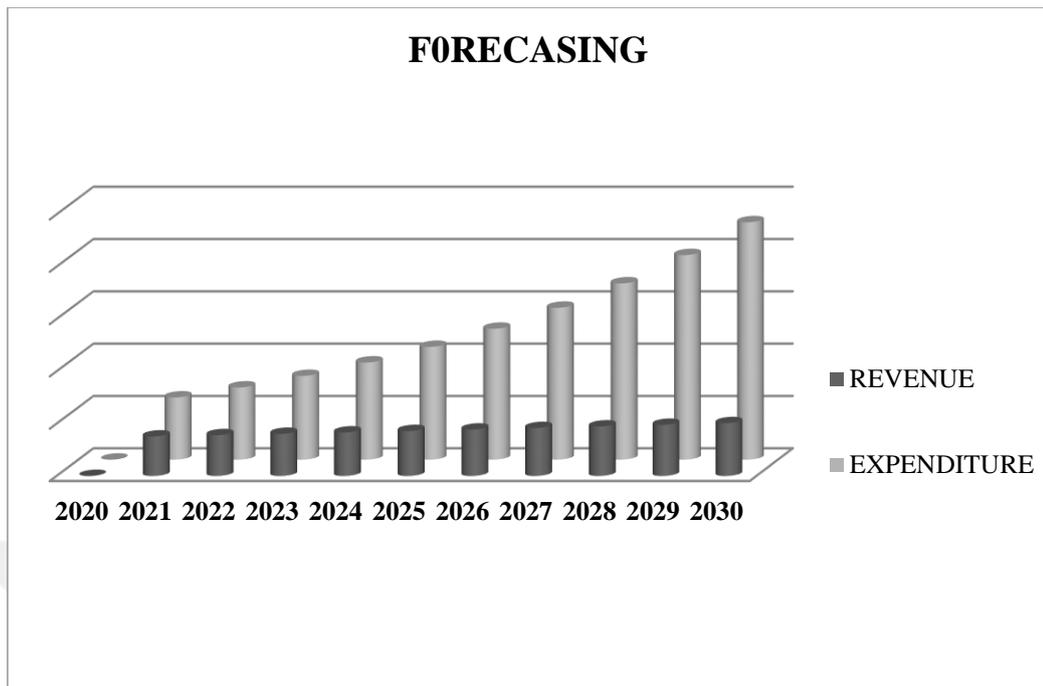


Figure 3.6: The graph shows the forecast in Revenues and Expenditures based on Table No. (16) for (2020-2030).

3.7.2 Forecasting and Rate of Change GDP Growth

The next expected years' GDP increased continuously, starting from 2020, by 219,622, and continued to rise in the coming years until 2030, reaching 250,331. As shown in the table below:

Table 3.17: Forecasting and the Rate of Change in (GDP) for the years (2020-2030).

Year	GDP**	%
2020	219,622	0.013
2021	222,515	0.01
2022	225,446	0.013
2023	228,416	0.01
2024	231,426	0.013
2025	234,474	0.01
2026	237,563	0.013
2027	240,693	0.01
2028	243,864	0.013
2029	247,076	0.01
2030	250,331	0.013
R* (average)	1.32	

Source: Researchers' work: based on Table No. (13) Forecasting the growth rate (GDP) for the years (2020-2030).

