The Iraqi Public Budget in Light of the Global Corona Pandemic - Scenarios for Fiscal Policy Paths

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Abstract

Iraq is characterized by the capacity of its economic resource base, whether natural or human. Whether natural or human, and despite the abundance of these resources, the Iraqi economy has suffered from real economic problems such as unemployment, inflation, imbalance in productive structures due to long-term dependence on crude oil imports. This imbalance is evident through the imbalance in the gross domestic product, in which the oil sector constitutes the largest proportion. And that this imbalance was reflected in one way or another on the imbalance of the structure of exports, and then the transmission of this imbalance to the structure of the general budget. As Iraq still, despite the huge size of its budgets, lacks a fiscal policy in the real sense and in a way in which it is able to deal with shocks and imbalances, not to mention the financial pressures that Iraq endured during the period (2014-2017) due to the terrorist attack of ISIS and the huge military spending and the subsequent endurance. Additional spending pressure to rebuild the provinces that were affected by that attack.

Based on the above, this study will address in its three axes the reality of the Iraqi public budget structure by analyzing the most prominent components of that structure, and then researching the real causes of the public budget imbalance, leading to scenarios that explain the paths of the public budget deficit, especially in light of the global Corona (Covid-19) pandemic.

Keywords

Economic Resource, Oil Sector, Financial Pressures, Public Budget, Corona Pandemic, Fiscal Policy.

The Importance of Research

The importance of this study is that it discusses a topic that causes concern at the global level, which is Covid-19. And it led to the occurrence of economic collapses in the major
global economies. Many countries announced high unemployment rates due to their entry into a recession the world had not seen since the 1929 crisis.

In this study, we will shed light on the institutionalization of this pandemic in the Iraqi economy by drawing scenarios for the paths of the composite budget deficit due to the collapse of global oil prices and the financial pressures that the Corona crisis posed on the public budget in Iraq.

Research Objective

This study aims to shed light on the real reasons for the imbalance of the Iraqi public budget structure, to study the causes of sustainable budget deficit, so to speak, and to identify the extent of the ability of the Iraqi financial policy represented by the general budget to address external shocks in general and the trauma of the Corona pandemic in particular.

Research Problem

The research problem is that the combination of low oil prices due to the state's financial mismanagement and the spread of the Corona Covid-19 pandemic still pose a real threat to the financial structures of various countries and the diversity of their economic systems, including Iraq. In Iraq, the situation is different, as this pandemic has led to the suspension of most of the production structures of countries.

Importing crude oil from Iraq due to the decrease in global overall demand, which led to a decrease in global demand for energy sources, especially crude oil. Which in turn led to real collapses in the price of crude oil, forcing the oil-producing countries in the (OPEC) group, including Iraq and abroad, to reduce production to prevent the price of crude oil from further collapsing. All this had the effect of aggravating the problem of the public budget deficit, and in order to monitor the problem, the study will try to answer the following questions:

How can the Iraqi public budget face the repercussions of the collapse of global oil prices in light of the Covid-19 pandemic?
How can the Iraqi economy, represented by its general budget, compensate for the losses that occurred due to the collapse of world oil prices?
What are the scenarios that the Iraqi economy can follow to compensate for its financial losses due to Covid-19?
Research Hypothesis

The study starts from the hypothesis that (the Covid-19 pandemic had a significant impact in exacerbating the problem of the Iraqi public budget deficit through its impact on the decline in the overall demand rates for the products of industries dependent on crude oil as a main source of energy and thus in the decrease in international demand for crude oil, which was reflected This is due to a sharp decline in crude oil prices and production quantities, and an exacerbation of the fiscal deficit in the Iraqi public budget).

Research Methodology

The research will depend on testing whether the hypothesis is correct or not on the inductive approach supported by data and analysis to know the impact of the Covid-19 pandemic on the Iraqi public budget deficit.

Research Sources

The study relied on a set of data issued by the Iraqi Ministry of Finance, the Ministry of Oil, OPEC, and international and local reports issued by reputable organizations such as the World Bank and the International Monetary Fund.

The First Axis the Global Economy in Light of the Corona Pandemic ... An Overview

1. The impact of the Corona pandemic on the global economy The Chinese economy is the epicenter of (Covid-19), the second largest in the world after the United States of America, and although China adopted two years ago a process of structural economic adjustment, its economy witnessed a decline in economic growth rates by about 2% in 2019)(1) However, China remained on the throne of the largest exporter of manufacturing industries, through which it was able to build bridges to consolidate relations with the countries of the whole world. Global economies witnessed a slowdown in economic growth rates even before the emergence of the virus in November, due to trade challenges between China and the United States of America and the emergence of geopolitical risks as well as the volatility of situations in many countries.

