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The problem of the recurrent deficit of the federal public budget in Iraq Causes and treatments)

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Summary

It is known that the general budget is a reflection of the state's philosophy and its role in economic life, and in the event of an imbalance in the budget in the form of a deficit, the specialists begin to fear how to address this imbalance, which has effects that cast a shadow on individuals and society and its heavy burdens on the poor before the rich. These actions frequently take the shape of economic bundles because one or two actions will not suffice, as well as macroeconomic or microeconomic long-term transformation (short-term reform). The federal general budget in Iraq, which is the core of this study, suffers from frequent deficits since 2004 until the general budget for the year 2021, knowing that until the preparation of this study, the general budget for the year 2022 has not been issued and the draft general budget for the year 2023 has not been submitted. These actions frequently take the shape of economic packages since just one or two are necessary, as well as macroeconomic reforms that last for a very long time or microeconomic reforms that are more immediate (short-term reform). And the last question, can we see that the general budget of the Iraqi state is devoid of financial deficit?. The answers to these questions are the focus of our study, and we try hard to find clear answers to the questions posed by this study.

Introduction

The problem of the state's general budget deficit is one of the most important contemporary economic problems around which there is controversy and

opinions vary, especially as it has become a distinguishing feature of most developed countries as well as developing countries, and Iraq is one of these countries, which is the subject of this study, which prevented here from carrying out its duties in achieving development comprehensive economic and social (sustainable development).

Proceeding from the importance that the state's general budget plays in the life of the individual and society and its role in financing the wheels of the national economy towards progress and prosperity, the widening of the general budget deficit may destroy the monetary and financial stability of the state, and the parallel situation of the state budget helps to advance the levels of its economies and improve the general social conditions of individuals Society, so the importance of this topic has increased for many contemporary thinkers and economists, and thus increased research and studies that try to find a solution to this problem and propose tools to finance the budget deficit or find treatments or solutions to this problem in order to avoid or mitigate the negative effects resulting from it.

One of the most significant issues that the Iraqi government has been unable to address and resolve is the public budget deficit, particularly since 2003. The Iraqi economy has experienced abnormal conditions, such as the occupation, terrorism, wars, the destruction of oil and human resources, as well as the destruction of the nation's infrastructure.

Since Iraq depends in its revenues on oil production by 95%, which is responsible for generating (60-65%) of the gross domestic product, this was directly reflected in the size and composition of public expenditures in the public budget on the one hand, and within (35-40%) of The non-oil GDP is mostly service activities that are weakly linked to the productive commodity sector on the other hand, in addition to the destruction of infrastructure resulting from wars and terrorism that require large sums of money for reconstruction and construction. Since the Iraqi economy is governed by undirected and unstable motives in its future and current trends, this has a significant impact on the reality of the Iraqi public budget, remarkably and surely.

In light of the foregoing, this study focuses on the following:

The first topic: the concept of public budget deficit

The second topic: the reasons (factors) leading to the deficit in the general budget

The third topic: treatments (solution) to the problem of the budget deficit

The fourth topic: Methods of financing the budget deficit

The fifth topic: the federal general budget beyond 2003

Second: the importance of the study

The importance of the study stems from the criteria for managing the general budget deficit in Iraq, where the public budget is one of the most important tools for social and economic development, and its preparation and formation is a major tributary that supports the development effort and supports the policy of the Iraqi government. The general budget of the Iraqi state gives an expanded idea of

all government expenditures as well as public revenues. The level of economic development has evolved at the present time, and the state's role in economic and social life has expanded to reach sustainable development.

Third: The problem of the study:

The lack of public revenue diversification and the expansion of public spending in an ill-considered manner, including government employment, are examples of this. Waste of public funds and financial and administrative corruption also contribute to the problem of the rentier Iraqi economy, which necessitates solutions and treatments for it in this study, which is what we will explore.

The first topic

The concept of public budget deficit

To reach the research goal, we will divide this topic into two demands. As for the first requirement, we will discuss what the budget deficit is. As for the second requirement, we will single it out to show its types. As for the third requirement, we will allocate it to the effects of the parallel deficit.

The first requirement

What is the general budget deficit?

The general budget deficit is viewed from two perspectives. The first perspective is the financial and accounting meaning, and the second perspective is the economic and social meaning.

Regarding the financial and accounting sense (the first perspective), it refers to the surplus of expenditures over revenues, assuming that the budget contains all of the state's financial expenditures and revenues.

