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## THE ROLE OF ECONOMIC DEVELOPMENT O IN ECONOMIC GROWTH FROM 2004 TO 2021 IN IRAQ

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### Abstract

One of the various assets of renewed intercourse with other states worldwide could become increased financial capabilities of both foreign and national organizations for investing in Iraqi infrastructure projects and business development. Along this line, the surge in investment in the eco-tourism sector not only results in an augmentation of the volume of GDP but also employs the citizens in the effortless creation of sophisticated living standards. Even though Iraq's security system is not stable and conflictual, as expressed in the many wars, conflicts, and acts of terrorism that have shaken the country, this fact makes it difficult for the country to strengthen its economy by attracting development projects and investing. The oil industry, with an essential role to Iraq economy, has been going through changes because of change in the world economy. Since 2003, following the defeat of the previous government, oil production has a notable significant increase, making economic development a priority to the country. However, such obstacles as shaky oil prices or unfavorable economic situation caused by the crisis of 2008 are transnational factors which might restrain economic development of Iraq. In addition to these external influences, concerns regarding security, corruption, and insufficient investment in sectors beyond oil have the potential to impede Iraq's economic growth. The objective of this study is to undertake a comprehensive analytical examination of the contribution of development to the promotion of economic growth in Iraq from 2004 to 2021. The research findings affirm that economic development has a positive effect on economic growth and makes a substantial contribution.

**Keywords:** Economic development, foreign trade, economic growth, Iraq.

### Introduction

The economics literature focuses on the interrelationship between economic development and income distribution, with some viewing unequal income distribution as a catalyst for development. In contrast, others view it as an obstacle to economic development. Classical economists recognized that income inequality drives economic growth because it increases the savings of the rich and those with a higher marginal propensity to save, which are then invested, thereby promoting economic growth. While these savings are indeed channeled

into investment processes that benefit economic development, in developing countries, these savings are channeled into other channels away from investment areas that promote economic development in these countries. The best example is in Iraq, especially after the US occupation, where huge oil revenues created a lot of money. Still, the administration did not invest these funds economically or appropriately to serve the country's development and its government or government infrastructure. Rich. New people emerged after the occupation.

On the other hand, we note that these estimates reflect the classic approach, which emphasizes that inequality in income distribution leads to insufficient income for individuals who make up the majority of the population, thus reducing effective income—aggregate demand increases, which hinders economic growth. Furthermore, income inequality increases the consumption and import of conspicuous goods by high earners, which is more of a hindrance than a factor to progress.

The second interrelationship is the impact of economic development on income distribution, which is also the focus of this article. The economic development process will affect the income distribution trend among different groups in society. Iraq used this as an example to conduct a case study. An extensive survey of Iraqi household budgets was completed between 2004 and 2021, covering all regions of Iraq.

### **Search problem**

By addressing the following inquiries, we can illuminate significant milestones in Iraq's economic past, thereby contributing to a better understanding of its history.:

- 1- What is the actual impact of economic development on Iraq from 2004 to 2021?
- 2- What practical impact will this development have on Iraq's economic growth?

### **Importance of research**

The purpose of this study is to light the importance of mastering the advancement of the Iraqi economy and its impact on the prosperity of the nation. These policies must be studied to discover effective economic strategies and policies, which can be used to create a more positive impact on sustainable development and make the economic situation of Iraq stable.

### **Research Objectives**

This research paper aims to study economic development between the years 2004 to 2021, with the various causes that caused the economic conditions and ways to implement the change.

- 1- Perhaps the main thing in this article is the investigation into the international mechanisms for economic progress that changed Iraq during the years 2004-2021.
- 2- After that, the impact of economic development was analyzed as one of the main incentives for the Iraqi economy. Another category of economic development is the emergence of influential factors that contributed to the growth and development of Iraq that occurred recently.

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**Research Methodology:**

This study applied an inductive analytical process to obtain the same result. Information was obtained from literature, government reports and economic indicators, which were aggregates and were used for the analysis. Additionally, an economic model, specifically the distributed lag autoregressive model (ARDL), was utilized to estimate the effects of economic development on Iraq's economy.

**Research hypothesis:**

The main hypothesis of this study revolves around the idea that sustainable economic growth in Iraq can be achieved through various economic changes. These changes include alterations in investment levels, advancements in sectors like oil, industry, and agriculture, as well as enhancements in infrastructure and technology:

- Economic development significantly impacts economic growth, and the significance level is less than 0.05.

**The first topic: the theoretical side**

**1.1 economic development concept:**

Economists use terms such as growth, development, and progress to express similar concepts that essentially express the transformation from a lower state to a better one. Economic development is the main means of liberating the country from stagnation and underdevelopment, which is not the goal of the country but the inevitable result of its success. Eliminate economic dependence on external countries and eliminate deep-rooted unemployment within the country. (Al-Asadi, 2019: 23)

**I. 1.2 ECONOMIC DEVELOPMENT INDICATORS**

To gauge the progress of economic development in Iraq and its influence on economic growth, various indicators can be relied upon. The metrics that hold the utmost significance are those that instill trust:

**1. Government Investment**

It refers to government spending on domestic economic projects and infrastructure. Government investment is intended to stimulate economic growth, improve infrastructure, create jobs, and promote economic stability.

