
Analysis of government spending trends in Iraq for the period 2003-2022

Bassam Mailk Sarhanbassammailk@alkadhum-col.edu.iq

Imam AL-Kadum College(IKC)

Article Received: 01/03/2025**Article Accepted:** 02/04/2025**Published Online:** 03/04/2025**DOI:**10.47311/IJOES.2025.7.04.80

Abstract:

The interest in the subject of public services is one of the basic pillars that the government must raise the level of interest in it to the highest possible levels within the limits of government spending directed towards service sectors. On this basis, the researcher believes that the subject of directing public spending towards service sectors is a top priority and an inevitable result, because the Iraqi economy has suffered for long periods of time extending for more than three decades from structural problems in all economic activities. This is due to Iraq's entry into the arena of wars and international sanctions that burdened the service sector, due to the government's orientation towards sectors supporting the war effort, and thus it neglected the rest of the activities, which led to the decline of these important sectors. After the political change in Iraq, which resulted in Iraq's entry into the market economy and openness to the outside world, the shock was great for economic activities of a service nature due to the great development in these activities on the global level and their backwardness at home. On this basis, the researcher concluded that the Iraqi economy needs to direct government spending by preparing a sovereign fund that supports the construction of infrastructure for the Iraqi economy in a manner that is consistent with the size of global development.

Keywords:government spending, public services, financing**Introduction:**

Importance of the research: The research derives its importance from the fact that there is a real problem that the government suffers from at the level of directing public spending in a manner that is consistent with the actual need for spending towards active sectors, which would develop government revenues and this sector would be a supporter of the most funded sector, which is the oil sector.

Research objective:

The research aims to develop real perceptions of the aspects of public spending in the Iraqi economy for the period 2003-2022 so that the makers of the economic plan have a modern pattern in directing government spending in a manner that suits the actual need of the sectors that have become leaders at the present time and will have leadership in the future.

Research problem: The research is based primarily on the fact that we are facing a major problem that the Iraqi economy suffers from, which is that government operational spending (wages and salaries) constitutes a very high percentage reaching more than 60% of the volume of spending and sometimes reaching 70%, and this is a negative indicator that affects the structure of expenditures and contributes to deepening the decline that the services sector suffers from.

Research hypothesis: The research was based on the hypothesis that the Iraqi economy suffers from a complex problem based on the fact that the direction of public spending is based on ill-considered decisions on the operational spending side, while the investment spending side suffers from a clear decline. This indicates that the actual limits of the spending schedules focus on the investment spending side being at a high rate to contribute to achieving economic growth.

Introduction:

The topic of public services economics is one of the vital and important topics that has been and still is of interest to most economists and administrators in their various economic systems, as this sector is directly responsible for meeting and satisfying the basic needs of all members of society. These needs have a dynamic concept that develops with the development of society, and the means of satisfying these needs are determined according to the nature of economic development strategies, methods of managing them, and their goals, the most prominent of which is achieving an acceptable level of economic well-being and human security by liberating people from poverty, disease, ignorance, and malnutrition. The development and concept of public services are linked to the economic and social transformations that have occurred and are occurring from the nineteenth century to the present day. The concept has been subject to controversy and discussion by intellectuals, economists, and administrators because of its economic implications, and not only that, but the concept has entered into circulation across the stages of time and the stages of development of economic systems, and each time it flows in the direction that serves the philosophy of the prevailing system. Public services is a concept synonymous with many terms that overlap with each other, making the degree of substitution high among these terms (infrastructure, public benefits, infrastructure, public facilities, public goods, and social capital). This overlap between terms and the high degree of substitution can be observed in many economic writings.

First: The concept of services

There are a group of definitions and they varied in the literature that focused on public services, especially in the economic literature. Before we review the definitions of this concept, we must first get to know its linguistic and technical meaning, then get to know its scientific meaning. Service in the Arabic language is (service - service that fulfilled his need and he and she are servants). This word has a synonym in the Arabic language, which is the word user, who is the one who performs work in the government and the like for a wage. The meaning of public services can also be identified through the clear overlap between it and the term public utilities. The economist Wiener defines public service projects and institutions as projects with unrestricted or indirect benefits such as education, health, roads, transportation, and defense.

