

INFLATION AND THE IRAQI ECONOMY, ARTICLE REVIEW

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Abstract

Inflation is one of the most important basic pillars in the Iraqi economy, which must be paid attention to and its impact should be studied, since it affects the economy in many aspects, whether industrial, commercial or agricultural. Monetary policy, the budget deficit, and the money supply. Each research reporter was presented in terms of the research arrangement and its divisions, the most important points in the practical aspect, and the researcher's opinion in each research process, and a summary was written on the most important findings of the research.

Keywords: inflation, exchange rate, monetary policy , Public budget deficit, oil revenues.

Introduction

Inflation is a term that many researchers and scholars have disagreed with. Some of them are those who believe in inflation that it is an increase in the amount of money in circulation for the commodity supply, which leads to a rise in the general level of prices, while some of them suggest that it results from an increase in national spending without being accompanied by an increase in production, while others attribute it To the rise in production costs, and others interpret it as a structural change that occurs in the economy, which must be accompanied by a rise in prices. (Thunoon, 2020)

There are several types of inflation, including: (Hassan and Ayoub, 2021).

1- Inflation resulting from the state's control over the credit system.

- Exposed or apparent inflation
- Restricted inflation
- latent inflation

2- Inflation resulting from the intensity of inflationary pressure:

- real inflation
- Runaway inflation
- volatile inflation

Papers :

A number of papers were selected in which the researchers dealt with the issue of inflation, and we tried to choose the most recent years in which research was conducted, and the sites affecting inflation were varied. Each of the studied researches was explained as shown below: In 2020, the researcher Arshad Taha Othman and Yassin Rasool Younis presented a research published at the University of Tikrit / College of Administration and Economics / Tikrit Journal of Administrative and Economic Sciences / Volume (16) Issue (51) Part 2, a paper

entitled "Measurement and Analysis of Inflation Rates in the City of Erbil for the period (2005-2016) a comparative study", where the inflation rates in Erbil for the years (2005-2016) were studied and the reasons for the real prices of consumer goods were analyzed. The first topic was studying the concept of inflation, its types, its causes, and its effects in where the second topic included measuring and analyzing inflation rates in the city of Erbil for the period from 2005-2016, while the practical side included the application of several mathematical equations to calculate and analyze inflation rates, and the researcher reached several conclusions. The most important of which is the instability of the general level of prices and inflation in the province of Erbil during the past twenty years, and it was due to two shocks, the first was the change of the regime in 2003, and the second was the invasion of militants into the cities of central Iraq and the collapse of oil prices in 2014. One of the reasons for the rise in inflation for the period (2005-2007) was It is the emergence of economic imbalances and administrative corruption that pervaded state departments after the Iraq liberation war after 2003 and dependence on foreign products while transportation wages remained high due to the fuel crisis generated by the liberation war, the decline in economic activity in the year 2016, which is reflected in negative inflation and economic stagnation and Consequently, a significant decline in the prices of goods and services and the decline in inflation to be less than zero, as the annual changes to the general level of prices for the year 2016 are (-90 and 90%) compared to the year 2015 and the negative inflation rate is (-5.76%) compared to the year 2015.

The researcher's opinion: The paper dealt with inflation in Erbil Governorate, and it is possible to generalize the study to include other governorates in order to compare inflation at the level of years and governorates, because each governorate has certain factors that affect inflation.

The researcher Iftikhar Muhammad Manahi presented in 2020 in the Journal of Al-Kut University College / Volume 5 / Issue 2 / a paper entitled "The Relationship between Inflation, Money Supply and the Exchange Rate in Iraq for the Period (2000-2016)" where the researcher worked on dividing the research into research methodology and then The division was made into the first axis: the conceptual framework for the macroeconomic variables represented in inflation, money supply, and the exchange rate, while the second axis was: the theoretical framework for each of inflation, money supply, and the exchange rate, and the third axis: the evolution of the inflation rate, money supply, and the exchange rate in Iraq for the period (2000-2016) and the fourth axis: measuring and analyzing the relationship between the inflation rate and each of the money supply and the exchange rate in Iraq for the period (2000-2016). Feeding inflation in light of the conditions of the Iraqi economy represented by the stagnation of the productive apparatus, its idleness, and its inability to keep pace with successive increases in public spending, and that the nature of the relationship between the money supply and the inflation rate in Iraq for the period (2000-2016) is a direct relationship and between the exchange rate and the dinar Iraqi inflation and the rate of inverse relationship. The researcher's opinion: The study is important as it clarified the papers and influence between the independent variables and the dependent variable, and it was possible to take more than two variables for the purpose of the study, since the factors influencing inflation are many.