There are various categories under which government investment can be classified, some of which include:

A. Investments in infrastructure encompass a wide range of essential components such as roads, bridges, airports, ports, railways, power grids, and water and wastewater systems. The purpose of these investments is to enhance infrastructure, streamline the transportation of goods and individuals, and stimulate economic development.

B. Public sector investments cover various government sectors including education, health, security and defense. The primary objective of this investment is to bolster public services, elevate the standard of living, and amplify human potential. (Assadi, 2019)

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C. Investment in state-owned industries, including oil and gas, mining, energy, telecommunications, and transportation, is a key focus. The objective of this investment is to promote self-reliance, bolster domestic industries, generate employment opportunities, and boost exports. (Janabi and Khatib, 2020)

The role of government investment in fostering economic growth cannot be overstated. By fueling demand for goods and services within the country, generating employment opportunities, and enhancing the quality of life, government investment plays a pivotal role. Moreover, it has a ripple effect on private investment, instilling economic optimism and drawing in more capital. Infrastructure development, economic growth, and job creation in Iraq hinge upon the crucial investments made by the government. Key sectors, including gas and oil, transportation, electricity, education, health, and security, receive substantial funding to ensure progress and prosperity.

## **2. Private Investment**

Private investment includes investment by individuals, companies and private institutions, all to generate profits and enhance the long-term value of capital. Various types of private investments can be classified into distinct categories:

A. A popular method of investment is purchasing stocks, which allows individuals to acquire shares in a publicly traded company and participate in its financial gains and expansion.

B. Real Estate Investment: The process of acquiring and renting out commercial or residential real estate to generate financial gains or long-term value through property leasing.

C. One investment strategy involves establishing and supporting start-ups or small and medium-sized enterprises to generate growth and profits from these ventures. (Hajj and Masri, 2021)

D. Investing in mutual funds entails acquiring mutual fund shares. Mutual funds, as a collective investment plan, combine investors' funds to create a diversified financial asset portfolio.

Encouraging private investment is crucial for fostering economic growth, job creation, and overall economic stimulation. By engaging in private investing, both individuals and companies have the opportunity to not only achieve financial gains but also expand their businesses and accumulate wealth. Furthermore, private investment plays a vital role in promoting innovation, advancing technology, and fostering healthy market competition. In Iraq, stimulating private investment leads to significant economic development and diversification of the economy as a whole. Relevant measures such as incentives, guarantees and simplification of procedures should be taken to encourage investment and strengthen the national private sector. (Rodriguez, 2021)

## **3. Foreign Trade**

Foreign trade - imports on the one hand, and exports on the other - provides a lens through how to view the integration of the Iraqi economy into global markets.

The role of market structure deals with the impact of import and export from one country to another on the overall economy. Engaging in foreign trade entails the procurement of goods and services from abroad, as well as the sale of goods and services to the global market. The

importance of international trade is that it can boost the economy and is Countries involved in foreign trade have the potential to expand their market access and gain new trade and investment gateways. Consequently, this opens up prospects for exporting to the rest of the world, an increase in the number of customers, and of course a great financial gain for the company.

In foreign trade, there are usually several possible currencies and several different modes of transportation nowadays e.g. ships, planes, and trucks.

For trade to thrive in international markets, it is essential to establish legal frameworks and trade agreements that govern inter-country relations, ensuring fair trade practices and protecting the rights of traders. (Assadi, 2019)

Increasing profits and exploiting sectors and the economic ecosystem are the main intentions of trading nations. Foreign trade is the means used by countries to exchange experiences and technology while establishing communication at the national and international levels.

Foreign trade is a significant sector of the Iraqi economy. The infrastructure of transportation upgrading, customs processing smooth regulation, and goods marketable quality are some of the problems that must be dealt with in trade that is exploitatively centered. The Mission of Iraq is to establish and upkeep a friendly atmosphere for trade with foreign countries to enlarge its sphere of foreign affairs through enhancing partners and trade deals with other countries with the aim of economic expansion.

#### **4. Gross Domestic Product (GDP):**

The function to determine a country's economic activity and prosperity can be seen through GDP, which is used to represent a country's overall activity with a view of summing the value of goods and services produced within a specific time frame (Schwartz & Tubal, 2016). The difficulty in calculating the gross domestic product (GDP) is, to sum up the value of various service commodities and goods produced domestically and contain consumer goods, investment, export, and import. The calculation of GDP can be approached through three main methods: manufacturing, receipt of income, and spending.