Hirschman defines this sector as the sector responsible for producing basic services without which various productive activities cannot perform their function as required. In its broad sense, it includes public services, cultural and health institutions, as well as fixed capital in agriculture such as irrigation and drainage projects, transportation institutions, and power stations.

When public services are defined in another definition, it is the service or activity itself that achieves a public benefit or meets a need, regardless of whether the entity that provides the service or practices the activity is a public entity subject to public law or a private entity subject to private law, such as an individual or a company, provided that the supervision and dominance of the public authority over the aforementioned activity is always achieved in all cases (Hafez: 2017: 31)

It is also defined as any activity whose subject is to meet a public need, the goal of which is to achieve the public interest, and the state has the final say in creating, organizing, and managing it directly or indirectly (Al-Fayyadh 2011: 133.)

Public services are also defined as those economic activities carried out by the state and its affiliated institutions, such as social services such as education and health, and other services such as water, electricity, transportation and communications. This sector, with its institutions and facilities, does not primarily aim to achieve profits, but in many cases is satisfied with covering production costs, and may sometimes sell its services at prices lower than production costs. This sector always seeks to achieve the public interest, and there should be no competition in it. Samuelson defines public services as those services that are characterized by the presence of side effects in consumption or The phenomenon of increasing the yield of volume in production or is characterized by the presence of both phenomena together (Hijazi 1986:31) and also defines it ((as services whose benefits cannot be divided among members of society, whether individuals wish to buy them or not, and they can be provided to everyone with the same simplicity with which they provide one individual. What is monopolistic in nature (Samuelson: 2009:156)

Second: Government spending, concept, determinants and mechanisms:

-1The role of the state and its prevailing philosophy

The role of the state has a direct relationship with the size of public spending. The more the state and its institutions intervene in economic activity, the more the size of public spending increases accordingly, and vice versa when the role of the state declines in the economic aspect, which leads to a decrease in public spending. This is the prevailing idea among the classicists, as the duties required of the state are limited to the three traditional functions, which are defense, security and the judiciary. They see no need to increase public spending to have an impact on the economic situation and change it, considering that it is one of the tools of financial policy, and according to their belief, there are limits to public spending that must be To be narrow due to the weakness of the state's role in economic and social life. In modern thought, public spending is viewed as an important and influential tool in economic activity through its impact on economic and social life. Here, the role of the

state has changed and become larger and more comprehensive, and there has been an expansion in the functions required of the state. According to this thought, which requires an expansion in public spending (Al-Wadi and Azzam, 2007: 121), it is added that satisfying public needs depends on the political theory or philosophy of political authority on which the state depends. Under the capitalist system, which is based on the principle of economic freedom, the satisfaction of public needs by the state is at its lowest level, as the functions that the state is concerned with are defense, security, and the judiciary, and some social work and services. The state makes room for the private sector and individuals to invest and stimulate various sectors of economic activity to the widest extent. On the contrary, under the socialist system, in which state intervention is necessary in all social, political, and economic aspects in order to satisfy public needs, public spending here is broader and more comprehensive (Huda and Al-Azzawi, 2007: 36)

There are restrictions that limit the ability of the state's financial policy to increase public spending to greater extents in order to achieve certain goals that it aims for, and that public spending essentially expresses a cash amount that the state deducts from the national income and then spends it with the aim of satisfying public needs, and that the interest requires that it reach a certain size that does not exceed it, which is called the optimal size of public spending, but it is difficult to determine the optimal size of public spending that achieves the required level of efficiency, and in order to set a specific range by which this amount is determined, some economists set a certain percentage of the national income, which is (25-30), that should not be exceeded, but this opinion is characterized by rigidity and inflexibility in responding to the variables and developments that occur in the economy, and are represented by the economic and financial conditions that the national economy of a particular country is going through, which differ from other economies or the changes that affect countries (Al-Ubaidi, 2011: 74.)