In 2020, the researchers Marwan Abdel-Malik Thanoun and Wafi Salam Suleiman presented a published paper in the Journal of Kirkuk University for Administrative and Economic

Sciences / Volume 10 / Issue 1, a research entitled “Inflation and the Factors Affecting it: An Econometric Study as a Model 2003-2013.” The two researchers worked on dealing with inflation from The theoretical field in detail about inflation, the factors affecting it, from the definition of inflation and inflation in economic schools and the history of inflation in the Iraqi economy, then the model and methodology were worked out, and the two researchers reached several recommendations, the most important of which are: that internal variables dominated in influencing the price level in Iraq and that there is a relationship Negative growth between growth and inflation, if the high rates of prices led to the weakening of the individual incentive to save and the orientation towards consumer spending, and this in turn led to negative effects on economic growth.

The researcher's opinion: A mathematical model was used to analyze inflation, and if the multiple linear regression model was used and the linear regression method was used step by step to find the most influential independent variable, it would have given important results.

The researchers Abdel Aziz Ahmed and Aws Fakhr El-Din Ayoub presented in 2021 a research published in the Tikrit Journal of Administrative and Economic Sciences / Volume 17 / Issue 56, entitled “The Impact of Some Monetary Policy Variables on Inflation.” The two researchers worked on clarifying the exchange rate in terms of concept, types and Money supply from the concept and types of inflation and inflation measures and index, where work was done on the use of statistical methods, including the model of non-linear self-regression of the gap for the lagging distributed gap (NARDL). The researchers reached several conclusions, including: For the relationship between the monetary policy variable (the narrow money supply and the rate of exchange rate) and the inflation rate, whether in the long term or the short term, and the variables of monetary policy contribute. Declines in the rate of exchange rate, and thirdly, in the short term, there is a significant effect of the rise and fall in the narrow money supply, whether in the current year or the previous year, while the fourth conclusion was that there is a joint integration and a long-term equilibrium relationship between the variables of monetary policy with positive and negative changes and between the rate of inflation.

The researcher's opinion: The research was done in an excellent analytical way, and the researcher reached important conclusions, and it is possible to conduct many researches on other independent variables.

In 2021, the two researchers, Ahmed Hussein Ali and Omar Salah Taha, presented an enlightened research in the Anbar University Journal for Economic and Administrative Sciences / Volume 13 / Issue 3, a paper entitled “Financing the public budget deficit and its impact on inflation in Iraq for the period (2004-2018).” The two researchers worked On the application of several methods in measuring the factors affecting inflation in Iraq for the period mentioned, where the research was divided into methodology and then the theoretical side was divided into the first axis dealing with the conceptual framework of the public budget deficit and the second axis dealing with the analysis of the development of the general budget deficit and financing methods in Iraq for the period (2004-2018), and statistical calculations and time series were conducted for the purpose of analyzing the deficit, and several conclusions were reached, the most important of which are: The federal budget suffers from a clear imbalance between the surplus and the deficit, and the reason for the instability is the security situation

of the country and the fluctuations in oil prices and imbalances The structure that the Iraqi economy suffers from, Iraq relied on financing the deficit for the years (2009, 2010, 2013, 2014, 2015, 2016) through internal and external loans after 2003.

The researcher's opinion: The research worked on showing the deficit tending through the use of statistical methods, and correlation and impact analysis can be conducted to find out the extent of the impact of financing the general federal budget on the deficit.

The researchers, Sabreen Qassem Baida, Muhammad Salih al-Kubaisi, and Thuraya Abd al-Rahim al-Khazraji presented a paper published in 2021 in (Journal of Economics and Administrative Sciences) Volume 27 / Issue 126, a research entitled "The Role of Monetary Policy in Reducing Inflation in Iraq Through the Monetary Sterilization Mechanism" After 2003, "where the researchers worked on dividing the research into several axes, including the first axis: the theoretical framework of monetary policy and monetary sterilization, the second axis, the concept of monetary sterilization and its types, and the third axis: the relationship between the objectives of monetary policy and monetary sterilization, and the fourth axis, the negatives of monetary sterilization And the fifth axis: the development of monetary policy and its role in the use of monetary sterilization and in Iraq after 2003 and the sixth axis: the course of inflation in Iraq after 2003 and the seventh axis: characterizing the model and defining the variables used and the eighth axis is the practical side of the model and it has reached The researchers reached several conclusions, the most important of which are: accepting the study's hypothesis, which is to show the role played by the monetary sterilization policy in activating monetary policy and achieving its objectives represented in reducing inflation and achieving price stability by isolating and absorbing excess liquidity on the monetary basis, in addition to it was noted that the currency selling window It represents the most effective method in the process of sterilizing the money supply through an impact on the currency in circulation as it represents the largest percentage of the money supply in the economy, which represents an external variable until the authority of the central bank, and then the sterilization mechanism will differ here from open market operations, while the latter affects On bank reserves and local credit.