It is impossible to overstate the importance of GDP measurements in monitoring the national economy since it makes it possible not only to compare the economic development of different countries but also to inform about occasional changes within the nation's economy. Central bankers' and policymakers' monetary policy formulation and analysis and assessing the economic performance highly depend on the GDP as the gold standard and, as a consequence, their decisions follow this standard. (Kaplan, 2018).

#### **5. Government Spending**

When a government is being formed, whether it involves political parties, political blocs, or independent individuals, a government agreement is signed by all parties involved. The primary objective of this agreement is to establish a framework of mutual understanding and cooperation among the government parties, as well as to allocate responsibilities and powers. Typically, government agreements are reached following political elections and the formation of a new government. These agreements delve into significant political, economic,



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and social matters, Simultaneously, the government's guiding principles and values are presented in a clear and concise manner.

A government agreement encompasses various crucial components such as the allocation of authority, principles of governance and fairness, economic strategies, national objectives, global collaboration, and other pertinent matters that contribute to the realization of government objectives and strategies. The purpose of intergovernmental agreements is to foster political stability and collaboration among political factions operating within the governmental structure. There should be no doubt that these accepted agreements must be formulated so that through the adoption of these well-agreed policies and reforms they are implemented and the progress of the country is seen. (Al-Janabi and Al-Khatib, 2020).

Therefore, the various forecasts presented above essentially outline indicators that can be used to study the impact of economic developments on Iraq's GDP. Other indicators can be used that apply to current economic conditions, such as the unemployment rate, inflation rate, poverty rate, etc., and other indicators that measure general economic achievement.

### 1.3 ECONOMIC POLICIES IN IRAQ FOR THE YEAR 2004-2021

For the first phase from 2004 to 2021 in parallel with the Iraqi Economic Program, the goal was to make economic progress and increase the per capita income possible. Through these policies and measures, many regulations were proposed, which were based on several proposals, including:

**1. Investment policy:** To entice both domestic and international investors, Iraq has implemented an investment strategy. This includes the implementation of reforms aimed at streamlining processes and making them more accessible., improving the business environment, and protecting investors' rights and interests continue to advance. Special economic zones have also been established, and incentives have been developed for companies and investors working there. (Schwartz and Tubal, 2016)

**2. Petroleum and Energy Policy:** The emphasis is on the growth and advancement of Iraq's petroleum and energy sectors. There has been significant expansion in oil production, leading to improved export capacity and attracting international companies to invest in the industry through the signing of new exploration and production contracts. Additionally, there have been notable enhancements in control structures and legislation within the oil sector. (Kaplan, 2018)

**3. Trade policy and economic cooperation:** The primary objective is to enhance foreign trade and broaden Iraq's network of trading partners. Numerous trade agreements have been established with various nations, accompanied by the implementation of policies that encourage both imports and exports. Furthermore, active engagement in regional and international economic organizations has bolstered regional and international economic cooperation. (Assadi, 2019)

**4. Infrastructure development policy:** The main objective is to enhance the infrastructure in Iraq, encompassing various aspects such as roads, bridges, airports, ports, power grids,

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and water and sanitation facilities. A significant amount of funding is allocated towards executing projects that aim to develop the infrastructure, thereby enhancing public services and fostering economic prosperity. (Janabi and Khatib, 2020)

**5. Development policies for other sectors:** Emphasis should be placed on the growth and advancement of sectors in Iraq beyond oil, including agriculture, tourism, industry, health and education. Strategies have been put in place to bolster these sectors, enhance productivity, and expand sources of income. (Al-Hajj and Al-Masry, 2021)

#### **1.4 Challenges Affecting Economic Development in Iraq**

From the year 2003 until the present year, 2020, Iraq has experienced different challenges in shifting from a longstanding economy, which played a decisive role as well in this shift. This situation was accompanied by a wide range of difficulties, all of which originated from the outbreak of the pandemic and the instantaneous need of reinventing the educational process:

1- The use of force by the United States in its invasion of Iraq in 2003 brought about a disturbance in the economic activities of Iraq as a result of the unsteadiness due to the war, violence, and violence caused and terrorist acts. The rise in the weight of crime and disorder has had a tremendously negative impact on both investment and trade, as well as the process of economic progress (Schwartz and Tubal, 2016).

2- The oil price faced periods of downturn (at some points), and such a decline posed a challenge to the financial security of Iraq. The essence of oil prices for the country as a source of the state budget comes as a negative factor impeding state activity in implementing directives and the development of various programs for all areas (Priest, 2018). The issue of corruption is pervasive throughout Iraq, resulting in the manipulation of public funds and eroding trust in both the economy and government. Furthermore, the infrastructure has suffered significant damage due to the effects of war and political polarization, impeding the government's capacity to deliver essential services and enhance economic circumstances (Assadi, 2019).