2. As the International Monetary Fund (IMF) expected the global economy to grow by 3.3% in 2020 and 3.4% in 2021 compared to 2.9% in 2019)(2), and all of this was before the first cases of Corona virus appeared, after that, the International Monetary Fund modified its forecasts due to the rapid spread of the Corona virus, taking into
account the negative effects of this epidemic on the global supply and demand sides, especially after the slowdown in the determinants of global demand represented in global consumption and investment. Likewise, the international trade between the countries of the world.

3. Was almost completely disrupted, which was almost completely paralyzed by the closure of international borders, transport routes, ports and airports, and the restriction of the movement of people and goods. (1929-1939), and during the global financial crisis (2008).

4. In the same context, the World Bank WB expected that the global economy will grow by about 2.5% in 2020, indicating that the uncertainty surrounding the global economy still exists. Consequently, the World Bank indicated that there is a very high possibility of adjusting economic growth expectations in line with the current global stability conditions and the potential threats caused by the spread of an epidemic. In spite of all the motivational packages and the intense international efforts launched by some countries through their governments and international organizations.

5. As for the United Nations Organization, UN has indicated that the global economy, in light of the outbreak of Covid-19, is expected to grow the global economy by only 2% in 2020, compared to its expectations before the spread of the virus, which amounted to 2.5%. In general, all international organizations have tended to correct their expectations as a reaction to the spread of Corona and the state of uncertainty and the failure to reach the discovery of a vaccine to confront this epidemic.

![Fig. 1 International organization economic growth outlook 2020](http://www.webology.org)
Based on that, the Organization for Economic Cooperation and Development UNCTAD has lowered its forecast for global economic growth to 2.4%, and the following figure shows the expectations of international organizations on the growth of the global economy.

Perhaps one of the main reasons for the decline in global economic growth rates is the decline in the growth of the US economy in 2020 to (-5.9%) due to the outbreak of the Corona pandemic, which led to a decrease in public and private consumption rates, in addition to the uncertainty about asset prices, not to mention the closures due to the outbreak of the virus in the world’s largest economy, which has had the highest infection rate.

Fig. 2 Economic growth rates for major economies in light of the spread of Covid-19)(%)

Source: International Monetary Fund, 2020, economic growth forecasts for 2020 and March 2021

Fig. 3 Contribution of the United States, China, the European Union and Japan to global GDP, (manufacturing and exports worldwide) (%)

Source: World bank (2020), World databank
As for the euro area, it was expected that the rate of growth in the gross domestic product would decrease by 7.1%, and the reason for this was the decrease in the rate of exports and the decline in consumption rates.

As for the Japanese economy, all expectations were for a retreat and contraction of the economy in 2020 by 5.9%, while the Chinese economy was expected to achieve a weak growth of no more than 1.2% in 2020. Still, all expectations indicate the existence of real concerns and other negative risks to the global economy due to the uncertainty prevailing in the expectations. (3)

The emergence of the Corona virus in China, which is the second largest global economy, and then the transmission and spread of the virus in the largest global economies, which is the American economy, contributed significantly to affecting economic growth rates as indicated in Figure (2) (not to mention its impact on other major economies such as the euro zone economy and the Japanese economy, and these aforementioned economies constitute about 55% of global output, and about 60% of the total global manufacturing and about 50% of the total manufactured exports around the world, and that the Middle East region was not immune to this epidemic, especially the Arab region, specifically the countries producing and exporting crude oil, of which Iraq is the most important, and therefore any external shock affects this Countries and their repercussions are reflected in supply chains in the rest of the world.

As for global demand, Covid-19 has created a kind of panic and uncertainty at the level of the family sector and the business sector, with the exception of pharmaceutical industries and the demand for medical supplies, which is expected to increase significantly compared to the demand for other goods and services, which have been clearly affected by the spread of the Coronavirus. Such as oil, tourism, and air transport services, and the reason for this is that the inputs for the manufacture of some commodities have been greatly affected and consequently, any supply shock resulting from this epidemic will affect global economies as a whole, through (the infection effect) across international value chains, especially commodities intermediate.