As for the economic and social meaning (the second perspective): it refers to the total of the negative effects resulting from the applied fiscal policy and the approach used in preparing the budget. The second requirement

Types of deficit in the general budget

The general budget suffers from several types of deficit, as follows:

First: Temporary disability: It may be called seasonal disability, and it occurs as a result of unusual emergency reasons or because of an error in some of the budget elements. This type of deficit disappears when the reason leading to it or that caused it disappears, and it can be treated after a period of time that may be in the next budget.

Second: The estimated deficit:

It may also be called the planned or intended deficit, and it is what the state allows in the budget with certain limits and conditions, according to accurate and objective studies in determining it, where the state deliberately bases its public expenditures on its public revenues. state to him.

Third: Structural Deficit:

It is the deficit that occurs when public revenues do not cover expenditures on an ongoing basis, thus becoming a permanent deficit. To bear public burdens in all its forms, which indicates or refers in general to a defect or imbalance in the economic structure, as public spending may not be productive enough.

Fourth: Conventional Deficit:

It is also called the comprehensive or total deficit and is defined as the difference between the total cash government expenditures, including the interest paid on public debt, excluding the amortization payments for government debt, and the total government cash receipts, tax and non-tax, plus grants, excluding the proceeds of loans. Inability in this way to provide officials with an indication of the amount of additional resources that the government should borrow from the local or foreign private sector or borrow from the central bank.

The third requirement

Parallel deficit effects

The parallel deficit has negative effects, which are as follows:

- 1- The state falls into a state of inflation: when the state's expenditures exceed its revenues, the state tends to cover the deficit by resorting to the monetary issuance institution (the central bank) in order to print additional quantities of banknotes, so the mass of money in circulation increases, and the volume of total demand increases while supply remains constant. Prices rise, inflation occurs, and the value of the currency (purchasing power per unit of money) decreases.
- 2- The existence of a budget deficit will push the government to borrow because of insufficient revenues and the need to finance public spending. It is known that borrowing has negative effects on the state's finances in the long term, as it constitutes a financial burden represented by returning the principal of the debt to the lender with the interest associated with it (public debt service). This constitutes an increase in public expenditures in the year of payment in the budget in which it is returned.

The second topic

The reasons leading to the deficit in the state's general budget

There are a number of reasons or factors that lead to falling into the budget deficit. These factors or reasons may be political, social or economic.

We believe that the main reason is the increase in public spending, which is greater than the growth rate of public revenues.

The question here is what are the reasons that lead to an increase in public expenditures?

To answer, we say that there are a number of reasons, which are as follows:

1- Economic crises: Economic crises may lead to deficits in the state's general budget, because they lead to a shortage of the state's financial resources as a result of the weak ability of individuals to perform their financial duties on the one hand, and what these crises require from the state of an increase in the volume of public spending. To treat its effects in the form of subsidies for unemployed workers and expenses to restore economic activity on the other hand.

2- Military Expenditure: Military expenditures are considered one of the main reasons for the increase in public spending, as they represent a large proportion of the total proportions of the total public expenditures of the state. The high burdens of defense and security due to wars and political instability have increased the volume of these expenditures.

Due to the size of these expenditures, military spending significantly exacerbates the budget deficit issue; the fight against ISIS after 2014 is cited as an example of this. As a result, the Iraqi government has boosted its public spending on purchasing guns and other military hardware to wage this war. There is no denying the high cost of military hardware, which places a significant strain on the budget and is a big contributor to the deficit.

3- Investment spending: The expansion of public sector activity has led to an increase in the relative weight of public investment spending in the total fixed capital formation. The increase of this weight was linked to the requirements of development, especially its early beginnings, which necessitated directing a large amount of investment spending to increase infrastructure projects as well as strengthening the industrial structure. .

4- Expansion of the growth of government employment (government employment): Employment in the public sector (government) is characterized by its increasing growth in addition to its increasing percentage to the total volume of employment at the level of the national economy as a whole, which affects the volume of current expenditures through an increase in salaries and wages. And if we look at the budgets of Iraq, specifically the general budget for the year 2012, we will find that the salaries and wages of government sector employees (public) constitute 51% of the volume of public spending, which constitutes one of the reasons for the burden of the government and therefore is a direct cause of the financial deficit in the federal budget. We believe that the presence of legions of employees in departments or administrative facilities, noting that most of them are not productive (disguised unemployment), so that the number of productive hours for a public employee does not exceed three hours per day.