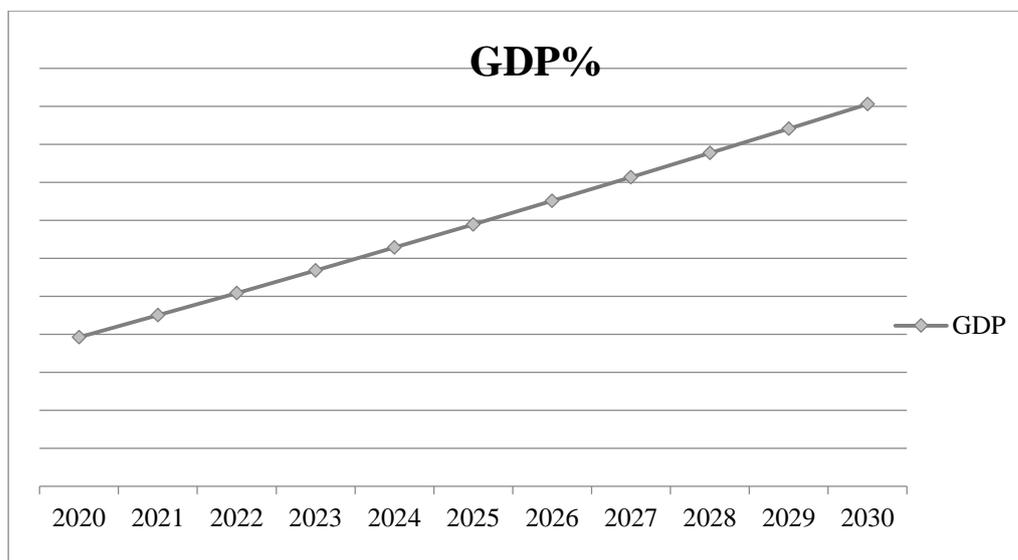


Figure 3.7: The graph shows the forecast in (GDP) Based on Table No.(17) for (2020-2030). Source: Researchers' work

3.7.3 Forecasting and Rate of Change in Monetary Policies

It turns out that the expected inflation for the coming years is similar to stability. There is a variation, but little, starting from 2020 with 114.6 and arriving in 2030 with 286.1. As for the money supply, it seems that it will increase in the coming years, starting from 2020, by 107,223, to reach in 2030 to 153,560. These results were obtained based on the year 2019, as shown in the table below. No. 18.

Table 3.18: Forecasting and rate of change of (Inflation and Money supply (M2)) for the years (2020-2030)

Year	INFLATION		M2	
		%		%
2020	114.6	0.095	107,223,365	0.037
2021	125.6	0.10	111,144,598	0.04
2022	137.6	0.095	115,209,232	3.66
2023	150.8	0.094	119,422,514	0.04
2024	165.2	0.095	123,789,878	3.66
2025	181.1	0.096	128,316,959	0.04
2026	198.4	0.096	133,009,600	3.66
2027	217.4	0.097	137,873,853	0.04
2028	238.2	0.96	142,915,995	3.66
2029	261.0	0.096	148,142,532	0.037
2030	286.1	0.10	153,560,207	0.04
R (average)	9.58		3.66	

Source: Researchers' work based on Table No. (14) Monetary Policy / and The inflation index of 104.6 for the year 2019 was adopted Central Bank of Iraq - Department of Statistics and Studies

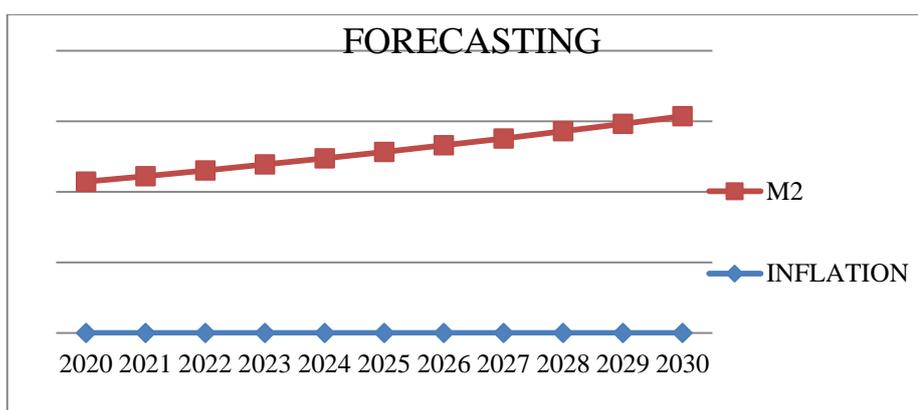


Figure 3.8: The graph shows the forecast in (m2 and inflation) Based on Table No. (18) for the years (2020-2030).