As for the supply side, the repercussions of Covid-19 extended to affect the supply side through the production capacity engines (capital, labor), which became below the level of full use of their production capacity as a result of the preventive policies taken, such as compulsory quarantine, and the curfew in many countries as a result of cases of infection. And the death, which left a clear and tangible impact on the economic performance, especially in the first quarter of 2020.
As for the oil sector, which is the most important sector in forming the global GDP composition, before the outbreak of the Corona virus, the increase in global oil demand levels recorded a decrease in 2019 to about 0.083 million barrels / day, due to the slowdown in the growth rate in the global economy, and in the wake of the spread of the virus OPEC conducted a comprehensive review of the global demand growth rate and decided to reduce production in March from 2019 to about 0.06 million barrels / day. Undoubtedly, the decision to reduce production came due to the slowdown in the rate of growth in the global economy outside China due to the spread of the virus, which negatively affected transport operations and demand for fuel in a number of economic sectors, the most important of which is industry On the other hand, expectations of an increase in global oil supply in 2020 have been revised to 0.09 million barrels / day, or about 1.99 million barrels / day!. (It is worth noting that the oil sector's impact is negatively linked directly to the outbreak of the virus, as this led at a later stage to the reduction of the production capacity of the refineries, which negatively affected imports of crude oil, storage and shipping prices, and the following figure shows developments in global crude oil prices for the period from February 2019 until March 2020.

![International crude oil prices during the period (February 2019 - March 2020) $ / barrel](source)

**Fig. 4 International crude oil prices during the period (February 2019 - March 2020) $ / barrel**

**Source**: Organization of Petroleum Exporting Countries 2020

**The Structure of the Iraqi Public Budget in Light of the Corona Pandemic ... An Analytical Vision**

Iraq differs from other oil-producing countries that are classified within the OPEC group and among the most prominent and important differences from other countries of this group are:
Iraq does not have investment portfolios if sovereign funds.

The banking system in Iraq is still fragile and does not interfere with the global banking system.

Iraq does not yet possess a developed financial market capable of competing with its counterparts from the international financial markets, which made it an inefficient financial market and unable to integrate with international financial markets.

Based on the above, it is not expected that any external shock will transfer to the Iraqi economy, including the spread of the Corona epidemic and its repercussions on the global economic situation through exchange rate channels or direct and indirect investments. Accordingly, the trade exchange channel, specifically the crude oil price channel, becomes the only outlet for transmission of the impact of the Corona pandemic shock and its effect in one way or another on the Iraqi public budget and its paths. Not to mention that the general budget mainly suffers from structural imbalances, especially on the side of public revenues as a result of the domination of oil revenues over the total state revenues, and the following figure shows the surplus and deficit in the Iraqi public budget for the period from (January 2018 to November 2019).

![Fig. 5 The real surplus and deficit in the Iraqi public budget for the period (2018-2019) (trillion dinars)](image)

**Source:** Central Bank of Iraq, Statistics of Deficit and Surplus in the General Budget, Annual Statistical Bulletin, 2020

It is noticed from the previous figure that the period (January 2018 until November 2019) has witnessed a real surplus in the Iraqi public budget except for October of 2019. It
witnessed a real deficit of (853,060) billion dinars as a result of the decrease in the selling prices of crude oil to ($ 57.27)) (4).

The reason for this path of real financial surplus in the budget is because of the ability of real public revenues to cover public expenditures as a result of the improvement in the conditions of Iraqi crude oil production and the increase in global demand for oil due to the increasing rates of global economic growth during that period, not to mention the relative security stability during that period.

From the above, and through analyzing the course of the general budget for the aforementioned period, it is noted that the structure of the deficit and surplus of the public budget is linked with a very strong relationship to the structure of public revenues, especially oil revenues, which constitute the largest percentage of the total revenues of the general budget. The following table shows the quantities and prices at which Iraqi crude oil was exported.

### Table 1 Average quantities of crude oil, its prices and total oil revenues for the period (2018 - February 2020) barrels ($)

<table>
<thead>
<tr>
<th>Average total oil revenues</th>
<th>Average price</th>
<th>Average quantity</th>
<th>The year</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.751.442.115</td>
<td>71.29</td>
<td>108.731.128</td>
<td>2018</td>
</tr>
<tr>
<td>14.516.146.624</td>
<td>70.70</td>
<td>205.320.320</td>
<td>2019</td>
</tr>
<tr>
<td>32.702.194</td>
<td>54.68</td>
<td>598.065</td>
<td>2020</td>
</tr>
</tbody>
</table>

**Source:** Statistics of the Iraqi Ministry of Oil, www.minstryofoil.gov

Through the Iraqi Ministry of Oil data published on its official website, it can be noted that the average price of exported oil decreased from ($ 60.13) in January 2020 to ($ 49.23) in February, down to ($ 28.18) in the month of March of the same year. This decline came as a natural result of the decline in demand for crude oil.