There are a number of factors and reasons that draw and determine the limits of this spending, and are represented by:

-1The level of economic activity

The matter that traditional economic thought emphasizes is There is a direct relationship between the level of economic activity and the size of public spending, and the size of public spending is the dependent variable and the level of economic activity is the independent variable, which means that any change that occurs in the level of economic activity must affect the size of public spending in the same direction, and this means that the increase in the level of economic activity is accompanied by a similar change in public spending, but the matter changed after Keynes put his theory in (1936) and public spending became one of the most important tools of financial policy that can be used to influence and make effective changes in economic activity and the level of aggregate demand, and thus the ideas showed that public spending is one of the pillars of aggregate demand that causes a major change and affects the level of production, income and use, and thus its effect appears clearly on economic activity in countries and according to the stage or economic cycle, whether it is a recovery or recession, and the result that we can reach is that economic activity is the dependent variable and the size of public spending is the independent variable, and in

the case where demand is greater than supply, we call this case the state of prosperity or the period of recovery, and this leads to the generation of inflationary pressures that are in a way a push towards the increase in The general level of prices, and the state addresses this by working to reduce the level of its public expenditures to avoid the appearance of inflationary effects or at least mitigate their effects and by reducing public spending, which will lead to reducing aggregate demand to the level at which it is equal to aggregate supply, which will lead to a return To a state of equilibrium again, and in the opposite case, i.e. the state of recession when aggregate demand is less than aggregate supply, the state works to increase the size of public spending to the level necessary to increase the level of aggregate demand to equal aggregate supply, which leads to the creation of economic equilibrium and full employment (Abdul Hamid, previous source: 241.)

-2The nature of the economic structure.

What is meant by the nature of the economic structure is the extent of progress that the economy has reached in a particular country. From this aspect, it becomes clear to us that the nature of this structure has a great impact on determining the size of public spending. When talking about countries with a developed economic structure, we note that public spending is a major and important reason for this development, and the reason for that is the high level of income and the large level of the scope of services. In contrast, we find the opposite in countries with a developing economic level, as the absolute size of spending is not the level of spending in countries with an advanced economy due to the small income and narrow services.

The exact opposite can be observed if the absolute size of spending criterion is abandoned, and the relative importance criterion of public spending in total income is adopted, as public spending is of high relative importance in national income in countries with a modest economic structure compared to countries with a developed economic structure, due to the important role of public spending in achieving economic development in these countries, as this development cannot be achieved in the absence of the state (Al-Ali, 2011: 52.)

-3Financial capacity

It is related to the extent of society's ability to bear the consequences of increasing the level of public spending, and without a doubt the size of public spending is determined by the extent of the state's ability to obtain public revenues, whether the source of these revenues is regular or irregular. It must be clarified that the state that has a high level of flexibility in determining the size of public spending is the one that has the ability and capacity to impose taxes and fees with great freedom, and thus has the ability to obtain internal and external loans The state's financial capacity depends on two important and fundamental factors. The first factor is tax capacity, which is one of the most important and influential matters of what is called the financial capacity of the national economy, which shows to what level public revenues can finance public expenditures that are required for the state's activity to continue its work. This capacity determines the level of national income in reaching the maximum possible amount of tax revenue that can be deducted from it as general revenue, which puts a limit on public spending and restricts it (Al-Ubaidi, 2011: 77).

The second factor, which has a great influence, is known as lending capacity, which is with the estimated national financial tax capacity. Public loans give the state flexibility through which it can obtain revenues because they deduct, even for a limited period, a part of individuals' incomes and wealth (Ayeb, 2013: 121). The state's ability to contract these loans is limited to a large extent because it takes into consideration several factors, most notably domestic public debt service payments and the nature of economic conditions, as well as the level of competition between public and private borrowing. It is also affected by the size of national savings, which is the most important factor among the previous factors, as it The more national savings increase, the more the state's lending capacity increases, and vice versa, with other factors constant. National savings depend on the size of real income, as the latter represents the independent variable, while savings are the dependent variable. When real income increases, savings increase, and then the state's lending capacity increases, which allows for greater mobility and achieving more economic gains that are not available in the absence of the ability to lend.