3.7.4 Change rate of GDP, Fiscal and Monetary policies for the years (2020 – 2030)

Below is a table showing the rates of change for the dependent variable and the independent variables, and we notice an increase in each of them, but the increase is small, as shown in Table (19) and the graph (9)

Table 3.19: Forecasting and rate of change (GDP, Inflation, Money Supply (M2) Revenue, Expenditure) for the years (2020-2030)

YEAR	GDP %	INFLATION RATE%	M2%	REVENUE%	EXPENDITURE%
2020	0.013	0.095	0.037	0.03	0.16
2021	0.01	0.10	0.04	0.33	0.2
2022	0.013	0.095	3.66	0.03	0.16
2023	0.01	0.094	0.04	0.032	0.2
2024	0.013	0.095	3.66	0.03	0.16
2025	0.01	0.096	0.04	0.32	0.2
2026	0.013	0.096	3.66	0.03	0.16
2027	0.01	0.097	0.04	0.03	0.2
2028	0.013	0.96	3.66	0.034	0.2
2029	0.01	0.096	0.037	0.03	0.16
2030	0.013	0.10	0.04	0.033	0.16

Source: Researchers' work based on the forecast schedule of fiscal and monetary policy for the ears (2020-2030).

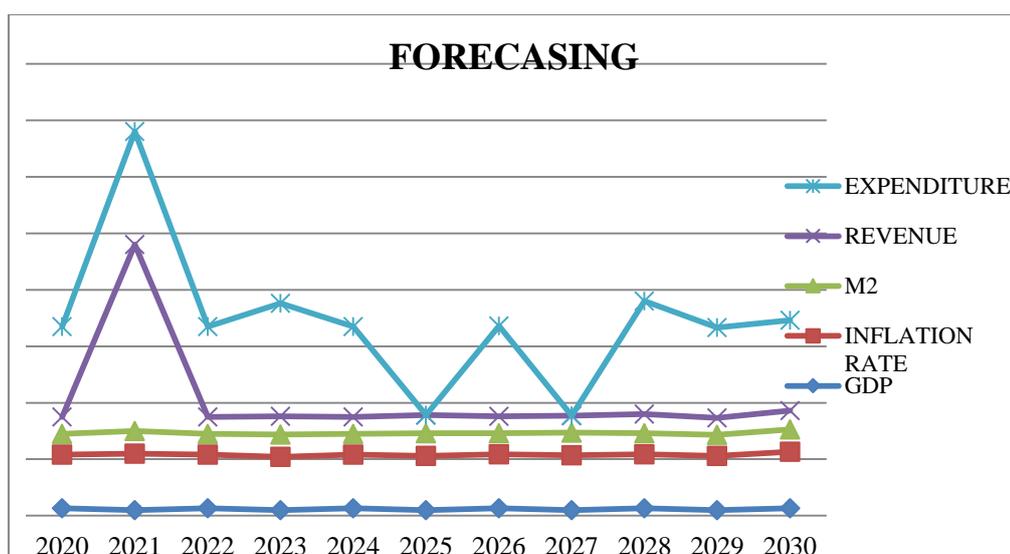


Figure 3.9: showing Forecasting rate of change (GDP, Inflation, Money supply (M2), Revenue and Expenditure for the years (2020-2030)

We note that both fiscal and monetary policies are increasing through the forecasts for the next years, so it is necessary to take advantage of this increase, whether it is a negative or positive increase.

For the fiscal policy, the expenditures increase so that the government can direct its expenditures properly.

We should be to establish reforms and then implement them to control the volume of public hypocrisy by improving the management of public spending, which includes restoring the spending technology using modern methods to achieve optimal use of that allocation by tracking the alimony path since its allocation and approval through the stages of its implementation and exit from the government's financial responsibility and monitoring the effects that result from It is reported in all the stages that it goes through until the goal is achieved. As well as reconsidering the qualitative distribution of public spending to achieve the best possible benefit at the lowest possible cost to be integrated with the economy's base of spending. By relying on an efficient and knowledgeable team of all matters about public spending and the economic and social impacts that may result from these expenditures, meaning that the spending is at the right place and time.

It is also necessary to gradually reduce public spending. However, reducing public spending leads in many cases to harm the poor classes, especially reducing public spending at high rates on sectors that are interested in those classes, including services Health, education, and so on, and reducing spending may lead to layoffs of many workers, which means an exacerbation of the phenomenon of unemployment. Therefore, the reform process must be gradual so that the reduction in spending does not affect the poor class by developing appropriate policies for health and social insurance and unemployment insurance and on the other hand. The government's abandonment of some projects is done gradually so that the private sector can replace them and attract them.

Revenues, radically changing the role of the state from a wide-ranging and unlimited intervention in the economy to a specific, clear, more efficient and effective role, meaning that the state should take over social matters on a large scale by spending revenues more productively and redirecting financing, development projects and basic services that are more productive. Which has a greater economic and social return on economic growth and those that contribute to alleviating poverty and raising the level of citizen's well-being, and changing the role of the state aims to support economic policies to achieve economic stability and confront the problems resulting from reform processes, most notably social changes.