Due to the decline in global demand for goods and services that oil is used in its manufacture and production as a raw material, as was explained in the first axis. The severity of structural imbalances in the structure of the Iraqi economy in general on the one hand, and the imbalance of the structure of public revenues of the Iraqi public budget on the other hand due to the dominance of oil revenues over all public revenues are what made the general budget more vulnerable to external shocks, as the continued dependence of public revenues on oil revenue As a source that is almost the only one in financing public expenditures and the state's economic activities, it has left a structural imbalance in the structure of public revenues for the general budget, and the following figure shows the
extent of the contribution of oil revenues to the formation of total public revenues in the budget.

![Bar Chart](chart.png)

**Fig. 6 The contribution of oil revenues to the formation of the total public revenues of the Iraqi public budget for the period (2018 - March 2020) (billion) ($)**

**Source:** Designed by the researcher based on the Ministry of Finance reports on the general budget, 2018, 2019, 2020.

It is noticed from the previous figure the extent of dependence on oil revenue in the formation of total public revenues, in comparison with other revenues, which did not constitute only a very small percentage in the formation of total public revenues.

Thus, based on the above, the repercussions of Covid-19 directly affected the Iraqi public budget through its impact on crude oil prices and as a result of previous analysis in the first axis of the research, which led to the reason for the decline in crude oil prices is the decrease in global demand for energy sources, especially Crude oil due to the suspension of the wheel of industry, transportation, trade and other economic activities, which mainly depend on crude oil as a source of energy and operation. Since the Iraqi public budget depends to a large extent on crude oil revenues, the logical consequence of this is that it is directly affected by the Covid-19 repercussions.

In order to clarify the direct impact of the Corona pandemic on the Iraqi public budget, and to clarify the picture further, it is necessary to analyze the public expenditures aspect,
as the financial policy in Iraq has not changed much since the change in 2003 until this day, especially in its spending policy.

From the previous figure, we notice the extent of the dominance of operating expenditures on the structure of public expenditures in the 2018 and 2019 budgets. These expenditures are the compensation of employees, retirement salaries, benefits for ministries and other government agencies not associated with a ministry, as the ratio of operating expenses to the total public spending for the year 2018 constitutes (76%) of total public spending compared to (24%) only for investment spending. The same applies to the year 2019, as operating expenses accounted for approximately 75% of the total public expenditures compared to only about 25% for investment spending, and that this expansion of operational expenditures at the expense of investment expenditures and the inflation of the public sector at the Expense of the private sector has its justification which among the most prominent:

The campaign to reconstruct the provinces destroyed by ISIS terrorist gangs. The Iraqi economy’s dependence on the government’s revenues from exporting crude oil to finance the government’s programs and plans.
The political and social conditions that constitute a factor of pressure on the government and force it to expand the area of employment and bear the burden of free riding.

The weakness of the Iraqi private sector and the deterioration of its reality due to the underdevelopment and obsolescence of the infrastructure and the lack of legal and institutional cover that works to develop the private sector and thus its inability to provide real job opportunities and absorb the surplus work force in the economy.

Based on the foregoing, it is noted that the public spending side suffers from imbalances in its structure. And that these imbalances indirectly helped increase the impact of Covid-19 repercussions on the Iraqi public budget through the Iraqi government being forced to increase its spending on the health side by increasing the import of health materials and medical supplies necessary to confront the outbreak of Corona in the Iraqi society, Not to mention the increase in its employment for additional numbers of medical personnel and workers in the medical field and bearing their salaries, and all this constitutes additional pressure to avoid public expenses , The repercussions of Covid-19 affected in a very tangible way the increase in government support for the low-income people by increasing the percentage of government subsidies for large segments of Iraqi Society, especially those affected by the compulsory health ban measures, and this also constitutes additional financial pressure on the side of public expenditures and deepening the severity of the structural imbalance. In the overhead structure to increase the proportion of operating expenses at the expense of investment expenditures.