The balance between benefit and sacrifice

The criterion set by the classicists for public spending is the criterion of benefit and sacrifice, and they showed that public spending has an impact on the level of wealth with the same force as private spending itself. According to the classicists, the same economic principles apply to public and private spending; Therefore, the state and the individual are similar in the pattern of consumption, where public spending is productive according to this criterion in the case where the benefit is greater than the sacrifice or cost, and in this case the state can expand public spending. However, in the case that is contrary to the first case, i.e. the benefit from public spending is below the level of costs, then here unproductive spending will appear and its limits must be reduced, because the final result of spending is waste and lack of Exploiting these resources, and society will bear losses without any compensation, and thus the optimal size of public spending can be determined at the level that achieves equilibrium, which is the level at which the benefits that members of society seek to achieve are balanced with the sacrifices they make in order to achieve the benefits they seek, and thus the state can expand or reduce the size of its public spending (Al-Ali, 2019: 299.)

-5The extent of maintaining the value of money and monetary stability

This criterion is considered to be very influential in determining the amount of public spending, and the reason for this is due to the consequences of this increase in spending from an imbalance between total supply and total demand, and then the impact of this on the general level of prices and the resulting decline in the value of money. This effect is greater in developing countries than it is in developed countries, and the main reason for this is due to their lack of a flexible production apparatus, as the total supply is unable to change and respond quickly to the increase in total demand that resulted from the increase in public spending, especially in the short term, so the expansion of public spending to a certain size is an important factor in the rise Prices and the emergence of inflationary pressures and the decline in the purchasing power of money, and on the contrary, advanced countries that operate at full employment and in which the increase in public spending has one result, which is increasing actual demand to the level that leads to achieving full employment of the factors of production, and maintaining it (Al-Khatib and Shamiya, previous source: 73.)

Section Two: Analysis of the reality of public spending in the Iraqi economy

Public spending in Iraq has witnessed many developments, which were the result of the political and economic transformations that the country has experienced, as the policy of public spending has been subject to continuous updates in line with the economic situation (Ubaidah, 2013: 79) and the weakness of government institutions often leads to the frustration of efforts and the failure of programs to direct public spending in a rational and wise manner, so public spending loses its positive significance, which negatively affects growth and economic stability. (Abuhat, 2005: 2(

From the data in the table, it is clear that consumer spending ranges from 70% to 95% of total public spending, and in some years it was characterized by an increase and in others it was clear that it decreased from this percentage The reason behind this discrepancy in proportions is that the Iraqi economy is dominated and controlled by the oil sector to a large extent, as this contributed to a significant increase in oil prices in doubling consumer spending and increasing the state's reliance on it to develop and expand the base of the administrative apparatus as part of its economic goals (Al-Mashhadani, 2019 from the website: (www.radionawa.com It also became clear that investment spending in Iraq during the study period was not large in light of the dominance of consumer spending to a greater extent, and the reason for this is due to the modest investment climate in Iraq, as the country needs to improve this climate through means that encourage local investors as well as attract foreign investors and work extensively to overcome the risks and difficulties that stand in the way of investors, and this is done by enacting laws and legislation as well as establishing courts for commercial cases. Therefore, the Iraqi economy needs many legislations and procedures that aim to increase investment spending (Al-Salem, 2015: 145). This can be explained through the table below

Investment spending to public spending ratio	Consumer spending to public spending ratio	Investment spending	Consumer spending	Public spending growth rate	Public spending	Years
	89.99	198258	1782229		1982548	2003
	90.6	3014733	29102758	40.6	32117491	2004
	82.66	4572018	21803175	18.7)(	26375175	2005
	82	6027680	27460197	28.4	33487877	2006
	76.63	7723044	25822100	0	33545144	2007
	80	11880675	45522700	78.7	59403375	2008
	69.74	10513405	42053620	11)(	52567025	2009
	80.43	19472300	44879984	23	64351984	2010
	77.03	13623000	56016523	0.7	69639523	2011
	67.58	20756000	69618783	30.4	90374783	2012
	70.16	34647000	72260247	17.7	106873027	2013
	73.62	24931000	58625226	21.6)(	83556226	2014