For monetary policy: The high liquidity of M2 can be explained by its major components, which is in a narrow sense $M1 = (\text{net currency in circulation, current deposits})$. It is possible to benefit from the increase in the money supply by liberalizing the interest rate and opening the door for participation with foreign banks to work inside Iraq and expand investment. These measures have a great impact on the performance of banks and the development of their work.

The increase in inflation volume is not necessarily with us that there is a decline in the economy. We see that Iraq has targeted inflation and has remained under control through the fixed exchange rate, but the economy suffers from clear

backwardness. So we are seeking to target inflation to move the economy wheel by increasing production. And encourage exports and reduce imports.

The Iraqi economy was characterized by a structural imbalance in the composition of the gross domestic product. This is due to the primary and main dependence on crude oil to finance its resources, which caused an increase in the percentage of the extractive industries' contribution to generating the gross domestic product at the expense of the decline in the productivity of the basic economic sectors represented in agriculture, processing industry, tourism, and other activities, which was reflected to achieve an economic imbalance, as the continued to decline percentage of these productive sector's contribution to the gross domestic product.

Also, the government did not support the domestic product to compete with imported products. These imbalances embody clearly in the economic activities that contribute to GDP.

There is a clear bias to the commodity activities at the expense of service activities and distributive except crude oil. The increase that we reached by analyzing the GDP forecast for the next ten years is either a result of the rise in oil prices, representing the sovereign wealth of Iraq and controls economic activity, or Iraq's adoption of an economic reform plan to rationalize spending, direct revenues, increase the money supply and target inflation as was mentioned above.

Note: the exchange rate has been excluded from the forecast because monetary policy follows a policy that sets the exchange rate to control inflation and does not intend to change it. Public debt has been excluded as it is revenue dependent.



CHAPTER 4

CONCLUSION

4.1 Result

- 1- The Iraqi economy suffers from the problem of lack of coordination between the monetary policy tools and the fiscal policy, which caused the Iraqi economy to be exposed to the Dutch disease, especially after the year (2003)
- 2- The Iraqi economy was exposed to the resource curse situation due to the expansion of current expenditures from rentier resources and the rise in crude oil prices. Most of the spending was of a consumer nature more than they are producing.
- 3- The study showed the great importance of the extractive oil sector in achieving economic growth, as it is the only source of foreign currency derived from the extraction and export of crude oil, which is affected by exchange rates and oil prices, as well as Iraqi oil production in the global markets.
- 4- Despite the increase in oil revenues in the Iraqi economy in recent years, but Iraq has not benefited from these revenues at the required level. Iraq still depends almost entirely on these revenues to meet its need of operating expenses only
- 5- The standardized test Monetary showed that:
 - a) Whenever the exchange rate rises about one unit, the economic growth decreases by about 29.4 units.
 - b) These results in high prices of goods and services produced within the counter measured with the external world and reduce its competitiveness.
 - c) As the money Supply rises about one unit, the economic growth arises about 0.11 units. The increased cash offer provides a local fluidity to investment and expands production.

- d) If inflation raises about one unit, the economic growth will rise to about 0.18 units. The general price level high encourages investors and producers to increase production.
- 6- The standardized tests at the financial policy presented:
- a) Government debt rises about one unit; that is, the Iraqi government debt covers current spending but not investments. The government is borrowing in a time of decreased revenues because oil shocks coincide with reduced investment expenditures.
 - b) With the rise of public revenue by about one unit, the economic growth will grow about 0.5 units. This match With economic theory; that is a part of the revenue will go to investment expenditures-
 - c) Public spending rises about one unit will decrease the economic growth by about 0.2 unit. This current spending is the most significant part of public expenditure, impacting expenditure very little.
- 7- We expect that the variables under study (GDP, revenues, and expenditures) will record positive growth during the next ten years, which were predicted (2020-2029).
- 8- Inflation maintained a steady growth rate during these next ten years, at a rate of 0.02, due to the policy followed in the bank, which focused on the fixed exchange rate

4.2 Recommendations

In light of the previous results, we present the following recommendations that would improve the economic growth rates in the country, as follows:

- 1- Rationalizing public spending, both operational and investment. The first requires a serious study of each sector of the state's needs to avoid extravagant and unguided spending. At the same time, investment expenditures must be

corrected and directed towards the productive apparatus, not just to revitalize it, to avoid modest economic growth rates compared to the size of these expenditures.