3- During this period, there was a noticeable rise in unemployment rates in Iraq, particularly among the youth demographic. The scarcity of job prospects and the absence of satisfactory employment pose significant obstacles to the country's endeavor for economic revitalization (Assadi, 2019).

4- The conflict and instability in Iraq have had a detrimental effect on both the agricultural and industrial sectors, causing a decrease in productivity and competitiveness. This, in turn, has affected the country's ability to be self-sufficient, resulting in a greater dependence on imported goods.

#### **Iraq's Economic Growth**

The economic progress of Iraq pertains to the expansion of its GDP, which represents the country's portion of national wealth, within a specific timeframe. Typically, economic growth is quantified by calculating the percentage shift in Iraq's real gross domestic product. The symbol of a nation's economic strength and progress lies in its economic growth. This growth brings forth numerous benefits, including the enhancement of job prospects,

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elevation of living standards, alleviation of poverty, and bolstering of the government's capacity to deliver public services (Hasan and Zaki, 2012).

The economic expansion in Iraq is subject to various elements, including the oil industry, which encompasses political stability and its exports, foreign investments, and expansion into other economic domains like agriculture, industry, and services. To attain enduring growth in the Iraqi economy, it is imperative for the government to establish a secure political and economic climate, encourage investments in sectors beyond oil, enhance infrastructure, support vocational training, and devise efficient economic strategies to fortify the private sector and foster entrepreneurial endeavors.

Iraq's economic growth presents a significant hurdle in light of the country's political and economic struggles. Nevertheless, by implementing appropriate policies and maintaining persistent efforts, the citizens and overall Iraqi economy can reap the rewards of robust and enduring economic expansion. It is important to distinguish between economic transformation and economic growth as separate concepts that allow for a comprehensive understanding and evaluation of the economic landscape.

**1-Economic transformation** encompasses significant changes in the economic structure and overall transformation. It entails modifications in production systems, technology, markets, and economic institutions. These alterations may stem from political, technological, or social shifts. The outcome of economic transformation can be a modified economic structure that enhances efficiency, adaptability, and overall development. (Daudi, 2015)

**2- Economic growth** encompasses the progressive augmentation of a nation's economic worth. It is a manifestation of amplified gross domestic product, national income, and the manufacturing of commodities and services. This upward trajectory signifies enhancements in the economy, the generation of employment opportunities, and the elevation of living standards. (Hussain and Moussa, 2019)

**3-** To put it succinctly, economic transformation refers to a substantial overhaul of the economy's structure, whereas economic growth is linked to sustained enhancements in economic value and productivity. It is possible for economic transformation to take place without substantial economic growth, and vice versa – economic growth can transpire without significant alterations to the underlying structure.

## **II. 1.5 THE RELATIONSHIP BETWEEN INTERNATIONAL TRADE AND ECONOMIC GROWTH**

One of the top priorities for human society at present is the exploration of economic growth and economic development, with a particular focus on the role of international trade. Extensive research has been conducted in the field of empirical economics to investigate the connection between economic growth and economic development. Specifically, there has been a growing interest in understanding the impact of international trade liberalization on economic growth. The emergence of modern growth theory, which acknowledged technological change as an internal element, ignited interest in the connection between foreign trade theory and internal growth theory (Camel, 2016).

The focus of economic growth theory lies in the progression of the production process over time, particularly through the expansion of productive capacity, which is commonly referred to as accumulation. Therefore, the analysis of growth theory is often referred to as dynamic analysis. In contrast, mobile analytics is not concerned with allocating resources to achieve



specific objectives, but rather with increasing the magnitude of these resources. Within International Trade Theory, the majority of works primarily engage in static analysis or, at best, comparative statics. This means that the theory explores how countries distribute available resources among various uses to maximize satisfaction, without considering the role of time in the analysis. However, researchers in theoretical international trade may be interested in examining the effects of changes in certain factors on the equilibrium situation. Consequently, they investigate the impact of shifts in tastes or advancements in technology on international specialization.

The concept of comparative static analysis involves comparing two scenarios, one before and one after a change. In the past, this issue was addressed by considering the profits from foreign trade. Now, we will examine both theoretical and empirical studies that explore the connection between economic growth and the liberalization of foreign trade. Since the 1990s, technological advancements have become an internal factor, allowing for the development of theories on internal growth and international trade.