5- Increasing the burdens of the domestic and external public debt: because of the

size of the public debt, and sometimes the state finds itself lagging in repayment, and therefore the state finds itself facing two situations, either to stop the work of economic development, or to serve the external debt. Accordingly, if these countries focus on financing economic development, they cannot pay their external obligations, and from that their external reputation with other countries will be shaken. On the other hand, if they pay their debts, they cannot achieve their development goals. The burdens of these debts appear in the state's budget, so the interest due on internal and external debts is calculated within public expenditures. We see that the fiscal year 2020 for Iraq is a good example of this reason. Because of the Corona pandemic and the lack of a budget for Iraq, Iraq was forced to borrow internally, so it issued two borrowing laws, and this means that Repayment of these loans with interest accruing from these loans will appear in subsequent years, and therefore we expect a real deficit for the upcoming budgets.

- 6- Expansion of the necessary expenditures: The extravagance in the construction of huge government buildings and spending on the purchase of luxury furniture are among the reasons for the increase in spending. This is writing this research paragraph here. / 8) This conference lasted for one day, and according to what was published by the Iraqi Prime Minister's Office, the current expenses to cover the conference amounted to seven and a half billion, or about five million US dollars. I also read news two days ago (10/20) that the Federal Court stopped disbursing an amount of seventy billion based on the lawsuit before it. The question here is, isn't this a waste of public money and thus an unjustified increase in public spending?
- 7- Subsidies for commodities and increased spending on consumption: the greater the state's intervention in economic activity and economic life, the greater the volume of public spending. The state's tendency to support some local commodities and support the local product increases the volume of its financing expenditures, which affects the total volume. We believe that the ration card program of the Iraqi Ministry of Trade, which is concerned with distributing some foodstuffs to citizens, such as sugar, flour, and rice, is the clearest example of this reason, which is a clear reason for increasing public expenditures and burdening the government with financial burdens.
- 8- Deficit financing policy: This policy is considered one of the policies that are used as a tool for financing economic development. In this case, the state resorts to creating an intentional deficit in its general budget, so that it is financed by the new monetary issue and then achieving more employment for idle resources in order to compensate for the volume of demand in the private sector, and this leads to an increase in economic projects and an increase in employment and production rates, which exceeds Its impact is on the aggregate supply, and it has been proven that the deficit financing policy has failed to achieve its objectives and is one of the main reasons for the

increase in the state budget deficit.

- 9- Inflation (the deterioration of the purchasing power of the monetary unit): One of the main causes or factors leading to the increase in public spending is the deterioration of the purchasing power (the apparent increase in the public expenditures of the state), as the increase in the expenses of its purchases and all the necessary requirements to satisfy public needs negatively affects the public finances of the state. Specifically, showing it in a negative way, that is, the existence of its financial deficit. In this case, the state tries to maintain the same things before the period of inflation, so it gives individuals an allowance in order to compensate for the decrease in their real incomes, in addition to that it increases the allocations of commodity support and raises the cost of public investments. It should be noted that the rise in prices as a result of the deterioration of the purchasing power of money does not lead to an increase in all types of public expenditures, for example, expenditures allocated to servicing the public debt.
- 10- The spread of democratic principles: As a result of the change in the concept of the state due to the development of the political concept or political thought, the state is no longer a ruler over individuals, but rather a group of facilities to serve the public, in addition to the multiplicity of parties, groups or political entities and their orientations to take power, which led to an increase in its spending to gain the support of its supporters. And its endeavor after the elections to implement its programs, which are usually based on generosity and spending, which leads
- 11- The spread of administrative and financial corruption in the government sector: The reason for the deterioration of the moral values of the members of society, including the spread of bribery, fraud and nepotism, and the spread of this in administrative facilities or agencies, led to an increase in administrative costs and thus an increase in public spending to reach the public budget deficit.
- 12- Slowing the growth of public revenue rates: Among the most important reasons that lead to this are:
- A/ Double the tax effort
 - B/ tax evasion
 - C / rigidity of the tax system
 - D / the large number of tax exemptions and benefits
 - E / backwardness of tax administration (incompetence)
 - And / the phenomenon of financial arrears
- 13- The decline in oil prices: This reason led to the occurrence of the budgetary deficit for most of the rentier countries, Iraq as a model for them, which depend on oil as a source of revenue for them. The year 2020 is the clearest example of this reason for the fiscal deficit. Because of the Corona pandemic that swept the world, global oil prices in the global oil market fell below

thirty dollars per barrel, which created a real deficit for the general budget of the Iraqi state, which made it resort to financing it by resorting to public borrowing.