Since the state is based on oil revenues by more than 80%, it is a requirement By re-exporting oil and how to benefit from its derivatives and not importing them from abroad.

- 2- To stimulate and encourage exports outside of hydrocarbons by granting advantages to local and foreign investors, to cover the increasing internal demand for goods and services, and to support the production apparatus with product expertise and benefit from advanced technologies.
- 3- Supporting the industrial and agricultural sectors through the (agricultural - industrial) bankers to grant loans that help restore life to the two industries, impacting the gross domestic product and its growth.
- 4- Effective coordination and upgrade the two policies financial and monetary to be more effective in Iraqi economy growth.
- 5- Prepare budgets in line with the Ministry of planning's development plans to raise the country's economic development level.
- 6- Targeting public revenues, meaning reducing oil revenues and increasing non-oil revenues by five percentage points annually to total general revenues.
- 7- Coordination or re-work in coordination between the central bank responsible for monetary policy and other government agencies responsible for designing and implementing financial and trade policies related to the exchange rate, inflation, and revenues in terms of the state's general economic policy, targeted economic growth and implementation, and finding a way to ensure adequate performance and follow-up implementation.



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Appendices 1: Financial policies (public debt, revenues, expenditures, and their quarterly rates)

PERIOD		Public debt	REVENUE	EXPENDITURE	Rate of change		
2005	1st quarter	6,144,060	36,608,642	27,271,586	public debt	REVENUE	EXPENDITURE
	2nd quarter	6,512,000	39,273,311	29,846,683	5.99	7.28	9.44
	3rd quarter	6,219,640	41,768,075	32,118,691	-4.49	6.35	7.61
	4th quarter	6,593,960	44,092,932	34,087,609	6.02	5.57	6.13
2006	1st quarter	6,744,000	46,247,883	35,753,438	2.28	4.89	4.89
	2nd quarter	5,743,900	48,232,928	37,116,178	-14.83	4.29	3.81
	3rd quarter	5,993,930	50,048,066	38,175,829	4.35	3.76	2.85
	4th quarter	5,645,390	51,693,299	38,932,391	-5.81	3.29	1.98
2007	1st quarter	5,664,114	49,652,784	34,541,427	0.33	-3.95	-11.28
	2nd quarter	6,084,477	52,364,541	36,629,584	7.42	5.46	6.05
	3rd quarter	6,054,621	56,312,728	40,352,427	-0.49	7.54	10.16
	4th quarter	5,193,705	61,497,346	45,709,954	-14.22	9.21	13.28
2008	1st quarter	5,193,705	78,990,986	62,985,179	0.00	28.45	37.79
	2nd quarter	4,919,682	82,219,427	67,498,871	-5.28	4.09	7.17
	3rd quarter	4,584,846	82,255,262	69,534,043	-6.81	0.04	3.02
	4th quarter	4,455,569	79,098,490	69,090,694	-2.82	-3.84	-0.64
2009	1st quarter	4,416,029	58,465,687	55,873,781	-0.89	-26.08	-19.13
	2nd quarter	4,555,539	54,637,072	54,591,410	3.16	-6.55	-2.30
	3rd quarter	7,965,519	53,329,219	54,948,535	74.85	-2.39	0.65
	4th quarter	8,434,049	54,542,130	56,945,158	5.88	2.27	3.63
2010	1st quarter	8,434,049	60,875,451	65,605,179	0.00	11.61	15.21
	2nd quarter	11,726,529	66,090,029	68,871,236	39.04	8.57	4.98
	3rd quarter	11,830,029	72,785,512	71,767,229	0.88	10.13	4.20
	4th quarter	9,180,806	80,961,900	74,293,159	-22.39	11.23	3.52
2011	1st quarter	8,758,816	90,619,191	76,449,026	-4.60	11.93	2.90
	2nd quarter	8,029,529	101,757,388	78,234,830	-8.33	12.29	2.34
	3rd quarter	8,082,139	114,376,488	79,650,570	0.66	12.40	1.81
	4th quarter	7,446,859	128,476,493	0,696,247	-7.86	12.33	1.31