### **The second topic: Presentation and analysis of results: Analyze the relationship between research variables**

#### **First) Check the stability of variables**

We will use the Eviews.12 program to test the stability of the study variables and perform the Cockie Fuller Extended Test (ADF) to determine whether the variable is stable or unstable, i.e., H. After testing the variables, including the unit root, the results shown in Table (2) are obtained: -

Table (1) Extended Dickie-Fuller test for unit root

Variable	Level			The first difference		
	Non	A	B	Non	A	B
GDP (GDP)	0.557	-1.876	-1.635	-3.127*	-3.300*	-3.414
Private Investment (PI)	0.804	-1.508	-2.253	-3.329*	-3.637*	-3.443*
Local Investment (S) (S)	-0.318	-1.543	-3.160	-3.850*	-3.816*	-3.799
Foreign Trade (FT)	-1.595	-3.565*	-2.697	-	-	-
Inflation (INF)	14.913*	-17.520*	-13.713*	-	-	-
Unemployment rate (UNE_R)	2.801	1.509	-1.129	-0.205	-0.968	-4.555*
Government Spending (GS)	0.627	-1.678	-1.427	-3.0306*	-3.190*	-3.407*

Source: Created by researchers based on analysis results in the program (EViews12)

A: Mean reversion only contains one tool

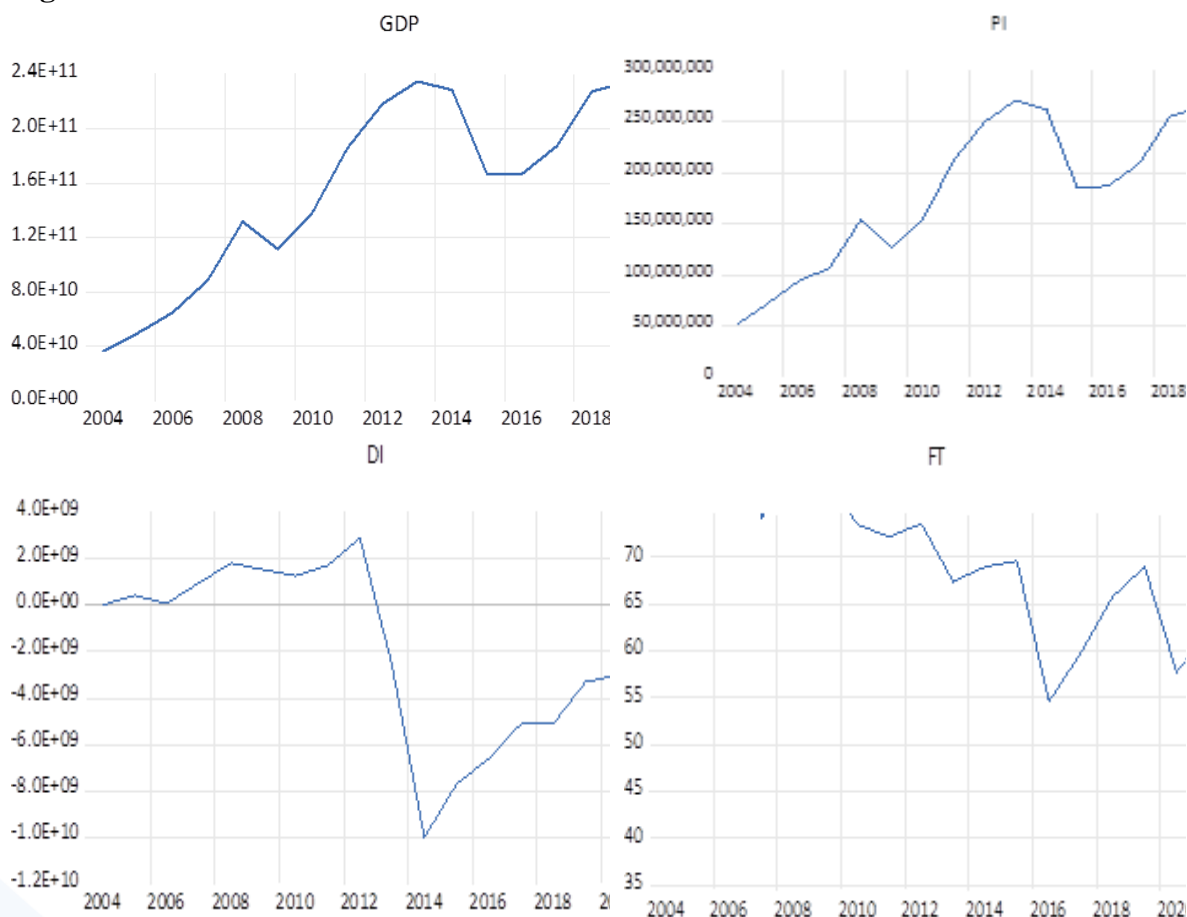
B: represents the regressor. Includes second lines and general directions