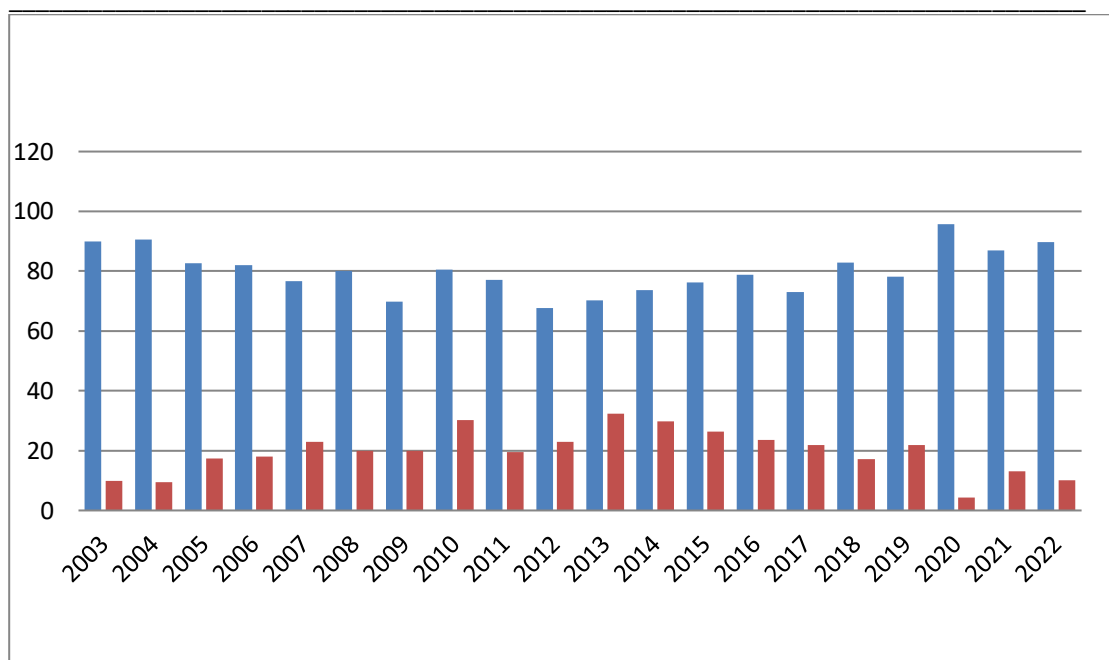
	76.3	18564670	51832845	15)(	70397515	2015
	78.81	15894000	51173337	4.1)(	67067437	2016
	72.93	16464461	59025654	12.6	75490115	2017
	82.90	13820333	67025856	7.1	80873188	2018
	78.10	24422600	87301000	38.1	111723523	2019
	95.80	3308900	72873500	31.9)(	76082443	2020
	87.04	13322700	89526700	35.1	102849659	2021
	89.80	12223741	105164200	13.7	116945461	2022

Source: Central Bank of Iraq, General Directorate of Statistics and Research, Economic Report, various years, years of column (4) and (5) of the researcher's work based on the data in the first three columns.