2012	1st quarter	7,051,269	8,875,201	4,847,087	-5.31	-93.09	-93.99
	2nd quarter	6,880,569	9,239,472	8,326,167	-2.42	4.10	71.78
	3rd quarter	6,680,539	26,522,832-	6,963,664	-2.91	-387.06	-16.36
	4th quarter	6,547,519	10,771,361	15,283,656	-1.99	-140.61	119.48
2013	1st quarter	4,562,529	10,276,513	7,297,162	-30.32	-4.59	-52.26
	2nd quarter	4,445,529	7,946,881	8,945,583	-2.56	-22.67	22.59
	3rd quarter	4,455,539	11,147,553	10,032,574	0.23	40.28	12.15
	4th quarter	4,255,549	11,642,623	19,598,104	-4.49	4.44	95.34
2014	1st quarter	4,542,529	7,052,375	4,388,067	6.74	-39.43	-77.61
	2nd quarter	6,211,869	9,434,840	5,387,375	36.75	33.78	22.77
	3rd quarter	7,363,869	7,924,875	5,200,179	18.55	-16.00	-3.47
	4th quarter	9,520,019	7,891,190	26,617,496	29.28	-0.43	411.86
2015	1st quarter	20,150,803	4,555,833	5,413,647	111.67	-42.27	-79.66
	2nd quarter	19,075,303	6,864,342	6,615,541	-5.34	50.67	22.20
	3rd quarter	20,453,718	4,941,800	4,082,740	7.23	-28.01	-38.29
	4th quarter	32,142,805	12,422,220	14,921,935	57.15	151.37	265.49
2016	1st quarter	37,942,825	2,527,320	4,629,600	18.04	-79.65	-68.97
	2nd quarter	41,336,566	15,473,826	6,416,969	8.94	512.26	38.61
	3rd quarter	43,910,951	3,161,390	4,517,644	6.23	-79.57	-29.60
	4th quarter	47,362,251	8,058,840	10,936,410	7.86	154.91	142.08
2017	1st quarter	46,804,306	5,940,372	4,678,310	-1.18	-26.29	-57.22
	2nd quarter	47,624,236	5,500,511	5,028,823	1.75	-7.40	7.49
	3rd quarter	46,936,236	9,542,082	7,141,043	-1.44	73.48	42.00
	4th quarter	47,678,796	7,858,824	8,145,966	1.58	-17.64	14.07
2018	1st quarter	46,649,565	7,556,683	4,250,557	-2.16	-3.84	-47.82
	2nd quarter	46,129,145	8,435,990	5,211,889	-1.12	11.64	22.62
	3rd quarter	43,617,784	11,094,269	9,482,478	-5.44	31.51	81.94
	4th quarter	41,822,918	9,474,416	9,389,524	-4.11	-14.60	-0.98
2019	1st quarter	43,454,406	7,383,857	6,989,418	3.90	-22.07	-25.56
	2nd quarter	41,410,990	10,654,612	7,392,023	-4.70	44.30	5.76
	3rd quarter	40,396,892	7,072,545	8,822,198	-2.45	-33.62	19.35
	4th quarter	38,331,548	7,072,545	8,822,198	-5.11	0.00	0.00
R (average)				4.83	3.29	16.05	

Appendices 2: Schedule (2) the Monetary policy (inflation rate, money supply, GDP).