All this formed an unprecedented pressure on the Iraqi financial policy and on its tracks, which used to finance these expenditures from the production and export revenues of crude oil. The fiscal policy faced two shocks:

1. The decline in public revenues in general due to the decrease in crude oil production according to the OPEC agreement on the one hand, and the decline in global export and sale prices of crude oil on the other hand, and this is a shock on the public revenue side, so to speak.
2. Increasing public expenditures steadily, coinciding with the decline in public revenues, and the main reasons for the increase in the pace of public spending, especially operational ones, were the increase in the rates of the unemployed in an emergency due to the outbreak of the Corona pandemic, and the general budget bears additional financial burdens through grants and additional social subsidies that are added to grants And other benefits, such as benefits for the unemployed, widows, divorced women, and other groups covered by the Social Security Law on the one hand, and measures to confront the
pandemic, spending on the health sector and importing the necessary materials to counter the repercussions of Covid-19 on the other hand, and this constituted a shock on the side of public expenditures.

Scenarios for the Course of Fiscal Policy in Iraq between Global oil Price Fluctuations and the Sustainability of Covid-19

The financial policy in Iraq is still turbulent due to financial mismanagement, especially the financial surpluses that were achieved in previous years (Figure 5 previous), as despite the fact that Iraq has cash reserves of more than 65 billion dollars, but its economy is still in the recession stage since last March Due to the decline in world oil prices, and the repercussions of the popular movement represented by the October uprising, coinciding with the spread of Covid-19. Therefore, the causes of disruption of the paths of financial policy in Iraq can be diagnosed through:

1. The political factor represented by the events of October and the political turmoil that resulted from them, represented by the change of government, and this factor has cast its consequences on the economic situation in Iraq by devoting economic stagnation due to the disruption of economic activity, especially in the main shopping centers in Iraq, and the state of political instability has greatly affected Indirectly on oil production, especially in the southern fields, as many foreign companies stopped production due to the political chaos in Iraq.

2. The economic factor represented by the decrease in Iraqi oil production, which coincided with the events of October on the one hand, and the spread of Covid-19 on the other hand, which led to the reduction of the Iraqi oil supply. Especially since there is a price war raging between the Kingdom of Saudi Arabia and Russia.

1). The health worker, represented by taking a set of preventive health measures issued by the Diwani Order Committee (55), and among the most prominent of those measures was the imposition of a preventive curfew, which negatively affected the movement of trade and transport, whether internal by cutting supply routes between the northern, central and southern governorates, or external Through the halting of border transportation and the closure of airports, these measures are all reflected in the increase in the severity of the economic recession and generate more pressure on the Iraqi public budget that was not approved in the first place.

Based on the foregoing, the Iraqi financial policy was directly and indirectly affected by these dramatic events, not to mention the accumulations of the past represented by
financial problems between the center and the region on the one hand, and the financial pressures represented by the challenges of rebuilding provinces affected by ISIS on the other hand.

All these factors will lead, according to our vision, to change the course of the Iraqi public budget and fiscal policy in general. In light of the failure to approve the general budget for the year 2020 until the end of May, and to know the paths of the fiscal policy in Iraq through its general budget, and to draw possible scenarios for the next phase in light of the previous indicators, we will assume the following:

1. Non-oil revenues are stable and public spending remains the same as in the 2019 budget. Producing (3) million barrels / day on average for the remainder of the year 2020, and that a decrease in the price of oil by one dollar will cost Iraq a financial loss of one billion dollars annually.
2. Assuming the official exchange rate of 1182 dinars per dollar.
3. Adopting the price of 56 dollars per barrel of oil in the design of the general budget for the year 2020, and a planned deficit of (44) billion dollars annually.

Based on the above, hypothetical scenarios can be drawn as follows:

1. The pessimistic scenario: In the event that the price of a barrel of oil is calculated at $30 per barrel on average for 2020, this indicates a loss of $26 per barrel per day, i.e. financial losses estimated at (27) billion Iraqi dollars, add 44 billion dollars to the value of the planned deficit to become 71 One billion dollars, which is a very large sum, which the fiscal policy represented by the general budget in its current state cannot afford and continue this path.
2. The less pessimistic scenario: If the price of a barrel of oil is calculated at $35 per barrel on average for 2020, this means a loss of $21 per barrel per day, i.e. financial losses estimated at $21 billion, with an additional $44 billion worth of the planned deficit to become 65 billion dollars, and this loss is less weighty than its predecessor.
3. The optimistic scenario: Assuming that the price of a barrel of oil is calculated at $40 per barrel on average for the year 2020, this means a loss of $16 per barrel per day, i.e. financial losses estimated at $16 billion, with an amount of $44 billion added to the value of the planned deficit to become the total losses Finance$60 billion.