The value of spending in 2003 amounted to about 1,982,558 million Iraqi dinars, and consumer spending amounted to 1,782,928 million dinars, while investment spending amounted to about 1,982,542 million Iraqi dinars, as consumer spending constituted 89.99% of public spending, while investment spending constituted 9.99% of public spending. The amount of public spending after 2004 began to increase significantly, as the amount of public spending reached 32,117,495 million dinars, consumer spending reached 29,102,758 million dinars, and investment spending reached 3,014,732 million dinars. It is clear to us that the growth rate of public spending increased by 40.6% and investment spending declined. The reason for this decline in investment spending during the years (2003, 2004) is due to the entry of the occupation forces into Iraq and the resulting destruction of most Iraqi economic institutions. In 2005, the value of public spending amounted to about 26,375,170 million Iraqi dinars, while consumer spending amounted to 2,180,318 million dinars, and the percentage of consumer spending to public spending was 82.66%, while the value of investment spending was about 4,572,015 million Iraqi dinars, and its percentage of public spending was 17.33%. We note that the value of investment spending and its percentage of public spending increased slightly from the previous year due to the government's move to rebuild what was destroyed by the foreign invasion of the country in 2003, as most of the spending went to rebuilding some war-torn areas such as Najaf and Fallujah and compensating those affected (Central Bank of Iraq, 2004: 29). As for 2006, the growth rate of public spending rose to 26.9%, and the percentage of consumer spending to public spending was about 82.1%, while the percentage of investment spending was about 17.99%. This increase in the value of consumer spending is due to many political reasons, including the turbulent security situation and the beginning of the war. Sectarianism (Al-Jubouri, 2015: 155) and public spending will continue to rise during 2007 to reach 33,545,146 million Iraqi dinars, and consumer spending reached 25,822,103, and investment spending reached about 7,723,045 million dinars, where we notice a slight increase in investment spending, most of which went to develop the infrastructure of many out-of-service facilities. As for 2008, the size of public spending reached about 59,403,371 million Iraqi dinars, while consumer spending was worth 45,522,702 million Iraqi dinars, and as a percentage of public spending it reached about 80%, while investment spending reached 11,880,675 million dinars, and as

a percentage of public spending it reached about 20%. The reason for this increase is due to the increase in oil revenues, which constitute the main funder of public spending. The decline in the value of public spending led to the global crisis, which was represented by a negative supply shock, which led to a decline in the price of a barrel of oil, which is the main source of funding for public spending. In 2010, the growth rate of public spending was estimated at 23%, amounting to 64,351,986 million dinars, and for consumer spending it amounted to 44,879,984 million dinars, and for investment spending it amounted to about 19,472,002 million dinars. Thus, the ratio of consumer spending to public spending was about 80.43%, while the ratio of investment spending was 30.25%. In 2011, public spending continued to rise, and the growth rate in public spending was about 7.8%. Public spending in 2012 recorded a volume of 90,374,787 million dinars, and the amount of consumer and investment spending, respectively, was 69,618,782 and 20,756,005 million dinars, respectively. Thus, we note that the ratio of consumer spending amounted to about 67.58%, while the ratio of investment spending amounted to 22.96%. This increase was a result of the increase in most of the budget items for this year compared to the previous year, as it recorded The grants paragraph within the general spending in the budget had the highest percentage, followed by the other expenditures paragraph in terms of increase compared to the previous year, then came the rest of the budget paragraphs (Central Bank of Iraq, 2012: 44). As for the year 2014, it witnessed a decrease in the size of the general spending, as the level of the decrease in the growth rate reached 21.6% compared to the previous year, so that the amount of general spending reached about 83,556,227 million dinars. Also, the size of consumer spending reached about 58,625,222 million dinars, and its percentage reached 73.62% of the size of general spending. As for investment spending, it reached 24,931,003 million dinars, and its percentage reached about 29.83%. The reason for the decrease in consumer spending is due to the failure to approve the budget for the year 2014, which made the Ministry of Finance adhere to the exchange rate and the percentage (1 to 12) of the actual current expenses for each month (Central Bank of Iraq, 2014: 69). The value of general spending will continue to decrease during the years 2015 2016, as the value of public spending during 2015 amounted to about 70,397,517 million dinars, and the volume of consumer spending for the same year amounted to about 51,832,841 million dinars, and as a percentage of public spending, consumer spending amounted to 76.3%, while investment spending amounted to 18,564,674 million dinars, and its percentage of public spending amounted to about 26.37%. As for 2016, the volume of public spending amounted to about 67,067,438 million dinars, and consumer spending amounted to about 51,173,433 million dinars, and its percentage of public spending was 78.81%, while the volume of investment spending for the same year amounted to 15,894,004 million dinars, and its percentage of public spending was about 23.69% (Alawi, 2019: 184). The significant decrease in the volume of public spending is due to two shocks that the Iraqi economy received, which greatly affected the economic and social indicators, as the first shock was the deterioration of the security situation In 2014, specifically in June, when three governorates fell. Under the control of armed (terrorist) groups, the second shock is the decline in the prices of exported crude oil from (91.63) dollars per barrel in 2014 to (44.729) (33.976) dollars in 2015, 2016, respectively. Despite the increase in the quantities exported of crude oil in 2016, it does not equal the percentage of