- 14- The large informal sector: Developing countries and emerging economies are facing a large size of the informal sector operating within the economy, which means poor tax performance and limited increase in tax revenues, as the phenomenon of the so-called black economy has spread and constituted a factor in depriving the state of its planned revenues. to an increase in public expenditures.

The fourth topic

Financing the federal budget deficit

The first requirement

Methods of financing the budget deficit

There are several ways in which the state seeks to finance the budget deficit, which are as follows:

- 1- Borrowing from the Central Bank: This financing of the deficit does not have a deflationary effect on aggregate demand, because the Central Bank does not operate under the constraint of the need to reduce the credit granted to others if it expands in granting credit to the government. Hence, it is said that domestic credit accompanied by borrowing from the central bank has an expansionary effect on aggregate demand.
- 2- Borrowing from commercial banks: financing the budget deficit by selling government bonds to commercial banks or obtaining credit facilities from them did not and will not negatively affect aggregate demand if the banks have excess reserves. And domestic spending, which is financed by borrowing, will have an expansionary effect similar to spending financed by the central bank. But if the commercial banks do not have these surpluses, financing the budget deficit will affect the credit granted to the private sector, i.e. crowding out the private sector, which removes the expansionary effect of the increase in government spending. It may indirectly affect private investment, especially since with the narrowness and lack of growth of financial markets in developing countries, the credit granted to the private sector is an important factor in the investment of this sector.
- 3- Borrowing from the private sector outside the scope of banks: financing the budget deficit from the non-banking sector takes the form of borrowing from insurance and pension funds and open market operations with this sector, as well as from financial markets to sell government bonds. If the non-bank sector lending to the government comes from resources earmarked for consumption, then this borrowing will have a deflationary effect on private sector demand. But if these resources are allocated for savings, the likely deflationary effect of this borrowing is indirect and through the banking

system. But if the borrowing of the non-banking sector comes from idle resources (hoarded), it will not have any deflationary effect on the demand for this sector, but it leads to an increase in the level of demand and total spending, which exceeds the capacity of supply, which means a rise in the price level. Assuming that financing with bonds does not coincide with monetary expansion, the rise in prices will reduce the real value of the money supply and exert negative effects on income and government revenues and impede the decrease in the deficit, which means that the deficit funded by bonds leads the economy to a state of instability that may last for long periods of time. During which the economy is free from inflation or from unemployment and recession, according to the initial equilibrium situation and the behavior of prices, with the increase in financing by bonds.

4- Tax sources: Tax sources are considered as one of the most important sources of financing the budget deficit, due to the relative stability of its proceeds compared to the rest of the sources, as well as the periodicity of its proceeds. It is one of the main sources in financing the budget deficit, and there are several types of tax sources, namely:

A/ Taxes: They are considered among the tools for financing the budget deficit, as they provide the economy with permanent liquidity during each fiscal year. It is noted here that the increase in tax rates means an increase in spending due to the increase in public revenues, but here it negatively affects the profits of the private sector and thus investment rates and the deterioration of productivity growth rates.

B/ Fees: The budget deficit needs to be financed and fees can be raised by imposing them, increasing their price, or increasing fees in exchange for services provided by the state.

C/ Inflationary financing (new monetary issuance): The new monetary issuance (deficit financing) is the clearest form of bridging the budget deficit. It is the expression of minting paper money by the central bank and it is presented to the public for acceptance and it is credited to the government's current account in exchange for obtaining treasury bills issued by the government, and the latter resorts to this method due to the inability of regular sources to finance the budget. Among the dangers of this method is that it causes inflation as a result of the rise in commodity prices (because it leads to an increase in the money supply, which causes a decrease in the value of the monetary unit).

The second requirement

External financing methods

It takes one of the forms of grants and soft offers, which are as follows:

1- Foreign grants and aid: Foreign aid to some countries is so important that it has a great place in financing the budget deficit.

This aid may be in monetary form through the provision of a foreign cash

block from the donor country, and this aid can take the form of in-kind aid, whether it was foodstuffs or the establishment of some development projects for it, which helps it to increase the rate of economic development.

2- Foreign loans: It refers to financial amounts from individuals and foreign financial institutions of the borrowing country. These foreign loans result in the addition of new purchasing power at the disposal of the borrowing state, and thus increase its financial resources (increase in national income). Here are two types of foreign loans. There are soft loans, which have great facilities for the borrowing country in terms of repayment, as they are granted at low interest rates (for example, the Japanese loan to Iraq). In addition to a kind of long grace period for the debtor state, and there are commercial loans, which come from banks or commercial banks, and they are usually allocated for specific purposes.