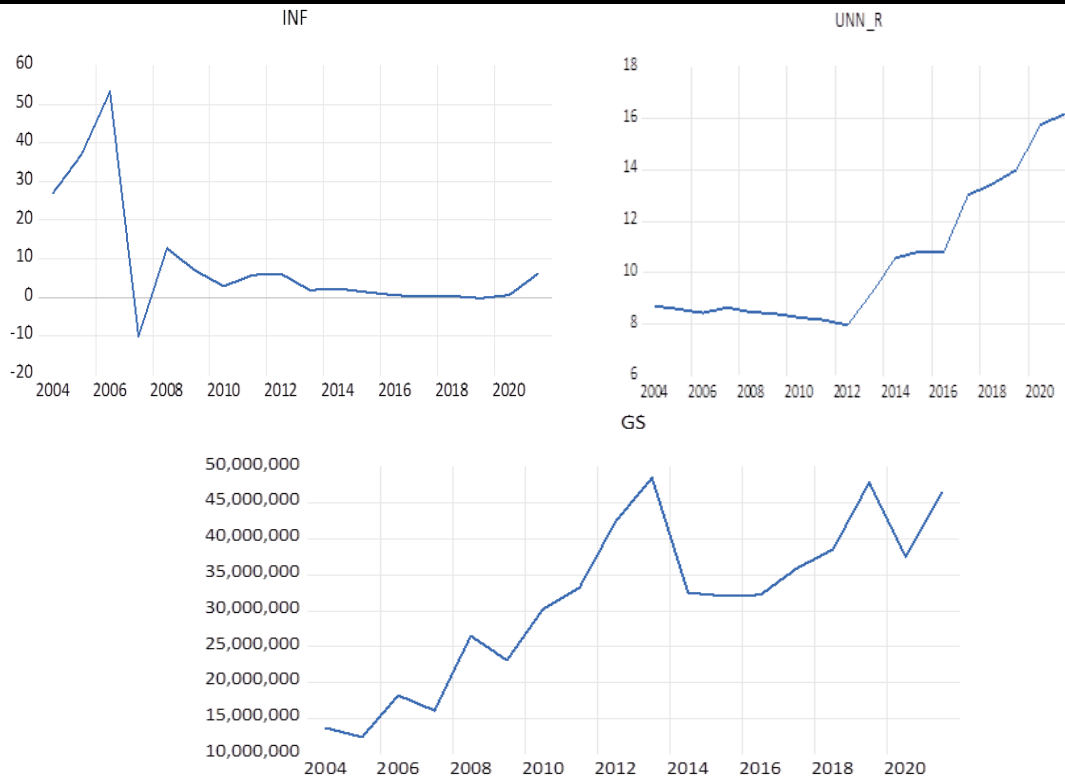
"Non" means the gradient has no second line or general direction.

\*: Indicates an ethics level of 5%.

Upon examining Table 2, it becomes apparent that the time series is worth noting, foreign trade, and inflation rate series are stable at this level regardless of whether there is a downward adjustment or classification and overall trend, that is, not included. The unity root is at the 5% significance level, while the time series GDP, private investment, domestic investment, unemployment rate, and government expenditure are found to be stable at the initial look (difference) of the original chain regardless of whether there is a classification trend or a classification overall trend, The significance level is 5%.

**Figure 1: Time series for 2004-2021**

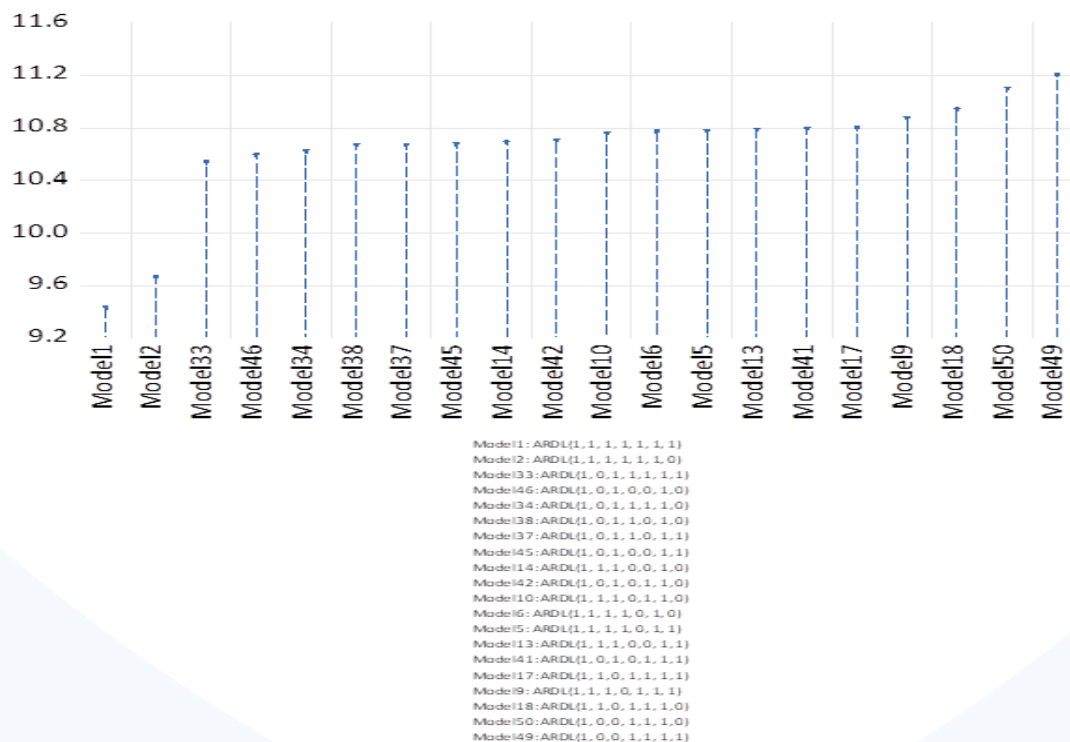




## 1. Determination of rank

**Figure 2: Model Grade Selection Criteria**

Akaike Information Criteria (top 20 models)