the decline in its prices. What followed these events was the most prominent increase in the services provided by the government to the displaced residents of the governorates that were seized by armed groups, and an increase in spending on military equipment and other consequences of the war, which contributed to a large extent to a decrease in investment spending during that period. In 2017, the volume of public spending increased to 75,490,118 million dinars, and the value of consumer spending reached about 59,025,653 million dinars, and its percentage of public spending was about 72.93%, while the volume of investment spending reached 16,464,466 million dinars, and its percentage of public spending was 21.81%. Public spending continued to rise during 2018, as public spending reached about (80,873,183) million dinars, and consumer spending reached 67,025,853 million dinars, and its percentage of consumer spending was 82.90%, while the volume of investment spending reached 138,203,386 million dinars, and its percentage of public spending was 17.10%. This increase in global oil prices contributed significantly to increasing the amount of public spending in addition to the improvement in the security situation during that period. In 2019, public spending continued to rise and reached 111723528 million dinars, and also accordingly, consumer spending, which amounted to 87301003 million dinars, and investment spending, which amounted to 24422602 million dinars, increased. The increase in public spending did not continue due to the decline in the global price of oil, which contributed to creating local crises, which appeared at the end of 2019 and the beginning of 2020, which was accompanied by the emergence of the global epidemic crisis. Therefore, public spending witnessed a significant decline in size, as its proceeds amounted to about 76082448 million Iraqi dinars. The emergence of the Corona pandemic contributed to reducing the size of the plans set in order to achieve development and expansion in the economic sectors and made them go badly compared to the rest of the years, as the two sections of public consumer and investment spending recorded significantly different values, as the size of consumer spending was about 72873500 million dinars, and thus it was Its percentage of public spending was 95.80%, while investment spending amounted to approximately 3,308,902 million dinars, thus achieving a percentage estimated at approximately 4.30%.



Public spending on consumption and investment

The figure shows that in 2009, the volume of public spending decreased significantly as a result of the decline in global oil prices and the Iraqi economy being exposed to a crisis due to its almost complete reliance on oil revenues to cover public spending. We also note that in 2013, when global oil prices increased, which led to an increase in exports of oil supply and thus an increase in the volume of public spending, and in 2020, the volume of public spending decreased sharply as a result of the world and Iraq being exposed to the Corona virus crisis (19 COVID) and thus an increase in consumer spending as a result of an increase in spending on consumer goods and services to confront the crisis, such as increasing support for the health and service sectors and providing government subsidies and transfer payments, and this was accompanied by international curfew and closure procedures. From the above, it is clear how fluctuating the percentages of public spending during the study period is evident, as the percentage rises in a certain year and decreases in another year. The main reason for this is that the Iraqi economy is primarily a rentier economy that depends almost entirely on oil revenues, which are linked to the global demand and supply of oil, which makes it a country that imports crises from abroad.

First: Conclusions

1-Data on the structure of public spending showed that the vast majority was allocated for the large population expansion, to meet the requirements of government purchases, and to transfer expenditures to cover the fight against terrorism, etc., which led to weak investment allocations, which was reflected in their weak effectiveness in stimulating the structure of the gross domestic product.

2-The poor distribution of public spending during the fiscal year is considered one of the

most important reasons that contributed to the gradual decline in the productivity of public spending, which contributed to increasing the waste of public money and not using it optimally.

3-The heavy reliance on oil revenues led to an increase in the degree of economic exposure, and the Iraqi economy became vulnerable to external changes and fluctuations in oil prices, which affected the economic structure of Iraq.