We conclude that resorting to external borrowing is among the most important reasons that led to the exacerbation of the budget deficit in developing countries as a result of the accumulation of the volume of debt and its benefits, which makes it rotate in a vicious circle between increasing the debt to pay off previous loans and financing the budget deficit.

The third requirement

The importance of treating the general budget deficit

We believe that treating the budgetary deficit has advantages for the state, and these advantages are:

1- The advantages achieved for the national economy in general: given the structural imbalance that the deficit represents, it weakens the international confidence of the country that suffers from this deficit.

This remedy for the deficit enables the state to restore this confidence, with the consequent ability to deal in the international monetary markets in order to obtain the required and necessary credit here.

The ability to draw in investment and safeguard the exchange rate from depreciation and volatility benefits the state as well. This boosts people's faith in the national currency, which encourages them to utilize it as a vehicle for saving and also prevents money from being smuggled outside. The deficit also lessens the state's requirement for both internal and foreign borrowing.

2- Advantages for investors: Treating the budget deficit leads to a reduction in the interest rate due to reducing the government's need for internal borrowing. Reducing the interest rate benefits businessmen here in major issues, including reducing the cost of capital, which encourages investments and encourages the consumer to increase demand for all commodities, which It helps industrial development. In the end, this will lead to a recovery in the markets.

Here we must point out that lowering the interest rate allows for export,

and thus an increase in exporting persons, and this helps to improve the balance of payments.

Finally, the treatment of the budget deficit helps to reduce the need to impose more taxes, which reduces the tax burden on capital owners (investors and businessmen).

3- Advantages for consumers: One of the advantages here is the elimination of inflation and thus protecting the consumer's money, which is eroded because of it, as well as protecting his income when returning to the stability of the purchasing power of money. But if the deficit is accompanied by stagflation, then the treatment of the deficit reduces the rate of inflation, which helps to provide the appropriate environment for investment in the labor-absorbing sectors and thus reduce unemployment.

The fifth topic

The Iraqi budget after 2003

After referring to a detailed reading of the post-2003 budgets of the Iraqi state, we can make the following observations:

- 1- They are budgets prepared according to the requirements of immediate needs, and that the Iraqi government has approved a set of important strategies such as poverty alleviation, economic development (national), national employment policy, and the third millennium development goals strategy. All of these strategies concluded with a number of objectives that must be taken into account in government budgets.
- 2- It inherited spending pressures that are difficult to overcome related to the lives of citizens, such as security and providing support for the ration card items.
- 3- The structural imbalance in the structure of financial revenues through the dominance of oil revenues and the decline of other financial resources (non-oil).
- 4- The dominance of operating (current) expenditures on government budgets, which ranged from 68% to 85% of total public expenditures. Although there is a trend towards an increase in investment spending, but operational expenditures account for a large proportion of public spending, although the increase in operating expenditures means that the budget is unable to create an effective mechanism to achieve economic growth that requires high levels of investment. Then the reason for the cash deficit in the general budget is that it works to inflate and raise the levels of public spending without leading to an increase in economic growth rates.

In order to face the deficit in the federal general budget of the Iraqi state, the Iraqi government must take several necessary measures, as follows:

First: Rationalizing and controlling public expenditures: This is required

- 1- Accelerating administrative and structural reform by setting a fair and appropriate wage policy and achieving justice and parity in the employment

policy (the draft federal civil service law that the House of Representatives is currently considering and during the writing of this study)

- 2- Restructuring and rationalizing subsidies, especially subsidies for basic commodities, and intensifying efforts to deliver this subsidy to the real beneficiaries of the poor or those with limited income.
- 3- Developing methods of financing the establishment of infrastructure (infrastructure) in a way that reduces the burden on the public budget.
- 4- Developing public investments and concentrating them in vital areas for which the government bears responsibility
- 5- Rationalizing government uses, especially the use of commodity supplies - cars, water, electricity, fuel, and others.

Second: Developing regular public revenues and maximizing their ratio to the gross domestic product at rates commensurate with its annual growth rate through a comprehensive reform of the tax system to achieve its financial, economic and social goals with the highest degree of effective efficiency, as the tax system in Iraq is characterized by pluralism and the ability of tax revenues to contribute effectively to The general budget remained far from the possibility of achieving convergence between the contribution of tax revenues and oil revenues.