1. The most optimistic scenario: Assuming that the price of a barrel of oil is calculated at $45 per barrel on average in 2020, this means a loss of $11 per barrel per day, i.e.
financial losses estimated at (11) billion dollars in addition to an amount of $ 44 billion, the value of the planned deficit to become a total Financial losses are $ 55 billion

2. The scenario closest to reality: Assuming that the price of a barrel of oil is calculated at $ 28 per barrel on average for the year 2020, this means a loss of $ 28 per barrel per day, and any financial losses estimated at (28) billion dollars, adding 44 billion to the value of the planned deficit to become the total losses Finance $ 72 billion.

The following figure shows the course of the five scenarios in charting the future of the Iraqi public budget in light of the current financial policy:

![Fig. 8 Tracks of Iraqi fiscal policy in light of the assumed scenarios (billion $)](image)

**Source:** Designed by the researcher based on the previous assumed scenarios numbers.

**Results and Recommendations**

**The Results**

From the previous analysis course and based on the above, we can conclude the following:

1. The government's financial policy, especially the policy of excessive operating spending, which coincides with a sharp drop in the price of oil due to Covid-19, has led to the entry of the Iraqi economy in general and the Iraqi public budget in the danger zone, and in light of these conditions, it is expected that the planned deficit in the budget will reach The public debt amounts to more than 60 billion dollars, according to the scenarios proposed in the study, and the size of the public debt may reach more than 120 billion
dollars, and then the government becomes unable to fulfill its spending obligations, especially operational ones.

2. According to the findings of the study of facts, the Iraqi general budget and fiscal policy in Iraq still need substantial reform processes, whether on the public revenue side, which oil revenues are still dominating it, or on the public expenditures side, which is still operational expenditures. Dominating it.

3. The simultaneous decline in global oil prices due to the simultaneous decline in global demand due to the spread of the Corona virus and the instability of the political and social situation, threatening the entry of the Iraqi economy into a stifling economic crisis as long as the Iraqi economy remains rentier and at the mercy of the price of a barrel of oil.

4. Based on the foregoing, the austerity fiscal policy will continue to prevail over the nature and pattern of the Iraqi public budget 2020.

**Recommendations**

1. Redesigning the financial policy in Iraq and working on real reform of the public budget through two steps:

   a. In the short term, there will be a redesign of the public revenue side by diversifying the sources of revenue, relying on diversifying the revenue-generating economic sectors such as the agricultural sector and focusing on agricultural commodities in which Iraq has a competitive comparative advantage such as wheat, barley, and other products. As for public expenditures, it is necessary at the present time to redesign spending policies, especially operational ones, through constitutional and legal measures adopted by the Iraqi government by reviewing the unified retirement law and supporting the low-income classes, conducting an accurate census of people who receive more than one salary, and collecting the resulting debts. Ownership of telecom companies since 2013.

   b. In the long term, it is very necessary to build a financial strategy that is compatible with global economic changes in the post-Covid-19 world. It is very important to diversify the sources of revenue for the general budget through real economic reforms in the income-generating sectors such as the industrial sector, especially the construction industries, pharmaceutical industries, food industries and other revenue-generating industries instead of almost completely relying on oil revenues. Considering spending policies by reducing reliance on government support in the matter of employment, and this is done by designing supportive policies for the private sector that enable it to absorb the surplus of the labor force on the one hand, and support the national economy on the other hand through its contribution to the formation of the gross domestic product.
2. Reconsidering the policy of distributing the gross domestic product, as the statistics indicate that the Iraqi per capita share of the gross domestic product at current prices reaches (1,733,000) dinars per person, according to the statistics of the Central Bureau of Statistics ((early warning indicators for the year 2019)), but in reality there is Inequitable distribution of this product for reasons related to administrative and financial corruption and the inflation of the government apparatus at the expense of the private sector.

3. The need to establish a sovereign fund for Iraq, or what is known as sovereign funds, to act as a buffer for external shocks arising from unexpected variables such as Covid-19. At the same time, it works to alleviate financial pressures on the public budget resulting from low unexpected revenues, and encourage investment in these funds to become income generators in times of economic recovery instead of Revenues relying almost completely on unstable crude oil.

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