4-The failure of government economic policies to develop non-oil activities is due to the failure to establish a diverse production base, as there are no integrated and coordinated government programs aimed at diversifying the production base according to a strategy prepared by the government.

Recommendations:

1- It is necessary for the government to make optimal use of public spending in order to restructure the Iraqi economy, in a way that contributes to increasing the contribution of vital economic sectors to the gross domestic product. The most prominent of these sectors are the agricultural, industrial and tourism sectors, as they are characterized by important components that make them capable of being sectors with high revenues.

.22-Since the Iraqi economy is a one-sided rentier economy, which puts it in the face of the threat of any external crisis, attention must be paid to vital economic sectors, especially the manufacturing sector, and not to rely excessively on the oil sector as is the case at the present time. This will help to create a strong economy capable of absorbing crises.

.33-Work on diversifying the production structure in the Iraqi economy by implementing intensive investment programs to create an asset with a fixed value that works to achieve continuous financial revenues and contribute to reducing the increasing dependence on quarterly resources.

.44-The government develops new mechanisms through which it works to provide opportunities to obtain new sources of financing that are available to the largest part of the private sector with the aim of renewing and expanding it, especially small and medium enterprises because they are one of the most prominent tributaries of the development process in the country and an important entry point for economic diversification.

.55-Formulation and adoption of policies and legislation aimed at enhancing confidence in business and attracting foreign and local funds in order to rebuild the economy and society.

References

Ibrahim Jassim Jabbar, Financing Economic Development in Developing Countries (Iraq as a Model), Al-Rafidain Center for Dialogue, Beirut, 2022.

Ahmed Zuhair Shamiya, Khaled Al-Khatib, "Public Finance", Dar Zahran Publishing, Amman, Jordan, 1993.

Ahmed Saddam Abdul Sahib Al-Shabibi, Policies and Requirements of Economic Reform in Iraq. A Future Vision, Center for Gulf Studies, University of Basra, no year.

-
- Ahmed Omar Al-Rawi, *Agriculture in Iraq and Obstacles to Achieving Sustainable Development*, Bayt Al-Hikma, (no edition), Iraq, 2016.
- Ahmed Maher, "The Director's Guide to Privatization" Al-Jalal for Printing and Publishing, Alexandria, 1, 2003.
- Akram Abdel Aziz, *Financial Reform between the IMF Approach and the Alternative Option*, First Edition, (Baghdad, Bayt Al-Hikma, 2001.)
- Basem Abdel Hadi Hassan, *Economic Policies in Iraq: Challenges and Opportunities*, Amman, Friedrich Ebert Foundation, 2020.
- Baher Mohamed Atlam, *Public Finance: Its Technical Tools and Effects*, Fifth Edition, Library of Arts, Cairo, 1998.
- Bashir Al-Hamoudi, *Diversification of Syrian Agricultural Exports*, National Center for Agricultural Policies, Policy Memorandum No. 21, Damascus, 2006.
- Terry Lynn Karl, *The Risks of the Oil State*, in Dr. Edward Moussa and others, In *Oil and Tyranny: The Political Economy of the Rentier State*, Translated by: Institute of Strategic Studies, First Edition, Institute of Strategic Studies, Baghdad, 2007.
- League of Arab States, Department of Development and Social Policies, United Nations Development Program, Regional Bureau for Arab States, *Executive Summary of Development Challenges in Arab Countries: Towards an Alternative Approach*, Egypt, Cairo, December 2008.
- aafar Talib Ahmed, "History of Economic Thought, An Analytical Study of Economic Ideas Across Time Periods, Part Two, 2nd ed., Dar Al-Doctor for Administrative and Economic Sciences, Baghdad, 2017

Citation:

Bassam Mailk Sarhan "Analysis of government spending trends in Iraq for the period 2003-2022"
International Journal of English and Studies (IJOES), vol. 7, no. 4, 2025, pp. 68-80. DOI:
 10.47311/IJOES.2025.7.04.80.