Conclusion

After completing this scientific study on the general budget of the Iraqi state and the accompanying deficit, we can present the most important conclusions and recommendations for it or not.

conclusions

- 1- The financial policy with its tools, which are expenditures, revenues, and the general budget, plays an important role in modifying both the economic and social structure of the group, as well as its ability to rationalize the use of public funds and achieve maximum productivity from them, in addition to the role played by these tools in influencing the size of employment, income, and price levels from Then the general economic balance. As for the deficit in the budget of any state, it is not considered a mistake in itself, as there are economic conditions that dictate that the state should expand its spending in a certain period, but the mistake is that this deficit accompanies the budget for many years, which indicates an economic imbalance that must be addressed. Finally, these tools are among the effective means used by the state to achieve internal and external financial balance, and then the general economic balance.
- 2- Despite the abnormal conditions experienced by Iraq represented by the Gulf War and the imposition of the economic blockade and the subsequent restrictions in the export of oil as the main source of financing the general budget and therefore it was necessary to search for other sources of

financing, and the Iraqi tax system was unable to compensate for the shortage of resources during the period before 2003.

But after 2003, which was represented by the lifting of the blockade and the lifting of restrictions on the export of oil, the contribution of taxes in public revenues decreased, and this indicates the weakness of the tax system (the entire Iraqi tax system).

3- The Iraqi economy is a rentier economy that depends primarily on oil production and export revenues, where Iraq faces many difficulties represented in the imbalance of the economic structure and the distortion of the trade balance, the collapse of the infrastructure in the economy and the imbalance of the production structure, the imbalance of the structure of the general budget, inflation of external as well as internal indebtedness and others of difficulties. This can be seen through the continuous budget deficit for the period 1990-2003. As for the proportion of tax revenues, they are small in the total public revenues.

4- There is an upward trend in the deficit of Iraqi budgets after 2003, but through this study it was found that this deficit is planned and not a structural deficit (unreal). All budgets from the year 2004 until the general budget for the year 2021 (in the year 2022 the budget was not approved, although the year is about to end)

5- Tax policy in a market economy can play a more important role than it does in systems whose economy is managed centrally (and this is what the economic system was like before 2003).

6- Tax reform is an important component of the economic correction programs supported by the World Bank and the International Monetary Fund, and therefore the restructuring of the tax system is seen as vital to the success of the tax reform policy.

7- The Iraqi economy needs to increase the allocation of the volume of investments due to the presence of collapses in the infrastructure or the foundation, in addition to the presence of many economic problems, the most important of which are unemployment, inflation, wide disparities in the distribution of national income, and weak private sector work.

Recommendations

1- It is necessary to stress that Iraq needs national development plans that can be implemented, monitored and monitored during various specific periods and linked to clear economic and social indicators with defining the roles assigned to the government and its economic sector and the role of the private sector and providing the appropriate environment for its work and development.

Achieving economic and social development and achieving economic and social stability can only be achieved by the existence of such policies and through the use and harmony of the basic tools of both fiscal and monetary policy.

- 2- For the purpose of achieving consistency between expenditure items, the government must give a greater amount in realizing investment projects that provide the requirements for economic construction and provide basic services, and this requires encouraging the expansion of investment programs that contribute to addressing unemployment.
- 3- It is a mistake to focus on one axis to bridge the deficit in the general budget, but rather we must work in two directions together through rationalizing public spending and developing resources through drawing attention to a conscious economic policy that guarantees diversification of sources of national income by diversifying and developing economic resources, allocating and utilizing them in an optimal manner. .
- 4- The need to follow economic policies with high efficiency in treating structural imbalances and achieving balanced growth between economic sectors, in a way that contributes to increasing the productivity of commodity sectors and increasing the real supply of goods and services in the economy.
- 5- Do not overlook the role of taxes in financing the budget in addition to oil revenues. Rather, it should remain an important source of revenue because oil resources are subject to fluctuation, and this is what actually happened, which forced Iraq to borrow because of the real budget deficit, due to the global drop in the price of oil, which affected obtaining important revenues. to finance public expenditures.
- 6- Follow the latest scientific methods in determining self-revenue and public expenditures in the budget, and review the experiences of developed countries in order to keep the budget in line with international developments.
- 7- Eliminating the manifestations of administrative and financial corruption in the Iraqi state, as well as the misuse of state funds, rationalizing consumption, controlling spending, exercising effective control over it, not being complacent in the law, imposing and tightening appropriate punitive measures against anyone who commits criminal acts against public money.