PERIOD		GDP	M2	INFLATION RATE	EXCHANGE RATE	Rate of change	
						Gdp	M2
2005	1st quarter	100,537	13,650,000	43.2	0	2.16	1.04
	2nd quarter	102,704	13,792,000	36.4	1,466	1.88	-4.74
	3rd quarter	104,635	13,138,000	37	1,475	1.62	11.77
	4th quarter	106,330	14,684,000	32.7	1,473	1.37	13.74
2006	1st quarter	107,790	16,701,000	39.2	1,478	1.14	4.70
	2nd quarter	109,014	17,486,000	51.2	1,477	0.91	9.49
	3rd quarter	110,002	19,145,000	65.9	1,476	0.68	10.11
	4th quarter	110,754	21,080,000	56.4	1,438	-1.07	-11.40
2007	1st quarter	109,571	18,677,529	46.7	1,289	0.88	0.61
	2nd quarter	110,531	18,791,275	41.8	1,263	1.27	19.87
	3rd quarter	111,936	22,524,744	28.4	1,241	1.65	19.67
	4th quarter	113,785	26,956,076	13.5	1,225	3.69	-3.88
2008	1st quarter	117,983	25,910,917	5	1,211	1.67	9.92
	2nd quarter	119,958	28,481,094	1.3	1,200	1.38	14.24
	3rd quarter	121,614	32,536,077	-2.1	1,187	1.10	7.33
	4th quarter	122,951	34,919,675	7	1,175	-0.32	5.88
2009	1st quarter	122,564	36,973,388	-0.8	1,170	1.03	2.27
	2nd quarter	123,827	37,811,325	-3.5	1,170	1.22	13.68
	3rd quarter	125,334	42,982,641	-1.5	1,170	1.40	5.71
	4th quarter	127,086	45,437,918	-5.2	1,170	1.80	8.42
2010	1st quarter	129,376	49,264,741	2.7	1,170	1.64	13.37
	2nd quarter	131,499	55,851,298	2.0	1,170	1.71	0.65
	3rd quarter	133,748	56,213,464	1.6	1,170	1.78	7.42
	4th quarter	136,125	60,386,086	3.3	1,170	0.94	-3.20
2011	1st quarter	137,402	58,452,768	5.6	1,170	2.27	6.62
	2nd quarter	140,523	62,321,706	6.2	1,170	2.66	4.48
	3rd quarter	144,260	65,110,706	5.5	1,170	3.02	10.85
	4th quarter	148,615	72,177,951	5.2	1,170	5.17	1.96
2012	1st quarter	156,299	73,592,642	6.5	1,167	2.88	-1.24
	2nd quarter	160,803	72,682,903	7.3	1,166	2.51	1.18
	3rd quarter	164,840	73,543,262	6.3	1,166	2.16	4.96
	4th quarter	168,408	77,187,497	4.3	1,166	2.27	3.95
2013	1st quarter	172,223	80,238,418	2.1	1,166	1.36	6.21
	2nd quarter	174,570	85,218,485	1.6	1,166	0.91	0.78
	3rd quarter	176,164	85,886,119	0.9	1,166	0.48	4.22
	4th quarter	177,004	89,512,076	3	1,166	-1.58	-0.41
2014	1st quarter	174,211	89,146,380	3	1,166	0.28	-0.33
	2nd quarter	174,695	88,852,188	1.7	1,166	0.51	0.94
	3rd quarter	175,578	89,683,842	2.4	1,166	0.73	3.69
	4th quarter	176,858	92,988,876	1.8	1,166		

2015	1st quarter	177,860	91,248,122	0	1,166	0.57	-1.87
	2nd quarter	180,208	91,422,026	1.5	1,166	1.32	0.19
	3rd quarter	183,226	87,179,092	2.5	1,166	1.67	-4.64
	4th quarter	186,913	84,527,272	1.6	1,171	2.01	-3.04
2016	1st quarter	195,418	87,960,801	0.8	1,182	4.55	4.06
	2nd quarter	198,784	88,901,115	1.5	1,182	1.72	1.07
	3rd quarter	201,160	91,225,709	0	1,182	1.20	2.61
	4th quarter	202,546	90,466,370	-0.5	1,182	0.69	-0.83
2017	1st quarter	200,445	90,180,057	-0.4	1,184	-1.04	-0.32
	2nd quarter	200,849	90,045,251	0.3	1,184	0.20	-0.15
	3rd quarter	201,261	89,870,649	0.4	1,184	0.21	-0.19
	4th quarter	201,682	92,857,047	0.5	1,184	0.21	3.32
2018	1st quarter	200,992	89,517,337	-0.2	1,184	-0.34	-3.60
	2nd quarter	201,878	90,973,298	0.4	1,183	0.44	1.63
	3rd quarter	203,219	93,170,025	0.6	1,182	0.66	2.41
	4th quarter	205,016	95,390,725	0.6	1,182	0.88	2.38
2019	1st quarter	207,270	95,606,069	0.8	1,182	1.10	0.23
	2nd quarter	209,979	98,387,356	-0.3	1,182	1.31	2.91
	3rd quarter	213,145	101,803,359	-0.9	1,182	1.51	3.47
	4th quarter	216,766	103,440,475	-0.3	1,182	1.70	1.61
R			9,58			1.32	3.66