The researcher's opinion: The researchers worked on analyzing the role of monetary policy and its role in reducing inflation, and it is possible to conduct such kind of studies on a comparison between inflation in Iraq before 2003 and after 2003.

The two researchers, Kaylan Ahmed Jamil and Bakhtiar Saber Muhammad, presented in 2022 a research published in the Tikrit Journal of Administrative and Economic Sciences / Volume 18 / Issue 57, a psper entitled "The Impact of Oil Revenue Fluctuations on Inflation Rates in Iraq, an Econometric Study for the Period 1990-2019", where the two researchers worked on Dividing the research into several axes, including the first axis: theoretical concepts (oil revenues and inflation), the second axis: analysis of the inflation index and oil revenues in Iraq, and the third axis: measuring and analyzing the impact of fluctuations in oil revenues on inflation in Iraq. The two researchers reached several conclusions Including: that there is a rise in the amount of oil revenues during the aforementioned research period, which extends from 1990-2019, and there is also a rise in the general level of prices during the above period, and that there is a joint integration between the two variables and the change in oil revenues that makes inflation move towards its equilibrium level in The long-term period, although the

results of the research showed that there is no problem of autocorrelation between random errors and that there is no difference in the variance of the error limit.

Researcher's opinion: The two researchers worked on clarifying oil revenues and their impact on inflation by practical methods and using statistical methods.

The researcher Ahmed Saad Mutlaq presented in 2022 a paper published in the Journal of Dijla University College / Volume 5 / Issue 4, entitled "The Effectiveness of Monetary Policy in Addressing Inflation in the Iraqi Economy for the Period 2003-2020", where the researcher worked on dividing the research into the methodology that includes the problem and the goal And the importance, while the first topic was: Monetary policy: objectives and their specificity in Iraq, and the second topic / challenges facing monetary policy and the third topic / inflation in the Iraqi economy after 2003, and several conclusions were reached, the most important of which is: It is clear that Iraq suffers from problems Which is related to the outputs of the absence of economic development, as the economic policy was unable to invest the rentier resources obtained by Iraq, and the monetary policy was only a tool in the hands of the state, and the money supply was only a source of financing, and the increase in the supply of money at high rates led to To increase the economic problems in Iraq, as the researcher concluded that despite the independence of the Central Bank, but the ability of monetary policy to control the growth of the money supply was limited to the fact that the monetary basis increases as a result of the increase in the balance of foreign assets.

The researcher's opinion: The researcher worked on dealing with inflation through monetary policy, and through analysis, we can generalize the study over a longer period of time.

The researchers, Sahar Abdel-Hussein Majeed, Muhammad Hamza Abbas, and Jumana Ali Baqer, presented the year 2022 in the Journal of Administration and Economics / Volume 11 / Issue 42, "Interest rates and their impact on inflation rates in the Iraqi economy for the period (2003-2019)", the researchers worked on Studying the impact of interest on inflation by clarifying interest details from the concept of interest rate, types of interest rates and theories, then dealing with inflation, the concept of inflation, types of inflation, theories explaining the phenomenon of inflation, and the relationship between inflation and interest rates, then work was done in the applied side, which is analysis and measurement The impact of changes in interest rates on inflation growth in Iraq for the period 2003-2019, and the researchers reached several conclusions, the most important of which are: that inflation and its increasing rates have multiple negative effects, whether economic or social, and that the effects will negatively affect the overall national economy, the increase in inflation rates will generate Social costs, which affect the economic and social well-being of individuals by lowering their level of income. The researcher's opinion: that dealing with interest rates are of great importance in studying their impact on inflation.

Conclusion:

The above paper has been studying inflation from several aspects, including exchange rates, interest rates, monetary policy, oil revenues, the budget deficit, and some factors affecting inflation and money supply, as the research has shown that inflation has a significant impact on the Iraqi economy and its study is important In developing and revitalizing the economic

aspects of the country, several mathematical and statistical methods have been used to measure the impact on inflation, in addition to the use of many statistical programs.

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