Akaike's criterion clearly shows that the first model is the best. Therefore, autoregressive models with distributed gaps are estimated based on the maximum number of gaps (1).

**2. Correlation test (cointegration) using limit test:**

Limitations of the Integration Test: The results of the Limitations of the Integration Test, an economic model used to assess the presence of a long-term relationship between variables, are displayed in Table 4. This table examines the hypothesis that there is no enduring connection between the variables analyzed in the model. To test this hypothesis, extreme testing and various significance measures (1%, 2.5%, and 10%) were employed. The null hypothesis of the integral limit test asserts the absence of a long-run relationship between the variables. This is determined by comparing the F-statistic value to its corresponding critical value within the suggested limits. If the hypothesis can be rejected based on the results in the table, it indicates the presence of a long-term relationship between the variables. In this case, the critical limits for the test are the values of  $I(0)$  and  $I(1)$ , and the statistical test value for the null hypothesis is 19.775, which exceeds the upper limit. Therefore, the null hypothesis is rejected, and the alternative hypotheses are accepted. This confirms the existence of a long-term relationship among the variables considered in the model.

**Table 2: F Combined test results**

Test Statistic	Value	Significant	I(1)	I(0)
F-statistic	19.775	10%	2.12	3.23
k	6	5%	2.45	3.61
		2.50%	2.75	3.99
		1%	3.15	4.43

**Tests for estimating long-run relationship coefficients:**

Whether a long-term relationship exists between the independent and dependent variables must be determined using a general integral model (ARDL). The long-term correlation coefficients are shown in Tables (3) and (4). The error correction model (ECM) is structured as cointegration, displaying a strong and significant long-term relationship between the independent variable and the dependent variable. By examining the coefficient values and statistical significance of both variables, we can observe that they are all linked in a meaningful way. This long-term relationship, denoted as H, signifies that alterations in the independent variable have a lasting effect on the dependent variable., which is economically obvious.

**Table 3: Long-term relationship equilibrium (model: ARDL(1,1,1,1,1,1) private investment dependent variable)**

Long run coefficients (ARDL)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
PI	5577.166	261.3551	21.33942	0.0002
THIS	2.17E-05	3.08E-06	7.036577	0.0059
FT	7.757932	1.040818	7.453689	0.005
INF	-6.575083	1.133145	-5.802508	0.0102
UNN_R	-24.30767	5.644686	-4.306294	0.0231
GS	100.8396	484.1156	0.208297	0.8483
EC = LGDP - (5577.1662*LPI + 0.0000*DI + 7.7579*FT -6.5751*INF -24.3077*UNN_R + 100.8396*LGS				

Judging from the results in Table (3), the estimated value of the comprehensive long-term relationship in the ARDL model is (1,1,1,1,1,1), where GDP is the dependent variable. For the variables examined, the results show that the coefficient of private investment is 5577.166 with a p-value of 0.0002, below the significance level (0.05), indicating the high importance of positive changes in private investment associated with changes in personal GDP. The table also shows that while transactions related to government spending have a significant positive correlation with GDP, on the other hand, the value factor is 2.17 E-5, and the probability value (0.0059) is below the significance level (0.05). Foreign trade coefficient (FT) (7.758), indicating that growth related to foreign trade will have a positive impact on GDP because the statistical significance level is (0.005), which is less than the significance level (0.05) of the inflation coefficient ( INF) changes have a significant negative impact on GDP, the coefficient is -6.575, the p-value is (0.0102), the moral level is the lowest (0.05), the unemployment rate coefficient (UNN\_R) in the same direction shows a significant negative impact on GDP, The coefficient value is (-24.308), and the p-value is equal to (0.0231), which is lower than the morale level (0.05). Finally, the variable value coefficient (G.S.) related to government expenditure is statistically insignificant at the 0.05 level, and the probability value (0.848) is greater than the significance level (0.05), indicating that government expenditure has no impact on GDP in the long run.

**Table 4: Determination of Combined Error Correction Model (ECM) (ARDL)**

Variable	Coefficient	St. Error	T-Statistics	P.value
C	-63494.04	3115.041	-20.38305	0.0003
D(LPI)	5470.087	87.44761	62.55273	0.000
D(DI)	3.07E-05	2.16E-06	14.2051	0.0008
D(FT)	5.307159	0.513466	10.33595	0.0019
D(INF)	-5.347562	0.281213	-19.01608	0.0003
D(UNN_R)	23.10963	6.367662	3.629217	0.036
D(LGS)	-686.5638	145.278	-4.725863	0.018
CointEq(-1)*	-2.068524	0.101508	-20.37803	0.0003

Cointegration equation:  $D(LGDP) = -63494.040599010390 - 2.068524250481*(LGDP) - (5577.16622835*(1/3)*LPI(-1) + 0.00002168*DI(-1) + 7.75793198*FT(-1) - 6.57508335*INF(-1) - 24.30767367*UNN\_R(-1) + 100.83960388*(1/5)*L(GS(-1)$

**\* The researcher prepares the source depending on the outputs of the Eviews.12**

The results in Table (4) show the short-term effects of the variables in the modified model. Private investment shows a positive impact on GDP con ( $p = 0.0003 < 0.05$ ), while domestic investment shows a positive impact on GDP con ( $p = 0.000 < 0.05$ ), for foreign trade, it shows a positive significant impact on GDP ( $p = 0.0008 < 0.05$ ), the inflation rate shows a negative moral impact on Iraq's GDP, the probability value ( $p = 0.0003 < 0.05$ ) is related to unemployment At different rates, it has a positive impact on GDP ( $p = 0.036 < 0.05$ ), and finally, government spending has a significant impact on GDP ( $p = 0.018 < 0, 05$ ), where the coefficient CointEq(-1) is negative and significant ( $p = 0.0003 < 0.05$ ) indicates that there is a long-term significant effect between the variables, which promotes the existence of cointegration between the variables.



**Table 5: Series of automated correlation tests on residues using the Broich method**

Test	Value
F-statistic	5.071
Obs*R-squared	15.474
Prob. F(2,5)	.2996
Prob. Chi-Square (2)	.0004

**\* This source was created by researchers based on the results of the Eviews.12 program**

The results of the automatic sequence test, conducted using the Bruich method, are presented in Table 5. This test is employed to identify any spontaneous sequences within the data. According to the statistical analysis, the coefficient value for AF is determined to be 5.071. Based on the test probability value of Prob. F(2, 5) being 0.2996, which is greater than 5%, we can accept the null hypothesis ( $H_0: P = 0$ ) and the alternative hypothesis ( $H_1: P \neq 0$ ). Therefore, it can be concluded that there are no automatic sequences present in the residuals.

**Table 6 Use the Arch method for variance variation test**

Test	Value
F-statistic	0.0937
Obs*R-squared	0.106
Prob. F(1,13)	0.764
Prob. Chi-Square(1)	0.744

**\* This source was created by researchers based on the results of the Eviews.12 program**

The performance of the variance variation test using the ARCH method is presented in Table 6. This test aims to analyze changes in variance over time. The null hypothesis states that there are differences in variances, indicating heterogeneity in the variance issue. On the other hand, the alternative hypothesis suggests that there is no homogeneity of variances, denoted as H. The table also displays the F value, which is 0.0937, and the probability value of F, which is 0.764, exceeding the threshold of 5%. Consequently, we accept the null hypothesis, concluding that the estimated model does not exhibit any homogeneity of variances at a significance level of 5%, and we reject the alternative hypothesis. Additionally, the table provides the R-squared Obs coefficient and the probability coefficient. These results can be utilized to assess the quality of the model employed in the test. As the probability value of the chi-square coefficient (0.744) is higher than the significance level (5%), the model is deemed suitable for representing the data with homogeneous variances.

#### CONCLUSION:

- 1- The economic growth rate is significantly influenced by private investment, as indicated by a significance value of 5%.
- 2- The growth rate of the moral economy is greatly influenced by domestic investment, accounting for a substantial 5%.

- 3- The economic growth rate is greatly influenced by foreign trade, which holds a substantial value of 5%.
- 4- The economic growth rate, which stands at 5%, is greatly influenced by the inflation rate.
- 5- At a morale level of 5%, the impact of the unemployment rate on the economic growth rate is significant.
- 6- The estimated long-term implications of government spending on economic growth are significant, with an impact estimated to be around 5%.

**SUGGESTION:**

There are several important aspects and recommendations to consider from this study, including:

- 1- Given the significance of oil to the Iraqi economy, it becomes imperative to examine the fluctuation of oil prices and their subsequent effects on the country's economic growth.
- 2- The Foreign Trade Assessment evaluates how Iraq's trade relationships with different nations, encompassing trade flows, exports, and imports, affect various sectors of the global economy.
- 3- Rationalize government spending and redirect it towards real investment and national projects to combat unemployment (which hurts GDP in the long term) and reduce inflation (which has a (negative impact on GDP in the short and long term).

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